Department for
Communities
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Annual Report and Accounts

for the year ended 31 March 2026

DEPARTMENT FOR COMMUNITIES

ANNUAL REPORT AND ACCOUNTS 2025-26

For the year ended 31 March 2026

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Contents

Performance Report

The purpose of the performance section of the annual report is to provide information on the Department, its main objectives and strategies and the principal risks that it faces. The requirements of the performance report are based on the matters required to be dealt with in a Strategic Report as set out in Chapter 4A of Part 15 of the Companies Act 2006 adapted for the public sector.

Section 1 – Overview

The Department for Communities (DfC) plays a central role in Supporting people, Building communities, and Shaping places across Northern Ireland. As one of the largest departments within the Northern Ireland Civil Service (NICS), DfC's work spans but is not restricted to, social security, housing, urban regeneration, community development, local government, cultural enrichment, historic environment protection, sport and a wide range of programmes aimed at reducing poverty, disadvantage and inequality. The Department interacts with almost every household in Northern Ireland, delivering essential public services while supporting those most in need.

During 2025-26, DfC continued to operate in a complex environment shaped by rising demand for key public services, resource constraints, and the need to respond to emerging policy and legislative changes at both NI and UK level. Despite these challenges, the Department remained focused on the effective delivery of Ministerial priorities, the Executive's Programme for Government (PfG), and its own purpose and strategic objectives.

Structure of the Department

Operating Environment

The Minister for Communities, Gordon Lyons MLA, is the politically appointed head of the Department and is responsible for setting strategic direction and priorities for all DfC policy areas. The Minister is also responsible for developing and approving policy, introducing legislation, and making decisions to deliver the Executive's PfG commitments. The Minister provides democratic accountability for the Department to the Northern Ireland Assembly and represents the Department within the Northern Ireland Executive and externally (e.g. with councils, communities, and stakeholder groups).

While the Minister leads policy direction, implementation is operationally delivered by the Permanent Secretary and the Senior Civil Service team. The Permanent Secretary is the Department's most senior official and the Minister's principal adviser. The Permanent

Secretary also fulfils the role of Departmental Accounting Officer and is personally responsible and accountable for the effective management and organisation of the Department, the efficient and effective use of its resources and the stewardship of its assets.

Department Organisational Structure

The Permanent Secretary is supported by six Deputy Secretaries who lead the Department's core Groups. Each Group is responsible for a distinct portfolio of programmes and services, and together they cover the full breadth of the Department's operational and strategic responsibilities. The Groups collectively support the delivery of DfC's strategic objectives and play a critical role in meeting Ministerial and Executive priorities.

During the reporting period, the Department experienced a number of changes within the Senior Leadership Team.

The Permanent Secretary, Colum Boyle, served in post until his retirement in December 2025. Following his departure, Deputy Secretary John Greer fulfilled the role on an interim basis until the appointment of Emer Morelli as Permanent Secretary on 1 February 2026. Upon taking up the role of Permanent Secretary in the Department for Infrastructure, Emer was then succeeded by Grainia Long who took up office on 13 April 2026.

Within the Operational Delivery Group, Brenda Henderson held the position of Deputy Secretary until 30 April 2025. Responsibility for the Group subsequently transferred to Paddy Rooney, who undertook this role in addition to his responsibilities as Deputy Secretary for the Work & Health Group, until the appointment of Linsey Farrell on 16 June 2025.

In the Housing & Sustainability Group, Mark O'Donnell served as Deputy Secretary until 31 August 2025 and was succeeded by Paul Price on temporary promotion to Deputy Secretary from 25 August 2025.

Paddy Rooney retired from his position as Deputy Secretary for the Work & Health Group on 31 December 2025 and was succeeded by Cherrie Arnold on temporary promotion to Deputy Secretary.

Emer Morelli served as Deputy Secretary for the Engaged Communities Group until her promotion to Permanent Secretary on 1 February 2026. To maintain continuity of leadership, Iain Greenway, a Director within the Group, assumed the Deputy Secretary responsibilities on a temporary basis on the same date.

The Organisation chart below shows the transition of the Permanent Secretary role throughout the reporting period and the Deputy Secretary position at 31 March 2026.

The Department's senior officials (the Permanent Secretary and the six Deputy Secretaries) along with two non-executive members make up the Departmental Management Board (DMB). The Board meets regularly to review the work of the Department to ensure a consistent, collaborative approach and to provide updates on strategic business issues. Departmental Management Board is further supported in its role by four Sub-Committees which are addressed in the Corporate Governance Report on page 52.

Arm's Length Bodies (ALBs)

In 2025-26 the Department had responsibility for 14 Arm's Length Bodies (ALBs) (The North South Language Body is one ALB which incorporates both Foras na Gaeilge and Ulster-Scots Agency). These bodies are consolidated within these Accounts as part of the Review of the Financial Process set out on page 58.

NB: From 1 April 2014, following a review by the Office for National Statistics, the budgetary classification of the Northern Ireland Housing Executive (NIHE) changed from solely being a Public Corporation. As a result, from this date, there are separate budgetary control and reporting requirements for Landlord Services and Strategic Housing Authority. The Strategic Housing Authority element only is consolidated within these Group accounts.

The DfC ALBs are made up of:

Detailed information on each individual ALB's performance is available in their annual accounts. Website links provided in Note 26.

Statement from the Permanent Secretary

I am delighted to introduce the Department for Communities' Performance Report of the Annual Report and Accounts for 2025-26 as the incoming Permanent Secretary.

Colum Boyle, who as Permanent Secretary, ably guided the Department's operations, and made an outstanding contribution to public service while in the role. I have known Colum for many years in my previous role as Chief Executive of DfC's largest ALB, the Northern Ireland Housing Executive, and wish him well in his retirement.

I would also like to take this opportunity to thank Emer Morelli and John Greer for their leadership and commitment to delivery in their respective roles as Permanent Secretary in the final quarter of the year.

As I have taken time to familiarise myself with the work undertaken by the Department over this past year, what stands out most is the breadth of delivery across Northern Ireland, from large scale regeneration to frontline services reaching every community. The work reflects not only the scale of the investment involved, but also the dedication of colleagues across the Department who are committed to public service.

Housing and sustainability work over the past year has been delivered with both scale and purpose. A £153 million Financial Transactions Capital programme (2025-26 – 2028-29) has supported Co-Ownership, helping 940 households access affordable home ownership in 2025-2026, particularly with the property value limit increased to £210,000 to better reflect market conditions.

A new Intermediate Rent model, beginning with 300 new affordable homes to be delivered by Maple & May, has the potential to transform options for people on lower to moderate incomes seeking greater security. Alongside this, the launch of the Warm Healthy Homes Strategy 2026–2036 has set out a long-term, cross-government approach to reducing fuel poverty and tackling cold, damp housing conditions, with a strong focus on improving energy efficiency and supporting better health outcomes.

Alongside investment in new supply and affordability, I have noted the significance of continued investment in existing homes. The Housing Executive has planned £240 million of investment in the public housing stock during 2025-26, improving the quality, safety and energy efficiency of homes for thousands of current tenants.

Work to encourage uptake of the Cladding Safety Scheme, which supports remediation in high-rise residential buildings, continues to strengthen resident safety across Northern Ireland. Alongside this, investment in homelessness prevention, significant spend on high-quality temporary accommodation, and multi-year funding for organisations such as Housing Rights, underscores the Minister’s commitment to provide homelessness services, and ameliorating the worst effects of homelessness on people and households.

In considering our place-focused regeneration activity, I have been struck by the ambition and reach of several large projects. The approval of the North West Regeneration Fund, providing up to £10 million in Financial Transactions Capital, will support the regeneration of key buildings in the Historic City Conservation Area of Derry~Londonderry.

I have also welcomed the delivery of the St Patrick’s Regeneration project in Ballymena, where a £29 million investment has created 135 new shared homes, forming part of a broader £160 million redevelopment of the wider site. Another significant milestone was the commencement of construction on the £70 million Queen’s Parade redevelopment which will deliver new homes, a hotel, offices and retail, and bring much needed vibrancy to Bangor. The launch of the NI Community Infrastructure Fund will deliver £8.32 million of grants to many small community organisations enabling them to modernise their premises.

I have also seen evidence of strengthened collaboration across policy areas, including the ongoing work of a Department-wide Climate Change Working Group, bringing together colleagues from across the Department and its Arm’s Length Bodies. This has supported a more co-ordinated approach to climate responsibilities and will contribute directly to the development of the Departmental Climate Change Strategy.

Our work in heritage, culture and community engagement has touched every corner of Northern Ireland. The European Heritage Open Days programme opened the doors of more than 260 venues to the public, enabling people to reconnect with local history and place.

Public activity campaigns such as Move More, Live Better have offered accessible ways for people to build physical activity into their lives, while continued accreditation for our national archive services reflects the professionalism of those who preserve our collective records. These contributions may not always involve large budgets, but their cultural value is profound.

Across our frontline service delivery, I have seen strong examples of precision and care. The completion of the State Pension Correction Exercise in Northern Ireland resulted in £11.3 million being returned to 1,753 people, many of whom were older citizens entitled to arrears. This is diligent and sensitive work. Preparations for modernising our contact-centre systems, which will ultimately serve hundreds of thousands of customers, demonstrate forward planning at scale. The introduction of new verification processes for carers' earnings and pensions also shows a commitment to fairness and reducing hardship.

In employment and skills, the Department has supported significant progress through the delivery of a broad range of employability programmes and reforms. On average, more than 1,000 people each month have been helped into or remain in sustained employment through the Department's employability supports, including regional and local job fairs, bespoke recruitment events, employer-led activity and employment academies delivered across council areas.

Targeted investment has also supported those facing additional barriers to work. During 2025-26, £11.5 million was allocated to support around 4,500 disabled people and people with health conditions to move closer to employment, to secure work, or to remain in work.

Employer engagement has remained strong through initiatives such as JobStart. During the year, 1,086 employer applications were received, with 896 approved, resulting in 1,251 participants commencing JobStart opportunities and gaining valuable paid work experience.

In parallel, Labour Market Partnerships have continued to embed a place-based approach to employability, with £7.0 million allocated in 2025-26 to support locally tailored provision delivered in collaboration with councils and partners.

During the year, the Department also completed the transition to Universal Credit, bringing to a close the most extensive reform of the UK welfare system and creating a simpler, more streamlined framework for financial support. The scale of this transition was substantial, with almost 103,000 households previously receiving Tax Credits and legacy benefits issued migration notices. By the end of 2025-26, more than 89,000 claims had been successfully submitted to Universal Credit.

The ongoing transition of households to the new benefits system has been delivered with care, and direct support for the childcare workforce, including the establishment of over 146 new childminders and home-based carers, is already removing barriers that prevent many parents from accessing work. Outreach initiatives through local Jobs & Benefits Offices have strengthened access for people experiencing homelessness and for those in the Deaf community, ensuring that the benefits system is reachable and responsive.

Across all of these areas, the scale of work, whether measured in pounds invested, homes delivered, people supported, or communities strengthened, reflects the commitment of colleagues and partners.

As I step into this role, I am greatly encouraged by the positive culture, focus and commitment of our people, and our partners. The achievements of the past year demonstrate both the complexity of our responsibilities and the impact we can have when we work collaboratively, transparently and with a clear focus on the people we serve. I feel very fortunate to work alongside colleagues to build on this progress and to support the next phase of delivery for communities across Northern Ireland.

Grainia Long
Permanent Secretary

Our Vision, Our Values and Our Purpose

The Department's primary aim is to improve the lives of individuals and families through support and community building. Our work and programmes focus on supporting the most vulnerable in society as we set about tackling poverty, disadvantage and inequality.

Our Vision

Our vision is for a fair and inclusive society.

Our Values

To deliver the ambition in our vision, the Department promotes additional Departmental values that embody how we work in achieving our objectives. These values (PRICE: Passion, Respect, Innovation, Collaboration and Excellence) guide us through the uncertainty and change that is a feature of daily life and reflect a commitment to transform outcomes for our communities.

Our Purpose

As a Department, we aim to develop our people and create a positive workplace culture that drives high performance and focuses on outcomes. In working together, we achieve our Common Purpose: Supporting people, Building communities, Shaping places.

Business Planning within DfC

The functions of the Department are exercised subject to the direction and control of the Minister, as per 'The Departments (Transfer of Functions) Order (NI) 2016'. The

Permanent Secretary, as administrative head of the Department, is responsible for strategic direction and advice to the Minister on Departmental policy making and implementation activities.

Our Strategic Business Planning Framework continues to provide a streamlined approach and strategic direction to the business planning arrangements across the Department, outlining the roles and responsibilities of each key stakeholder. The document also sets out the Department's approach to monitoring and reporting on progress against activities in the Departmental Business Plan (DBP) and outlines the ten strategic objectives the Department is aspiring to achieve.

The 2025-26 DBP outlined the steps the Department planned to take to deliver on its strategic objectives, within the limits of the financial and other resources allocated throughout the year. The DBP detailed how and when we will deliver on commitments, and who was responsible for delivery, with progress monitored and reported at quarterly intervals. The DBP remained agile and adaptable in response to changing priorities throughout the reporting year.

Our Strategic Objectives

The Department's strategic objectives are outlined below. They capture the full range of functions undertaken by the Department, with each aligning to the Department's Common Purpose as demonstrated in the table.

Strategic Objectives	Common Purpose
Deliver social security, employment support, child maintenance and pensions to ensure everyone has access to the right (financial) support when they need it.	Supporting People
Promote residential building safety and the availability of good quality and affordable housing to offer individuals and families shelter and a place to feel safe.	Supporting People Building Communities Shaping Places
Recognise diversity, tackle poverty, encourage participation in society and promote social inclusion to create a society of respect and acceptance.	Supporting People Building Communities
Engage with and support, through improved collaboration, central and local Government and the Voluntary & Community sector to build more empowered, confident communities and reduce disadvantage.	Supporting People Building Communities Shaping Places
Identify, protect, conserve, promote and provide access to our historic environment and records of historical, social and cultural importance to inform and encourage understanding of how our rich and diverse cultural heritage shapes us now and in the future.	Shaping Places
Support our creative industries and arts sector, promote our language and cultural sectors, and foster knowledge including within our libraries and museums, to break down barriers, connect people and communities, shape our places and deliver economic and social value.	Building Communities
Provide strategic direction for our sports and physical activity sectors to encourage increased and diverse participation and high quality facilities, delivering an active, healthy, resilient and inclusive society which recognises and values both participation and excellence.	Supporting People Building Communities
Transform our towns and cities into safe, accessible and sustainable centres through growth in homes, retail, business and leisure; thereby creating places where people want to live, work and invest.	Supporting People Building Communities Shaping Places
To support a just transition to a more sustainable Northern Ireland, ensure all policies and functions of the Department reflect the statutory duties set out in the Climate Change (Northern Ireland) Act 2022.	Supporting People Shaping Places
Deliver effective governance, financial and people arrangements to support effective service delivery across the Department.	Supporting People Building Communities Shaping Places

Strategic Risks

The Department's interconnected approach to planning, risk management, internal control and assurance is set out in the Department's Governance Statement along with DMB's approach to risk appetite and arrangements for monitoring principal risks. Principal risks actively monitored during 2025-26 are also set out in the Governance Statement and include opportunity risks around challenges regarding:

- Budget
- Policy
- Commercial
- Disaster Recovery
- Cyber Threats
- Information and Data Management
- People
- Climate Change

Further detail on the risk profile of the organisation is included on page 68 of the Governance Statement.

Anti-Bribery

The Department communicates its anti-bribery arrangements through the sharing of best practice with Departmental staff and ALBs. Further detail on bribery, fraud and whistleblowing is set out in the Governance Statement at page 75.

Section 2 – Performance Analysis

This section outlines in detail the Department's performance against our strategic objectives in 2025-26. This Performance Analysis section also includes both detailed financial results for the year and non-financial information relating to equality and good relations; and sustainability and climate change action.

Our Detailed Financial Results for the Year

Departmental Resource Accounts form the principal financial reports of the Department and are published on an annual basis.

Budgeting Framework

The Department of Finance (DoF) is responsible for management of the NI Executive Budget process in line with a budgetary framework set by Treasury.

The total amount a department spends is referred to as the Total Managed Expenditure (TME); which is split into:

- Annually Managed Expenditure (AME)
- Departmental Expenditure Limit (DEL)

Treasury, and in turn DoF, do not set firm AME budgets. They are volatile or demand-led in a way that departments cannot control. The Department monitors AME forecasts closely and this facilitates reporting to DoF, who in turn report to Treasury.

As DEL budgets are controllable, Treasury sets firm limits for DEL budgets for Whitehall departments and Devolved Administrations at each Spending Review. The NI Executive, based on advice from the Finance Minister, will in turn agree a local Budget that will set DEL controls for Executive departments. The Treasury DEL limits may change at fiscal events during the financial year, and any resulting adjustments to departments' DEL controls are agreed by the Executive at In-Year Monitoring rounds.

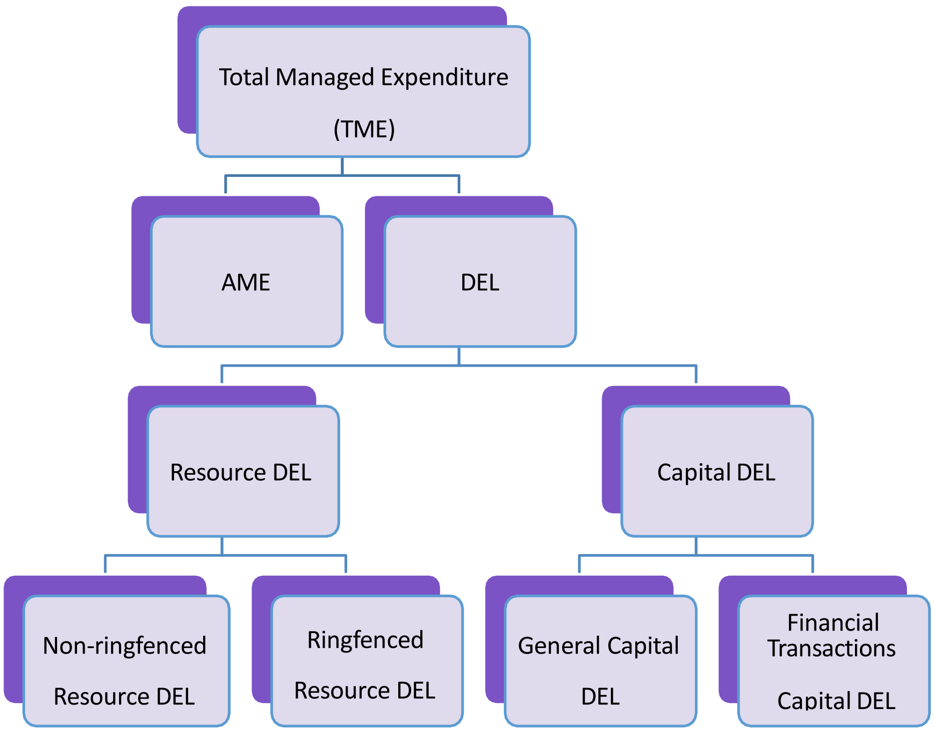
DEL budgets are classified into resource and capital.

- Resource budgets are further split into non-ringfenced resource that pays for programme delivery and departmental running costs and ringfenced resource that covers non-cash charges for depreciation and impairment of assets, and student loan impairment

- Capital DEL is split into 'Financial Transactions Capital (FTC)' which can only be used for loans or equity investments in private sector organisations; and 'general' Capital for spending on the purchase and/or acquisition of assets.

Further detail on the Budgeting Framework can be found in the Consolidated Budgeting Guidance published by Treasury [CBG_2025-26_final.pdf (publishing.service.gov.uk)]

Budget Structure*



*In line with Treasury direction, from 2026-27, the depreciation, impairment and student loan ringfence budget will form part of Resource AME, instead of forming part of Resource DEL.

Budgetary Performance

Details of the Department's performance against Budgetary Control totals is set out in the table below.

	Provisional Outturn 2025-26 £'000	Final Budget 2025-26 £'000	Underspend/ (Overspend) £'000
Resource DEL	**949,119**	**963,771**	**14,652**
Including:			
Non-ringfenced	927,961	930,155	2,194
Ringfenced	21,158	33,616	12,458
Capital DEL	**302,652**	**304,279**	**1,627**
Including:			
General Capital	272,275	272,902	627
Financial Transactions Capital (FTC)	30,377	31,377	1,000
Total DEL	**1,251,771**	**1,268,050**	**16,279**
Total AME	**10,433,640**	**10,757,926**	**324,286**
Including:			
AME Resource	10,430,173	10,732,034	301,861
AME Capital	3,467	25,892	22,425
Total Managed Expenditure	**11,685,411**	**12,025,976**	**340,565**

Explanation of Variances

The Resource DEL was **£14.7 million** less than the Final Plan, primarily due to underspends in impairments associated with a redevelopment project, reflecting slippage in the vesting date, now expected in 2026-27. In addition, further easements arose in relation to Welfare Mitigations, driven by a lower than forecast level of awards and a reduction in caseload resulting from the migration of customers from Housing Benefit to Universal Credit. Other underspends were proactively managed and redirected to cover inescapable pressures and Ministerial approved priorities.

The Capital DEL was **£1.6 million** less than the Final Plan mainly due to slippage in a Financial Transactions Capital business case and DEL capital projects.

The AME was **£324.3 million** less than the Final Plan due to the nature of spend on social security benefits and pensions, being demand led and volatile.

Estimates

Supply estimates are the means by which parliamentary (Assembly) authority is secured for most government expenditure.

Supply is granted on an annual basis, voted in the Main and Spring Supplementary Estimates and in the Budget Acts in NI.

Reconciliation of Budget to Estimate

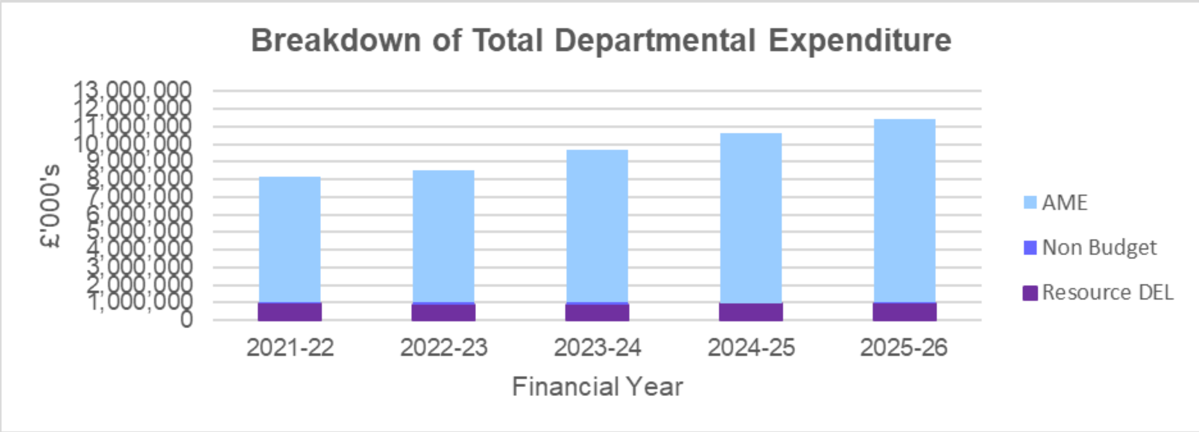
	Outturn 2025-26 £'000	Final Plan 2025-26 £'000	Underspend/ (Overspend) £'000
Total Managed Expenditure	**11,685,411**	**12,025,976**	**340,565**
Non Budget	57,110	70,899	13,789
Total per Statement of Assembly Supply	**11,742,521**	**12,096,875**	**354,354**

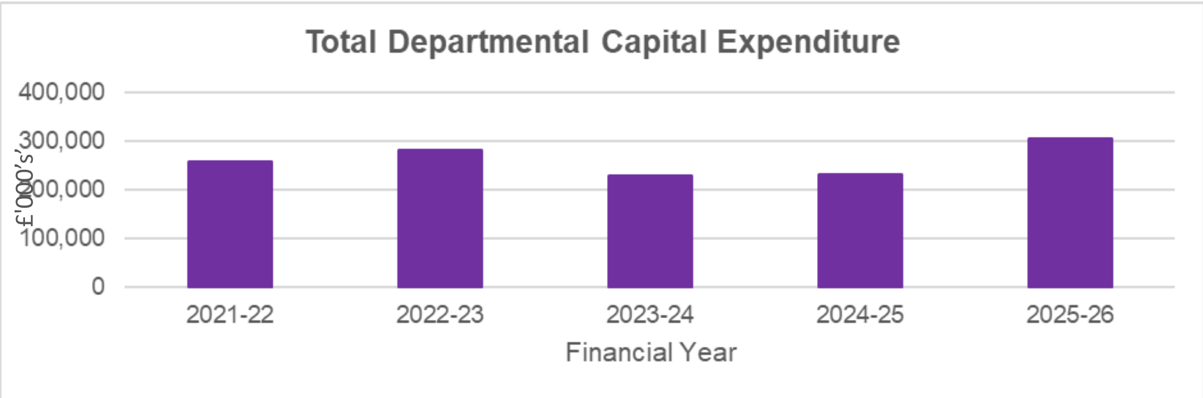
Explanation of Variances

The Non Budget spend was **£13.8 million** less than the Estimate due to less extreme cold weather payments being automatically triggered this winter and lower than expected budgeting loan issues due to a reduction in eligible claimants following migration to Universal Credit.

Long-term Expenditure Trends

The graphs below show the trends in departmental expenditure for the past five years.





Fixed Assets

Details of movements in fixed assets are set out in the Notes 6-8 to the Financial Statements.

Contingent Liabilities

Contingent liabilities are not required to be disclosed under IAS 37 but are included for Assembly reporting accountability.

Contingent liabilities in this context are included in the Note 18 to the Financial Statements.

Going Concern

In common with other government departments, the future financing of liabilities will be met by future grants of Supply and the application of future income, both to be approved annually. There is no reason to believe that future approvals will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Departmental Performance - Strategic Objectives

The Department reacted to conditions, both local, regional and international, throughout the 2025-26 year, whilst continuing to implement digital solutions and using collaborative approaches to working with colleagues across government, ALBs, stakeholders and the public. Agile and innovative policy and legislative responses, along with the commitment and dedication of our staff, contributed to the effective management of our limited resources and progressing vital pieces of work.

Delivery of our ten strategic objectives (which are outlined in the table in “Our Strategic Objectives” section above) was dependent on the resources that the Department had available. As of 31 March 2026, the Department employed 11,403 Full Time Equivalent (FTE) staff. This is made up of 7,434 FTE permanent staff and 3,969 FTE agency staff. The Department received a final 2025-26 budget of £1.3 billion to provide support to meet the needs of the most disadvantaged citizens, families, and communities across Northern Ireland. This comprised of £963.8 million Resource DEL budget and net Capital DEL of £304.3 million. In addition, the Department was responsible for managing an AME budget of approximately £10.8 billion on behalf of His Majesty’s Treasury (HMT).

Each strategic objective is supported by activities and milestones through the DBP and each Deputy Secretary Group Plan. Performance of each objective is assessed at year end using an aggregate of the Red Amber Green (RAG) ratings of the activities that support each one. Throughout 2025-26, 160 activities were monitored and reported against across the Departmental and Group Plans with 103 activities reporting ‘The Activity has been achieved’ and 57 rating as ‘The Activity has not been achieved’.

As of 31 March 2026, 5 (50%) of the 10 strategic objectives had progressed significantly as anticipated during the business planning period (Green rating). The remaining 5 (50%) strategic objectives progressed significantly but experienced delays during the business planning period (Amber rating). Delays have been caused by a number of factors including budget and staff resource challenges, and complex consultation and stakeholder engagement.

Innovation and transformation will continue to be encouraged and supported across the Department and its ALBs to help drive out further efficiencies going forward. Effective legacy planning and a more streamlined efficient recruitment process, currently under consideration at the NICS level, will assist in addressing some of the primary challenges faced in securing and maintaining sufficient numbers of skilled staff to continue effective service delivery across the Department. The 2025-26 DBP can be viewed by following this link.

Prompt Payment Performance 2025-26

During 2025-26 the Department paid 20,034 invoices, 18,443 (92.06 %) were paid within 10 days, 19,366 (96.67 %) were paid within 30 days. Full details can be viewed by following this link, NICS Prompt Payment Dashboard 2025-2026.

Key Achievements 2025-26

The key achievements outlined in this section are a snapshot of the wide-ranging work that the Department delivered during 2025-26, making a tangible difference to the lives of our citizens.

Supporting People, Building Communities, Shaping Places

Summarised key achievements for 2025-26

Child Maintenance Service collected and arranged **£24.6 million** for **c. 25,000 children** (April-December 2025).

On 2 December 2025, working in partnership with various stakeholders, DfC hosted a celebration event to mark the **International Day of Persons with Disabilities**

NI Community Infrastructure Fund worth **£8.3 million** launched in September 2025.

Completed the **Move to Universal Credit**, delivering the largest reform of the UK welfare system.

UC

Covid Inquiry Team responded to **3 formal Rule 9 requests**, ensuring timely and compliant departmental submissions.

Intimidation Points removed from Housing Selection Scheme for social housing.

In Benefit Security, Fraud Outcomes resulted in **675 Criminal Investigations saving £9.1 million** and resulting in **60 prosecutions.**

Celebrated a successful visit from the **America250 Commission** and signing of a Memorandum of Understanding recognising the contribution of **NI to the 250th anniversary commemorations.**

USA·NI 250

Supporting People, Building Communities, Shaping Places

Summarised key achievements for 2025-26

Phase 1 of a **£70 million** project to redevelop Queens Parade in Bangor commenced.

Universal Credit processed **102,149** new claims, handled **610,000** calls and maintained payment timeliness of **96%**, achieved call response rates of **96%**, and managed caseload growth from **192,000 to 242,000.**

Implemented the new **Work Capability Assessment Scanning Solution**, in line with DWP standards.

£38.25 million made available to Northern Ireland **Co-Ownership Housing Association** who delivered **940** homes, **exceeding** the target of 900.

Make the Call assisted **11,486 people** in accessing **£63.3 million** in additional annualised benefits.

£430,000 of funding secured to celebrate **USA-NI250** commemorations.

In collaboration with the Special EU Programmes Body, **£20.3 million** in **PEACEPLUS** grants were awarded to projects.

Delivered **Working Age benefits**, providing support to over **376,000** customers, with payments exceeding **£3.1 billion.**

Supporting People, Building Communities, Shaping Places

Summarised key achievements for 2025-26

Successfully transitioned Capita to the **DWP** owned **PIP IT Managed Service**, delivering **c. £800,000** annual **IT savings.**

Launched the **Warm Healthy Homes Strategy 2026–2036**, to reduce fuel poverty and address cold, damp housing conditions.

Make the Call received **58,860 calls.** There were **23,525** potential entitlements identified and the team connected with **30,523** new customers.

make the Call

Launch of **The Northern Ireland Football Fund**, marking the start of a **£36.2 million** investment aimed at modernising football grounds across Northern Ireland.

THE NORTHERN IRELAND FOOTBALL FUND

Neighbourhood Renewal Programme supported **c. 2,500** community groups, **c. 5,500** adult volunteers, and **c. 30,000** young people to participate in projects.

Discretionary Support - 41,683 grants awarded totalling **£25.6 million**, and **32,012 loans** awarded totalling **£8.5 million.**

Procured **44 contracts** for goods, services and works with a combined value of **£304.5 million.**

Launched the **New Foundations Programme** in collaboration with other stakeholders, with an aim to **prevent homelessness** among young people leaving care.

Supporting People, Building Communities, Shaping Places

Summarised key achievements for 2025-26

Make the Call Outreach made **12,881** home visits and attended **369** community events.

Libraries NI delivered the **Big Summer Read** initiative, attracting over **4,000** new child library members and almost **370,000** books borrowed.

The **Scheme of Emergency Financial Assistance (Flooding)** was activated on **6 occasions**, and Civil Contingencies of **£880,000** awarded to support regional resilience.

CAUTION
FLOOD
FLOOD

18,697 Universal Credit new claim grants awarded totalling **£4 million.**

Published **46 official statistics** reports and progressed **17 research projects** enhancing evidence to support departmental decision-making and Programme for Government outcomes.

82 projects supported through **£2.136 million Olympic Legacy investment**, improving sports facilities and access across communities.

Pensions, Disability and Carers benefit awarded to **592,000** people totalling **£6.2 billion.**

European Heritage Open Days attracted **64,000** people who visited **370** historic buildings and related events.

Supporting People, Building Communities, Shaping Places

Summarised key achievements for 2025-26

Enhanced **local government resilience and support,** including paying over **£54 million** in Statutory grants to councils.

21,188 Social Fund loans awarded totalling **£9.3 million** to help individuals facing financial hardship**.**

Achieved an **increase of 3% in staff engagement** score in the NICS People Survey demonstrating **improvement** in organisational culture and staff experience.

NIHE invested over **£47 million** in **energy efficiency** measures, with **7,369** implemented measures across housing stock (April - December 2025).

National Museums NI was awarded **Full Accreditation** for all four museums.

187 State Care Monuments benefited from reinstatement of a cyclical maintenance regime.

Approved the **first** compulsory industry code of practice relating to the **sale and supply of alcoholic drinks** in licensed premises and registered clubs in Northern Ireland.

Public consultation completed on the new **Disability and Work Strategy.**

Supporting People, Building Communities, Shaping Places

Summarised key achievements for 2025-26

Recognised long service across the Department, including **16** colleagues with over **50 years' service** and **134** colleagues reaching **40 years' service.**

NIHE increased its portfolio of single let temporary accommodation by **343** units to a total **3,573** private single lets.

Over **4,500 DfC staff** delivered a range of services for citizens in Great Britain, estimating **£182 million** inward investment to Northern Ireland.

Successful delivery of the conversion of a listed **Cold War Nuclear Bunker** to a **climate-controlled records repository** for the **Historic Environment Record** of Northern Ireland.

Progressed key placemaking initiatives by investing **£2.2 million** to enhance roads and footways.

Supported sustained employment outcomes, helping an average of more than **1,000** people each month, move into lasting employment.

DfC led the **Civil Contingencies Recovery Coordination Group** during summer social unrest.

Pension Credit paid to **c. 60,000** older people with low incomes totalling **£283.5 million.**

Rural Needs

All Executive departments are responsible for ensuring that they fulfil duties under the Rural Needs Act (NI) 2016. Section 1 of the Act places a statutory responsibility on public authorities to have due regard for rural needs when developing, adopting, implementing or revising policies, strategies and plans.

DfC has monitoring and reporting obligations under Section 3(1) of the Rural Needs Act (Northern Ireland) 2016 (the Act) and, in line with our statutory duties, provided a Departmental return to the 2024-25 Rural Needs Annual Monitoring Report to The Department of Agriculture, Environment and Rural Affairs (DAERA) and will be making a Departmental return to the 2025-26 Annual Monitoring Report in October 2026.

Human Rights and Statutory Equality Obligations

We are committed to respecting human rights through compliance with Section 75 statutory equality obligations in the delivery of policy and services. We aim to ensure that the services we provide and the activities that we undertake have a positive impact on society.

Equality and Good Relations Duties

Equality of opportunity and good community relations are central to the Department's policy making and service delivery. When considering the development and funding of programmes or projects, appropriate equality screening is carried out to ensure due regard to the need to promote equality of opportunity and good relations. Actions taken by the Department in relation to its equality duties will be included within DfC's Section 75 Annual Progress Report due to be submitted to the Equality Commission by late summer 2026.

In 2025–26, the Department undertook a number of key activities to support the fulfilment of its equality obligations:

Completion and publication of the Equality Impact Assessment (EQIA) outcomes relating to the Department's 2025–26 Budget

- This sets out how equality considerations and consultation feedback were taken into account in informing final budget decisions, within the constraints of the overall Executive funding position.

Review of the DfC Disability Action Plan 2020-2024

- Publication of the DfC Disability Action Plan 2025 – 2030

  The Disability Action Plan sets out how the Department proposes to fulfil the duties under Section 49A of the Disability Discrimination Act 1995 in relation to its functions, for the period 2025-2030.

- 5 Year Review of the Department's Equality Scheme

  Public authorities who have Section 75 equality schemes are obliged to review those schemes in tandem with their Disability Action Plan. The Review of the Equality Scheme was completed and published on the DfC website on 4 November 2025 and assessed how the Scheme's arrangements support compliance with Section 75 duties.

Sustainability and Climate Change Adaptation

Sustainability Report

About this Sustainability Report

This sustainability report has been prepared in accordance with NI's Sustainability Reporting Guidance 2025-26, which is aligned with HMT sustainability reporting guidance and the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

All information included in this sustainability report conforms to the normal public sector financial year of 1 April to 31 March.

The organisational boundary used in this sustainability report is the Core Department. The information disclosed in this report relates to the estate that the Department occupies. It also includes the environmental impact from a building that is rented by the Department. In cases where a building is shared by two or more departments, the data is proportioned by the floor space utilised by the tenant. For example, if a department rents 50% of the floor space of a building, the department will report 50% of the emissions associated with that building.

Policy roles: This report follows NI's Sustainability Reporting Guidance 2025–26. DAERA is the policy holder and will update the guidance over time. This Department acts as its own policy administrator, co-ordinating data collection, assurance, and preparation of this report.

In order to report the greenhouse gas emissions associated with activities, 'activity' data such as distance travelled, or tonnes of waste disposed has been converted into carbon emissions. The greenhouse gas conversion factors used in this report were published by the UK Government and can be found via the following link: [Government conversion factors for company reporting of greenhouse gas emissions - GOV.UK]

Governance

The Department's approach to sustainability governance is grounded in the wider corporate governance arrangements described in the Departmental Corporate Governance Report on page 51. These established structures – including DMB, Audit and Risk Assurance Committee, Policy and Strategy Sub-Committee, People and Resources Sub-Committee and senior leadership governance forums – provide the overarching framework through which sustainability and climate-related issues are considered. In keeping with the Sustainability Reporting Guidance 2025-26, climate and environmental matters are overseen using the same principles of transparency, accountability, and evidence-based decision-making that apply to all departmental governance activities.

The Climate Change Act (Northern Ireland) 2022 places a duty on all departments to act in line with climate targets. This requires integrating climate considerations into decision-making, strategic planning, risk management, financial stewardship and performance to ensure alignment with emissions targets and carbon budgets.

The Act embeds climate responsibility across all departmental activity, extending into core financial management. While resource and capability constraints may exist, departments are expected to progressively adapt their processes and spending decisions to support long-term climate objectives.

To support continuous improvement, the Department aligns its sustainability governance with the NICS-wide framework led by DAERA, acting as policy holder for sustainability reporting. This includes adhering to the principles of effective disclosure, maintaining a consistent reporting boundary, and applying appropriate caveats and validation steps.

The Department's internal governance environment and assurance arrangements also ensures that sustainability-related risks – where relevant – are considered alongside corporate, operational, and programme-level risks already managed under the governance structures outlined in the Accountability Report.

The need for the Department to meet its obligations under the Climate Change (NI) Act 2022 is recognised as a principal risk. This risk is managed through established governance mechanisms, including the Risk Reference Group and quarterly risk reporting processes.

Overall, sustainability governance within the Department operates through established corporate structures. This section signposts the existing governance mechanisms rather than reproducing them, reflecting the requirement that the sustainability report complements rather than duplicates the governance information already presented in the DfC Annual Report and Accounts.

Climate Change Division

The Climate Change Division (CCD) within the Housing and Sustainability Group in DfC has responsibility for the development of policies and proposals to reduce residential carbon emissions whilst ensuring a Just Transition in response to the Climate Change (Northern Ireland) Act 2022. The Division also has responsibility for supporting the Department to meet its obligations in helping Northern Ireland to be climate- adaptable, resilient, and healthy for current and future generations.

The Division has responsibility for:

- Implementing a Warm Healthy Homes (Fuel Poverty) strategy and future fuel poverty interventions.
- Launching a new Warm Healthy Homes Fund.
- Developing a Departmental Climate Change Strategy.
- Secretariat of the Departmental Climate Change Working group.
- Developing a Residential Buildings Decarbonisation Plan.
- Developing and co-ordinating climate change policies and proposals on the Residential Buildings Sector of the Draft Climate Action Plan 2023-27.

Operational Delivery

Operational responsibility for delivering and co-ordinating sustainability activity rests with relevant senior managers across the Department. Existing reporting channels – outlined in the Department’s governance arrangements – are used to escalate sustainability-related risks, data quality issues, and compliance matters to senior leadership. Divisions with responsibility for finance, property management, business travel, and governance along with colleagues in the Department of Finance (DoF) contribute to this process by providing data and assurance in accordance with the Sustainability Reporting Guidance's expectations on internal controls and data quality. These arrangements ensure that sustainability reporting is consistent and reliable without duplicating the detail already provided in the Governance Statement.

Departmental Climate Change Strategy

Work has commenced on the development of a Climate Change Strategy for DfC. CCD actively engaged senior leaders and ALBs to ensure the new Strategy aligns with departmental objectives, with broad support for its direction. Following engagement sessions with Top Leadership Team in early 2025, an engagement event for all ALBs was held in April 2025 to update them on the Strategy and the wider climate change work in the Department. Development of the strategy has been supported by the Climate Change Working Group within the Department.

CCD aims to present the Strategy to DMB for approval by the end of 2026. Approval of the Strategy will provide direction and support for the development of annual Departmental Climate Action Plans going forward. Periodic updates to DMB and its committees will then commence, to report on progress against environmental actions, adherence to relevant legislation such as the Climate Change Act (Northern Ireland) 2022, and developments arising from NICS-wide policy.

Longer term, the strategy will seek to ensure that climate-related information is integrated into decision-making, oversight and scrutiny processes.

Climate Change Working Group

A Departmental Climate Change Working Group was established in March 2021. The Group serves as a collaborative forum that contributes to the development of the Departmental Climate Change Strategy and will play an ongoing role in supporting its implementation and monitoring through forthcoming annual action plans.

In addition, it plays a key role in helping business areas embed climate responsibilities into everyday decision making, raising awareness, and promoting behavioural change across the organisation. The Group also enables effective information sharing and alignment by bringing together representatives from across the Department and its ALBs to form collective views on climate issues, ensuring informed updates and proposals can be fed into senior leadership and cross government structures.

Climate Change Staff Engagement Forum

In August 2025, CCD launched a Climate Change Staff Engagement Forum, to create ownership and to give staff agency in the changes that are required in the years ahead. The aim of the Forum is to ensure that whatever behavioural change is required in the Department to improve climate literacy is participative and that the voices of staff at all grades are part of any decision-making.

2025 DfC Climate Change Survey

Following completion of the first DfC Climate Change Survey in 2024, CCD committed to use the survey as a monitoring tool of progress being made in raising staff awareness of climate change. As such, the 2025 Survey closed on 12 December 2025. The full survey results, including comparisons to the 2024 survey, where applicable, were published on 26 March 2026.

Emissions

Emissions Scope 1 (fuel burned) and 2 (purchased electricity)

Please note that fuel consumed may include fuel that departments have purchased and stored, i.e. the fuel has not been burned in the reporting period. This is due to the information being sourced from fuel invoices.

DfC has a large, diverse estate with a mixture of tenures.

The Department's Property Management Branch oversees 46 office buildings within the wider NICS estate, the majority of which are owned or leased by DoF who have responsibility for the construction, refurbishment, alteration and maintenance of offices and the promotion of energy efficiency across the NI public sector.

The Department owns two buildings in the NICS estate and currently has leases in place for space within three others.

Furthermore, DoF currently leases seven buildings on behalf of the Department and in addition, DfC staff deliver business functions from 34 buildings that are directly owned by DoF.

In addition, the Department's Regeneration teams own and manage a range of buildings and assets, as do the Historic Environment Division, which includes Monuments in State Care, Scheduled Monuments and Listed Buildings.

Energy emissions, consumption, and cost for fuel burned and purchased electricity in 2025-26

	Scope 1 (fuel burned)	Scope 2 (purchased electricity)
Emissions (kg CO_{2e})	1,934,918.88	1,189,205.54
Consumption (kWh Gross CV)	10,002,186.77	6,718,675.37
Net Cost (£millions)	£673,496.91	£1,759,130.96

Source of data: Data has been sourced from a mixture of invoices and estimates (where 2025-26 data was unavailable). Scope 1 figures are a combination of natural gas, heating oil, and LPG. The appropriate conversion factors for each were taken from 2025 UK Government Greenhouse Gas (GHG) Conversion Factors for Company Reporting.

Emissions Scope 1 (Department owned transport)

Mileage and emissions by department owned vehicle type in 2025-26

Vehicle size/ type	Fuel type	Mileage 2025-26	Kg CO2e 2025-26
Car – Large passenger car	Diesel	4,600 miles	1,555.17
Car – Medium passenger car	Hybrid	65,500 miles	12,359.20
Van – Average (up to 3.5 tonnes)	Diesel	80,502 miles	33,116.91
Van – Class II (1.305 to 1.74 tonnes)	Diesel	16,194 miles	5,019.49
Van – Class II (1.305 to 1.74 tonnes)	Battery Electric	10,738 miles	-
Van – Class III (1.74 to 3.5 tonnes)	Diesel	220,505 miles	98,931.77
Tractor	Diesel	400 hours	No conversion factor available

Source of data: Vehicle data obtained from all business areas in the Department, where relevant.

Emissions Scope 3 (Fuel burned due to business travel via staff owned transport)

This sustainability report does not include data on staff commuting to and from their normal place of work.

Mileage and emissions from vehicles not owned by department in 2025-26

Year	Mileage	Kg CO2e
2025-26	1,256,014	338,056.20

Source of data: Finance Shared Services (Account NI).

Emissions Scope 3 – Business travel using public transport that is claimed back

Expenses claimed for public transport used for official business travel

Year	Bus (Cost, £)	Rail (Cost, £)	Taxi (Cost, £)
2025-26	8,392.40	9,940.23	4,928.42

Source of data: Finance Shared Services (Account NI).

Emissions Scope 3 - Business travel that is booked via Travel Desk

Air and rail travel booked by Travel Desk for the Department for Communities

Mode of transport	Category	Class	Year 2025-26 Distance (km)	Year 2025-26 Emissions (kg CO2e)
Domestic flight		Economy	218,279	54,062
		Premium economy	-	-
		Business	2,614	605
		First	-	-
International flight	**Short haul**	Economy	5,834	734
		Premium economy	-	-
		Business	-	-
		First	-	-
	Long haul	Economy	83,093	10,510
		Premium economy	-	-
		Business	32,766	10,373
		First	-	-
Rail travel		Standard	8,173	303

Source of data: Selective Travel - the contract owners for the NICS-wide collaborative Travel Management Services arrangement. The contractor uses the same conversion tables as the department used in this sustainability report.

Hotel stay booked by Travel Desk or equivalent for the Department for Communities

Country	No. of nights stayed	Emissions (kg CO2e)
France	2	13
Ireland	23	525
Malta	3	-
Portugal	9	171
Spain	12	84
United Kingdom	481	3,505
United States	82	1,320

Source of data: Selective Travel.

Car hire booked by Travel Desk or equivalent for the Department for Communities

Year	Mileage (km)	Emissions (kg CO2e)
2025-26	592	99.01

Source of data: Selective Travel.

Paper printed by year

Year	Paper printed (pages)
2023-24	3,121,122
2024-25	3,587,641
2025-26	4,742,480

Source of data: IT Assist – NICS common IT service and systems provider which sits within DoF.

Responsible disposal of ICT waste

In the specification of the “Framework for disposal services for IT equipment, electronic and electrical equipment,” suppliers must have BS EN ISO 14001; 2015 – Environmental Management System accreditation (or equivalent) before being appointed to the framework.

The framework specification also requires the following from suppliers:

“All equipment that is not resold must be dismantled and recycled/disposed in accordance with the relevant legislation including, but not limited to:

- the Waste Electrical and Electronic Equipment Directive
- BS EN ISO 14001: 2015
- the Environmental Protection Act 1990; and
- the Hazardous Waste Regulations.

Source of data: IT Assist

Sustainable procurement

The Scoring Social Value policy approved by the Executive, mandated that from June

2022, tenders must include a minimum of 10 percent of the total award criteria to social value. On 5 December 2024, DoF secured Executive approval for a revised PPN (Procurement Policy Note) 01/21 – Social Value in Procurement. This came into effect on 24 February 2025 and strengthened and broadened the theme ‘Delivering Net Zero’ to 'Delivering Climate Action'.

For information on the meaning of Social Value: the Public Procurement Policy Statement which was approved by the NI Executive on the 5 June 2025 states “Social Value means economic, environmental and social benefits in support of the Programme for Government”. The DoF Social Value Strategy document 2025-2027 states, “Social Value refers to wider financial and non-financial impacts on the wellbeing of individuals, communities, and the environment. It incorporates ethical and sustainable supply chains, community benefits and wealth building, job and skills creation and efforts to combat climate change.”

The Procurement Policy Note (PPN) 01/21 – Scoring Social Value has been revised to Procurement Policy Note (PPN) 01/21 - Social Value in Procurement and came into effect on 24 February 2025.

Single use plastics

DAERA, in partnership with DoF, has removed all unnecessary single-use plastic (SUP) from the Government estate and a ban on the use of unnecessary SUP across the NICS estate, is now in place.

Warm Healthy Homes Strategy

The Department progressed the development of the new Warm Healthy Homes Strategy 2026–2036 throughout the reporting year. The Strategy received Executive approval and was formally launched on 5 February 2026. It sets out a long term, cross government approach to reducing fuel poverty by improving energy efficiency, tackling cold and damp housing conditions and enhancing health outcomes for households across all tenures.

DfC's CCD collaborated with government departments and delivery partners to establish a set of principles, objectives, and strategic actions, and commenced design of the governance arrangements required to oversee delivery of the Strategy. With continued support from these stakeholders, CCD also developed a new suite of indicators to effectively monitor and report on progress.

Work is now focused on producing an inaugural action plan, alongside embedding the governance and oversight framework needed to support the phased implementation of the 33 agreed strategic actions over the 10-year lifetime of the Strategy.

Northern Ireland Climate Change Adaptation Programme (NICCAP3)

NICCAP3 sets out proposals for how Northern Ireland's departments, ALBs and public bodies will adapt to the challenges of climate change to 2029. DfC officials worked with DAERA on NICCAP3 – which includes 13 actions for DfC – throughout the 2025-26 reporting year. DAERA consulted on NICCAP3 in Summer 2025, with Executive approval granted and the final report published in March 2026.

Environmental Improvement Plan (EIP)

The Department has 18 actions in the EIP, which is Northern Ireland's first statutory, long-term plan for significantly improving the natural environment. Officials from across DfC worked with DAERA to produce the first Annual Progress Report (September 2024-September 2025) on the Plan in January 2026.

Draft NI Climate Action Plan

Following completion of a public consultation on the draft NI Climate Action Plan (CAP), a review of Residential Buildings sector consultation responses has been completed and a summary report produced. This has been included in the overall summary report for the CAP produced by DAERA.

Additionally, following the public consultation exercise, work has been completed with policy leads to update the draft CAP including quantification, costs, impact assessments and narrative.

CCD continues to work with DAERA and other departments to finalise the draft NI CAP, in order that it can be presented to the NI Executive for approval to publish.

There is ongoing engagement with DAERA and Departmental statisticians on developing monitoring and reporting processes for the CAP, once it is finalised and published.

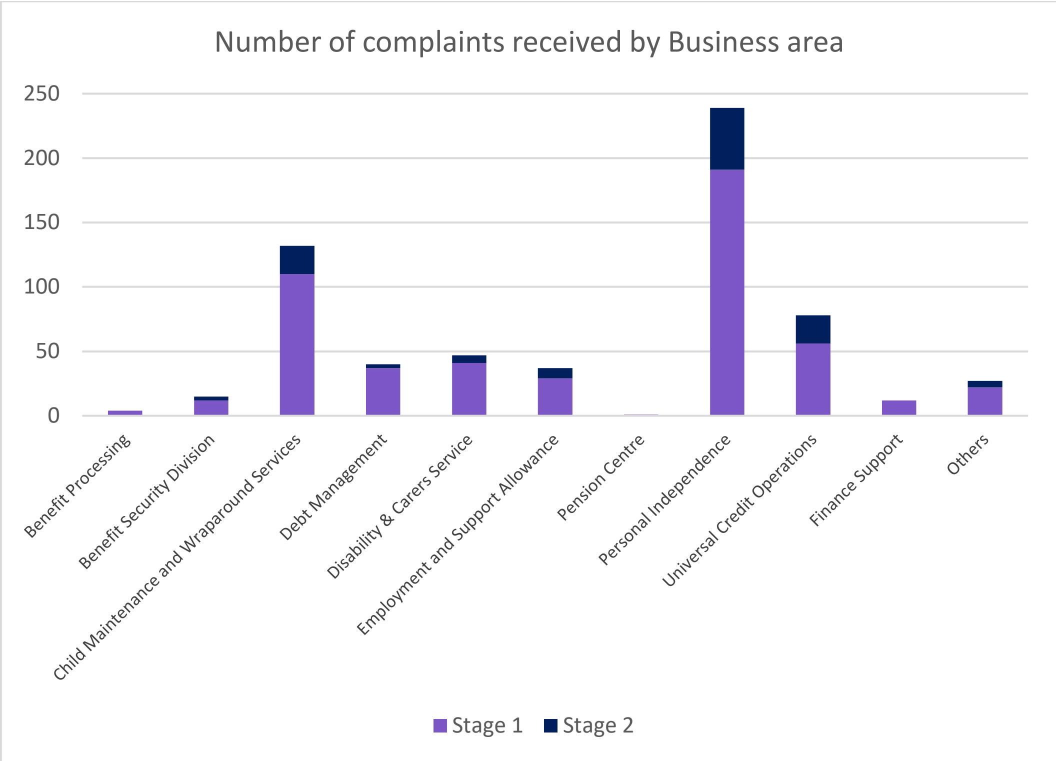
Officials have begun engagement with DAERA on CAP 2 (2028 – 2032) Modelling Framework Discovery Phase in relation to developing a comprehensive integrated modelling framework to support the development of Northern Ireland's Climate Action Plans. A business case is being developed to seek approval to commission more advanced modelling of the residential buildings sector building on the initial model that was delivered in 2025. This work is ongoing alongside the work of the Residential Decarbonisation Co-ordination Group, who continue to bring key stakeholders together to ensure alignment of policy and scheme development in this sector.

CCD also continues to work with the Northern Ireland Federation of Housing Associations (NIFHA) on the development of a business case to access Financial Transactions Capital funding to support a retrofit scheme for registered housing associations.

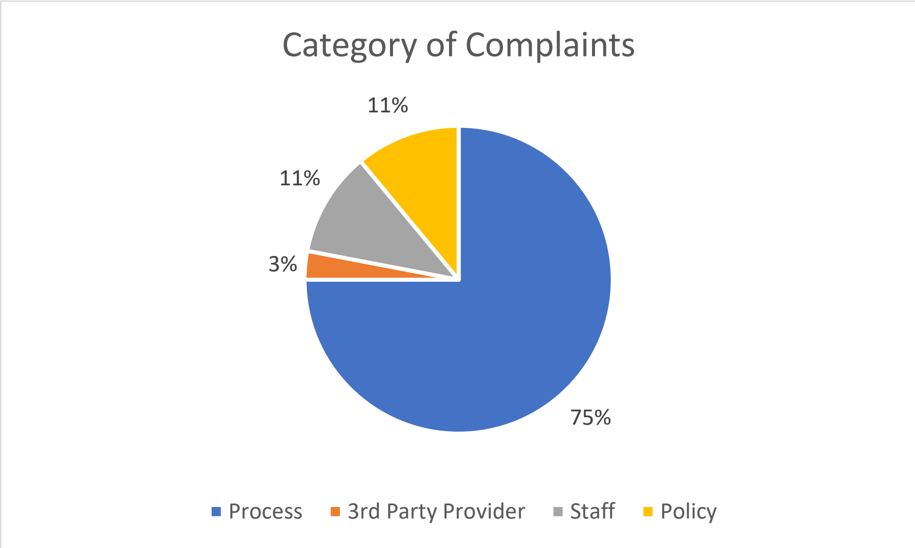
Complaints Handling

During 2025-26, the Department received 632 complaints and responded to 97% of all complaints within the agreed timescale, which is 10 working days (Child Maintenance Service timescale is 15 working days). Most complaints were associated with the administration and awarding of benefits. However, the complaints received represent less than 1% of the entire social security benefit caseload.

Number of complaints received by Business Area



Category of Complaints received in 2025-26



Operational business areas monitor complaints closely to identify any lessons learned and to support improvement in service delivery. Where a complaint is upheld, lessons learned are shared across business areas, contributing to improvements in meeting our customer needs.

In many cases, where the policy and processes have been followed but the customer is not content with the outcome of their benefit application, the complaint investigation does not uncover any opportunity for learning.

The Department's customer complaints policy can be found at [DfC complaints procedure | Department for Communities (communities-ni.gov.uk)].

Child Maintenance Service Client Funds

The Child Maintenance Service (CMS) in DfC promotes the financial responsibility parents have towards their children by providing clear information and advice on the child maintenance options available. CMS aims to encourage parents to make their own private family-based arrangements for child maintenance payments. For those parents unable to negotiate an arrangement, CMS administers a statutory scheme; within the statutory scheme there are two services, Direct Pay and Collect and Pay. Per the Direct Pay service parents organise payments between themselves based upon a CMS calculation.

Under the Collect and Pay service of the statutory scheme, CMS is responsible for managing client funds by collecting child maintenance payments from the Paying Parent and ensuring these payments are accurately and securely transferred to the Receiving Parent, thereby supporting the financial wellbeing of children.

Although parents can still arrange and avail of their own family based arrangement independent from CMS, in line with the approach proposed by the GB Department for Work & Pensions (DWP), the Department has confirmed its intention to withdraw the Direct Pay service. With the removal of Direct Pay, CMS will operate a single service type, where CMS monitors and transfers all payments between parents. This transition to a single, strengthened Collect and Pay system will enable CMS to oversee all child maintenance payments, quickly identify missed or partial payments, and take earlier and more effective enforcement action. This approach is intended to ensure that more money reaches children in a timely manner. In addition, there are proposals to change the collection fee structure under the single service arrangements.

For the Collect & Pay service of the statutory scheme, the Department acts in a custodian role in respect of Child Maintenance funds, collecting payments from Paying Parents and issuing maintenance payments to Receiving Parents.

In 2025-26, DWP CMS determined that standalone annual Client Fund accounts were no longer required and instead key financial information would be presented in the DWP Annual report and Accounts. DfC has adopted a comparable position in line with this decision for NI CMS. More detail on this is provided on page 82.

Information on the total cash received, total cash paid and the cash balances at the end of the financial year for the Collect & Pay service is included in Note 25, Third Party Assets, in the notes to the accounts.

Child Maintenance Arrears

The amount of outstanding child maintenance arrears for the Collect & Pay service at the end of the current, and the previous financial year, is detailed below in tables. These child maintenance balances represent the amounts outstanding from Paying Parents at the year end. These funds are held in designated bank accounts and their related transactions are not recognised as assets or liabilities in the Department's consolidated accounts.

Child Maintenance Outstanding Arrears 31 March 2026

Outstanding child maintenance owed at the end of the year*	Collect & Pay (2012 Scheme) £000s	Legacy Schemes £000s	Total £000s
Unpaid child maintenance owed at 1 April 2025	**11,877**	**2,438**	**14,315**
Maintenance charged	9,590	-	9,590
Maintenance received and allocated	(7,036)	(195)	(7,231)
Maintenance written off	(303)	(52)	(355)
Movement in unallocated cash and other corrections	(632)	(33)	(665)
Unpaid child maintenance owed at 31 March 2026	**13,496**	**2,158**	**15,654**

* The total outstanding arrears are presented per the current 2012 CMS Collect & Pay scheme and the Legacy Schemes (the previous CMS 1993 and 2003 schemes used for the collection and payment of child maintenance. The Legacy schemes were closed in 2020 and these arrears only balances continue to decline each year).

Child Maintenance Outstanding Arrears 31 March 2025

Outstanding child maintenance owed at the end of the year*	Collect & Pay (2012 Scheme) £000s	Legacy Schemes £000s	Total £000s
Unpaid child maintenance owed at 1 April 2024	10,378	2,905	13,283
Maintenance charged	7,973	-	7,973
Maintenance received and allocated	(5,540)	(258)	(5,798)
Maintenance written off	(300)	(116)	(416)
Movement in unallocated cash and other corrections	(634)	(93)	(727)
Unpaid child maintenance owed at 31 March 2025	11,877	2,438	14,315

Future Plans – Permanent Secretary Forward Look

As I take up post, the year ahead presents both significant opportunity and considerable challenge for the Department. The draft 2026-27 DBP sets out a focused programme of work aligned to Ministerial priorities and relevant PfG commitments. Across our Groups, we will make progress in key areas such as social security, housing, anti-poverty, disability, culture, and regeneration - each shaped by a commitment to fairness, inclusion and better outcomes for the people we serve.

We expect the policy environment to continue to evolve, with substantial external developments across the NICS including public sector reform, digital transformation, and ongoing financial constraint. In this context, delivering more with less will require sharper prioritisation, stronger collaboration with our ALBs, local government and the voluntary and community sector, and a clear focus on efficiency and public value. Our People Priorities Plan and the development of a Strategic Workforce Plan will help ensure that colleagues have the skills, support, and flexibility needed to lead through change.

Digital transformation will also continue to shape how we work. The Department will roll out new contact-centre technology (subject to DWP delivery), will explore AI-enabled improvements with DWP, and will progress digital and data initiatives in health assessments, PRONI and customer-facing services. These innovations offer real opportunities to improve quality, speed and consistency, but we will approach them carefully - grounded in ethics, transparency and the need to maintain trust.

The year ahead will also see progress on major strategic commitments, including advancing the Anti-Poverty Strategy and Disability Strategy towards publication, publishing the Heritage, Culture and Creativity policy suite, increasing the availability of good quality and affordable housing, completing Move to Universal Credit for remaining groups in scope, and delivering the next phase of City and Growth Deal and regeneration programmes. These initiatives reflect long-term investment in people and place and will continue to be delivered in partnership with councils, communities, and local stakeholders.

We will also continue to deliver on the targets and commitments set out in the PfG, in particular the priority to provide more social, affordable and sustainable housing, alongside our other commitments relating to sport and physical activity, the development of social inclusion strategies and tackling poverty.

While the financial position remains challenging, I am confident in the resilience and professionalism of our staff. Their dedication ensures that the Department continues to deliver essential services and support for hundreds of thousands of households, every day. By focusing on outcomes, embracing innovation responsibly, and strengthening collaboration, we will continue to provide the leadership, stability and impact that communities across Northern Ireland expect and deserve.

Grainia Long

GRAINIA LONG
PERMANENT SECRETARY
29 JUNE 2026

Accountability Report

The purpose of the accountability section of the annual report is to meet key accountability requirements to the Assembly. The requirements of the accountability report are based on the matters required to be dealt with in a Directors' Report, as set out in Chapter 5 of Part 15 of the Companies Act 2006 and Schedule 7 of SI 2008 No 410 and in a Remuneration Report, as set out in Chapter 6 of the Companies Act 2006 and SI 2013 No. 1981. The requirements of the Companies Act are adapted for the public sector.

The Accountability Report therefore comprises:

a) the Corporate Governance Report (consisting of the Directors' report, Statement of Accounting Officer's Responsibilities and Governance Statement);

b) the Remuneration and Staff Report; and

c) the Assembly Accountability and Audit Report (which includes the Statement of Assembly Supply and supporting notes and disclosures relating to regularity of expenditure, losses and special payments, remote contingent liabilities and long-term expenditure trends).

Corporate Governance Report

Directors' Report

Management of the Department

DfC is one of nine Northern Ireland departments created on 9 May 2016 following the restructuring of Northern Ireland Civil Service Departments.

The Department operates under the direction and control of the Minister for Communities. Gordon Lyons MLA was appointed as Minister on 3 February 2024.

The Permanent Secretary is the Department's most senior official and the Minister's principal adviser. Permanent Secretary and Departmental Accounting Officer Colum Boyle was in post until 31 December 2025. John Greer took on the role of Accounting Officer from 1 January to 31 January 2026. Emer Morelli became Permanent Secretary and Accounting Officer from 1 February 2026 until 12 April 2026. Grainia Long joined the Department on 13 April 2026 as Permanent Secretary and Principal Accounting Officer.

Appointment of Permanent Secretary and Members of the Departmental Management Board

Appointment of the Permanent Secretary was by open competition and subject to written approval of the Civil Service Commissioners under the terms of Article 6 of the Civil Service Commissioners (NI) Order 1999.

As at 31 March 2026, Executive Board positions are held by six DfC Deputy Secretaries. Appointments to Deputy Secretary positions are determined in accordance with NICS appointment and promotion procedures.

Non-Executive Board Members (NEBMs) are appointed by the Permanent Secretary, following open competition.

Board and Committee Arrangements

The Permanent Secretary chairs the Departmental Management Board which is comprised of the six Deputy Secretaries plus two NEBMs. The Board supports the Permanent Secretary, as Departmental Accounting Officer, in meeting the governance requirements for the Department. Responsibilities include the provision of advice on a number of matters which are reserved to the Board. These are set out in the Board's Operating Framework, agreed annually, and assigned to specific Board meetings across the year.

The Board receives and scrutinises regular stewardship reports encompassing key financial, budgetary and HR data and undertakes regular review and scrutiny of principal risks and associated actions.

The Board is supported in its role by a Departmental Audit and Risk Assurance Committee (DARAC), chaired by the Lead NEBM who provides assurance reports to the Board.

In addition to DARAC, the Board has established three further Sub-Committees. Information on these Sub-Committees is provided below. The Terms of Reference for Sub-Committees can also be found at: https://www.communities-ni.gov.uk/sites/default/files/2025-08/dfc-corporate-governance-framework-annexes-2021.pdf

Departmental Audit and Risk Assurance Committee (DARAC)

Supports the Board and Departmental Accounting Officer on issues of risk, internal control and governance through reviewing the comprehensiveness, reliability and integrity of the Department's assurance processes.

Meets four times a year with additional Focus Sessions arranged as appropriate. Focus Sessions for 2025-26 were held in respect of Benefit Fraud and Error, and the Department's Financial Statements.

Membership is independent of the Department's executive structure. Chaired by the Lead NEBM.

Following each meeting, the DARAC Chair's report provides assurance to the Board, with a separate annual report at the end of each financial year.

Terms of reference are in line with the DoF Audit & Risk Assurance Committee Handbook (NI 2018): www.finance-ni.gov.uk/publications/audit-committees.

Departmental Information Assurance Committee (DIAC)

Supports the Departmental Accounting Officer and Departmental Board with responsibilities relating to the lawful, effective and secure use of data in support of the aims of the Department.

Provides assurance that DfC has appropriate policies, management arrangements and governance systems to effectively protect the volume of information held in support of DfC aims.

Meets four times a year, with meetings scheduled in advance of each DARAC meeting.

Membership includes the senior Digital Security and Information Services officers, the Head of Analytics Division, the Departmental Security Officer, the Data Protection Officer, the Departmental Information Manager and the Senior Information Asset Owner's with responsibility for each Grade 3 command. Additionally, the Head of Internal Audit is routinely invited to attend all meetings. Chaired by the DfC Senior Information Risk Owner (SIRO).

Areas of focus during 2025-26 included:

- Identification of information and security management themes from issues arising
- Monitoring and advising on the management of DfC information and security risks including cyber and physical environment
- Review of Principal Risks relating to Cyber, Information & Data Management
- Annual review of the Strategic Information Assurance Framework (SIAF)
- Oversight of departmental systems accreditation programme
- Promoting adherence to UK GDPR principles and monitoring compliance
- Oversight of all departmental information assurance concerns
- Ensuring good information, governance and policy compliance across DfC
- Exploring and overseeing responsible integration of AI within departmental systems
- Promote effective use of Microsoft 365 and Teams to enhance collaboration, security, and productivity.

People and Resources Sub-Committee (PRSC)

Supports the Board and Departmental Accounting Officer in the strategic management of the Department's human resources planning and associated funding.

Oversees strategic resource planning in DfC from a HR, capability, staff engagement, office accommodation and Digital perspective. Provides oversight, scrutiny and assurance to the work of the DfC People Strategy, the Diversity & Inclusion Action Plan, the Workplace Strategy and the Digital Strategy.

Meetings occur quarterly.

Membership is comprised of Deputy Secretaries for each of the six DfC Groups and one DMB NEBM. Chaired by the Corporate Services Group (CSG) Deputy Secretary.

Policy & Strategy Sub-Committee (PSSC)

Provides assurance to the Departmental Accounting Officer and assists the Board in overseeing the Department's delivery against Programme for Government (PfG), Ministerial priorities and commitments, and the ongoing development of the Department's policy making and legislative capacity, legislative programme and research agenda. Oversees, scrutinises and monitors policy development, delivery and evaluation across DfC.

Remit also includes consideration and advice on the level of professional support services required in support of evidence-based policy making, effective evaluation and operational delivery.

Provides direction to the Policy Excellence Group (PEG) on actions to be taken forward and monitoring of progress via the PSSC's Workplan.

Meetings occur quarterly in line with business planning timetables.

Membership is comprised of Deputy Secretaries for each of the six DfC Groups and one NEBM. Chaired by the Operational Delivery Group (ODG) Deputy Secretary.

Board and DARAC Record of Attendance for 2025-26

Departmental Management Board (The Board or DMB) Attendance Record 8 Board Meetings held during 2025-26			
Board Members	**Meetings attended**	**NEBMs**	**Meetings attended**
Colum Boyle Permanent Secretary & Departmental Accounting Officer End date 31-12-2025	**5/6**	**Sharon O'Connor** NEBM/ DARAC Chair	**8/8**
Emer Morelli Deputy Secretary to 31-01-2026 Permanent Secretary & Accounting Officer from 01-02-2026 to 13-04-2026	**7/8**	**Dale Ashford** NEBM / DARAC Deputy Chair	**8/8**
John Greer Deputy Secretary Interim Accounting Officer from 01-01-2026 to 31-01-2026	**6/8**		
John Smith Deputy Secretary	**8/8**		
Paul Price Acting Deputy Secretary from 25-08-2025	**5/5**		
Linsey Farrell Deputy Secretary from 16-06-2025	**6/7**		
Cherrie Arnold Acting Deputy Secretary from 15-12-2025	**2/2**		
Iain Greenway Acting Deputy Secretary from 01-02-2026	**1/1**		
Trevor Connolly Acting Deputy Secretary from 01-01-2026 to 31-01-2026	**1/1**		
Brenda Henderson Deputy Secretary End Date 30-04-2025	**1/1**		
Paddy Rooney Deputy Secretary End date 31-12-2025	**6/6**		
Mark O'Donnell Deputy Secretary End date 31-08-2025	**3/3**		
A minimum of four members must be present for Board meetings to be quorate. Grainia Long joined the Department on 13 April 2026 as Permanent Secretary and Principal Accounting Officer. Whilst John Greer and Trevor Connolly undertook higher grade responsibilities during January 2026, no additional remuneration was sought in respect of these duties.			

DARAC Attendance Record 4 meetings held during 2025-26			
NEBMs	**Meetings attended**	**Independent Members**	**Meetings attended**
Sharon O'Connor DARAC Chair	**4/4**	**Gail Flavell** Senior official in the Education sector DARAC member	**3/4**
Dale Ashford NEBM / DARAC Deputy Chair	**4/4**	**Lisa Rocks** Senior Official in the Department of Justice DARAC member from 01-01-2026 to 16-06-2026	**1/1**

A minimum of three members must be present for DARAC meetings to be quorate.

The current DARAC Chair/NEBM will be finishing her term, in both roles, on 30 June 2026. A new NEBM competition is in train, with interim arrangements for the DARAC Chair position to be confirmed. Additionally, a competition for new Independent members will be progressed during Summer 2026.

Conflicts of Interest

A Register of Board Interests is maintained and published annually on the Department's website: https://www.communities-ni.gov.uk/publications/departmental-management-board-register-interests

In the event of an actual or perceived conflict of interest, Board members will exclude themselves from all relevant discussions in respect of that item of business and this will be formally recorded in Board minutes.

For 2025-26 no interests were declared by Board members which would conflict with their management responsibilities.

Special Advisers - Conflicts of Interest

The DfC Special Adviser took up post on 15 March 2024. In line with current Declarations of Interests policy for Special Advisers, the Special Adviser has declared any relevant interests. The Permanent Secretary has considered the DfC Special Adviser return and the following relevant interests are set out in public:

Name	Interest
Peter Johnston	Serving Councillor for Mid and East Antrim

Data Protection Arrangements

The Department places considerable emphasis on protective security and under data protection legislation there is a statutory obligation to report high risk personal data breaches to the Information Commissioner's Office within 72 hours of discovery. All security incidents involving personal data are fully investigated, with lessons learned, controls improved, and further training instigated (where appropriate). In addition, the department ensures that appropriate data sharing agreements and data protection impact assessments are in place and reviewed regularly, providing assurance that any disclosure of departmental information is lawful and appropriate.

Departmental Arm's Length Bodies (ALBs)

Since the implementation of the Review of Financial Process in 2022–23, the Department's accounts have been prepared on a Departmental Group basis.

The bodies included within the 2025-26 Departmental Accounting boundary are detailed in Note 26 to the Accounts.

ALBs are organised and governed in line with their own separately established governance structures, internal governance arrangements and assurance processes, details of which can be found in the annual reports and accounts published for each ALB. There are Partnership Agreements or Management Statements and Financial Memorandums (MSFMs) in place with DfC ALBs and these underpin the sponsorship/partnership arrangements in place. The Department also operates an assurance process through which biannual Assurance Statements are provided by ALBs.

The Minister for Communities is responsible for appointing Chairs and Board Members of DfC ALBs with appointments governed by the Commissioner for Public Appointments Northern Ireland Code of Practice. While DfC holds the sponsorship role for the Commissioner for Older People for Northern Ireland (COPNI) and the Northern Ireland Commissioner for Children & Young People (NICCY), these Commissioner appointments are the responsibility of the First and Deputy First Ministers.

Appointments to the Boards of Foras na Gaeilge and the Ulster Scots Agency are made by the North/South Ministerial Council on behalf of the Northern Ireland Executive and the Government of Ireland.

Details of ALB Boards are set out within the individual Annual Report and Accounts for each respective ALB.

Non-Executive Board Member's Report

The Departmental Management Board is responsible for overseeing business delivery against plans, enhancing organisational capability, preparing for future challenges, and ensuring the effectiveness of risk management and internal controls across the Department. The two Non-Executive Board Members (NEBMs), Dale Ashford and myself, advise and support the Executive Team on key strategic issues. Through the Departmental Audit and Risk Assurance Committee (DARAC), we also provide independent scrutiny of assurances received from Deputy Secretaries and other sources, contributing to the Departmental Accounting Officer's annual Governance Statement.

During the 2025-26 reporting year, the Departmental Management Board met on eight occasions. The Departmental Audit and Risk Assurance Committee, DARAC, which I chair, met four times and contributed to a number of governance activities including risk management and governance, cyber security and business continuity. Two Focus Sessions for 2025-26 were also held in respect of Benefit Fraud and Error, and the Department's Financial Statements.

DARAC is particularly concerned about supporting our Arm's Length Bodies (ALBs) and the Governance Team has developed a series of subject specific seminars for ALB Audit & Risk Assurance Committee Chairs on matters ranging from good practice for audit committees and most recently a very well received session on information management and cyber security.

The Department continues to deliver several services on behalf of the Department for Work and Pensions (GB), on a full cost recovery basis. This work involved over 4,600 staff and brought over £182 million into the NI economy in the 2025-26 year.

Where possible, the Board seeks to hold meetings across the Department's network, for example, Gracehill Village - allowing the Board to see first-hand the DfC support for this UNESCO world heritage site.

Topics considered by the Board included (but were not limited to):

- Housing challenge and performance
- Climate change planning
- Asset Management
- Ongoing recruitment challenges
- Digital Transformation
- Artificial Intelligence
- Tenancy Fraud
- DfC Annual Business Plan
- The Integr8 Programme (a flagship programme which will transform how finance and HR services are delivered within the NICS)
- Test Drill Reports
- Fraud and Error reporting
- Updates on the NIPSO Report: Personal Independence Payment (PIP) including progress on the implementation of recommendations arising from the report.
- Update on the Covid Inquiry
- Disaster recovery group
- Welfare mitigation
- Economic landscape

Focus on Customers

The Department’s work touches the lives of nearly every person in Northern Ireland, positively impacting the economic, social, physical, and cultural wellbeing of communities. The Board received regular updates on the delivery of social housing, management of the migration of Tax Credit and legacy benefit claimants to Universal Credit (UC), and innovative approaches to placemaking.

We were pleased to note that a continued focus has been maintained on safeguarding vulnerable customers during the managed migration of Tax Credit and legacy benefit claimants to Universal Credit.

We were particularly pleased to see this reflected across the region on projects in our cities and towns. Very effective collaborative working is evident in many aspects of the work and recent advances made in the support of City and Growth Deals working with local government and national funding streams will greatly augment impact for local people. Notably, despite financial pressures, the Department has maintained strong financial performance. The Finance team has supported the work of the NEBMs, and the work is always of a very high standard.

Efforts to support the wider public sector by the Governance Team focusing on ALBs have impacted positively, enhancing governance and risk management practices. At this point, ten of twelve Partnership Agreements between the Department and ALBs have been signed to support this work.

We continue to maintain a focus on how vulnerable customers are safeguarded during the managed migration of Tax Credit and legacy benefit claimants to UC.

Supporting Our People

The People & Resources Sub-Committee (PRSC) met regularly and kept the Board informed about recruitment challenges. The Board recognised that sustainable solutions require a systems approach and welcomed recent innovative recruitment pilots aimed at reaching new AO candidates across the region commencing in Derry/Londonderry.

Governance

The Board receives regular assurance reports from DARAC, which focuses on Departmental risks and routinely reviews reports from senior leaders. These sessions provide members with the opportunity to scrutinise the detail behind operations and obtain assurance on service delivery.

The Way We Plan, Organise and Work

Board agendas consistently include standing items such as operational performance, business planning, and financial stewardship, ensuring continued oversight of Departmental efficiency.

From a strategic standpoint, Board Members also contribute to the Policy & Strategy Sub-Committee (PSSC), which oversees implementation of the Department's strategy and business plan, as well as policy development capability. The work of this committee in terms of shaping policy and supporting the ongoing skills development of those who provide policy and legislative expertise is a high priority area.

Departmental Audit and Risk Assurance Committee (DARAC)

DARAC met four times during the year and conducted focus sessions on key areas including fraud and error within benefit expenditure, and the Department's financial statements. The Committee receives comprehensive Risk and Assurance Reports from the Governance Team which includes updates on key issues and risks across Departmental business, along with regular updates from Internal Audit and the NIAO.

DARAC also benefits from expert input from the Departmental Information Assurance Committee (DIAC) on information governance and cyber security sharing practice and knowledge with our ALBs.

Based on the assurances received, DARAC has reported to the Board that it is satisfied with the effectiveness of risk management, control, and governance across the Department during the past year. While existing arrangements are fit for purpose, the Board remains committed to continuous improvement. Recent workshops on cyber security, risk management, and reporting reflect this ongoing commitment.

Conclusion

I would like to record thanks to Colum Boyle (Permanent Secretary) and Paddy Rooney (Deputy Secretary for Work and Health) who retired this year, and to recognise the work of the Senior Leadership Team who managed a seamless transition for the Department.

As Lead Non-Executive Board Member, I rely heavily on the excellent support I receive from my fellow Non-Executive, Dale Ashford, and DARAC independent members, Gail Flavell and Lisa Rocks. I also wish to acknowledge the open culture adopted by senior colleagues in supporting the Non-Executives in their responsibilities.

Sharon O’Connor MA CDir FIoD FCIPD

Lead Non-Executive

Department for Communities

Statement of Departmental Accounting Officer’s Responsibilities

Under the Government Resources and Accounts Act (NI) 2001 (the GRAANI), the Department of Finance (DoF) has directed the Department for Communities (DfC) to prepare, for each financial year, consolidated resource accounts detailing the resources acquired, held or disposed of, and the use of resources, during the year by the Department and its sponsored non-departmental and other arm’s length public bodies designated by order made under the GRAANI by Statutory Rule 2025 no 50, as amended by Statutory Rule 2025 No 189, (together known as the ‘departmental group’, consisting of the Department and sponsored bodies listed at note 26 to the accounts). 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 the departmental group and of the income and expenditure, Statement of Financial Position, and cash flows of the departmental group for the financial year.
In preparing the accounts, the Departmental Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Department of Finance, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis

- ensure that the Department has in place appropriate and reliable systems and procedures to carry out the consolidation process

- make judgements and estimates on a reasonable basis, including those judgements involved in consolidating the accounting information provided by non-departmental [and other arm’s length] public bodies

- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts

- prepare the accounts on a going concern basis

- confirm that the Annual Report and Accounts as a whole is fair, balanced, and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

The Department of Finance has appointed the Permanent Head of the Department as Accounting Officer of DfC.

The Departmental Accounting Officer has also appointed the Chief Executives of its sponsored Arms Length Bodies as Accounting Officers of those bodies. In relation to COPNI and NICCY, which are corporation soles, the Commissioners are appointed as Accounting Officers. The Departmental Accounting Officer is responsible for ensuring that appropriate systems and controls are in place to ensure that any grants that the Department makes to its sponsored bodies are applied for the purposes intended and that such expenditure and the other income and expenditure of the sponsored bodies are properly accounted for, for the purposes of consolidation within the resource accounts. Under their terms of appointment, the Accounting Officers of the sponsored bodies are accountable for the use, including the regularity and propriety, of the grants received and the other income and expenditure of the sponsored bodies.

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 assets of the Department or Arms Length Body for which the Accounting Officer is responsible, are set out in Managing Public Money Northern Ireland published by the Department of Finance.

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

Governance Statement

Introduction

The DfC Governance Statement has been compiled from work throughout the year to support stewardship, management and control of the Department. It supplements the annual accounts and explains the framework of governance and risk management operated in support of my role as Departmental Accounting Officer.

Governance Framework

Overview of Arrangements

DfC has a corporate governance framework in place which specifies the Department's organisational and governance structures, roles and responsibilities of those charged with governance, key internal controls, risk management and assurance arrangements. The framework is in line with the 'Corporate Governance in Central Government Departments: Code of Good Practice NI 2025' and is available at [https://www.communities- ni.gov.uk/publications/dfc-corporate-governance-framework](https://www.communities-ni.gov.uk/publications/dfc-corporate-governance-framework)

The Department operates under the direction and control of the Minister for Communities, who is responsible and accountable to the Assembly for the policies, programmes, and actions of the Department. As Permanent Secretary for DfC, I am the Minister's principal adviser.

Ministerial Directions

As Departmental Accounting Officer, I am required to disclose where formal Ministerial Direction to proceed has been sought, in cases where I believe the Department has been asked to take a course of action that could potentially result in irregular expenditure, impropriety or poor value for money. There are no

Ministerial Directions to disclose for 2025-26.

Management and Organisation of the Department

As Departmental Accounting Officer I am personally responsible and accountable for the effective management and organisation of the Department, the efficient and effective use of its resources and the stewardship of its assets. I am assisted in my role as Departmental Accounting Officer by a Departmental Management Board which comprises DfC Deputy Secretaries, along with NEBMs, operating as a collegiate committee under my leadership.

The Board is supported in its role by a Departmental Audit and Risk Assurance Committee (DARAC) and three Sub-Committees - the Departmental Information Assurance Committee (DIAC), the Policy & Strategy Sub-Committee (PSSC) and the People & Resources Sub-Committee (PRSC). Information on Board and Sub-Committee structures, attendance, and areas of focus for 2025-26, are outlined within the Directors' Report on page 52.

Board Performance and Effectiveness

Minutes of Board meetings are available at: Departmental Management Board minutes - 2025 | Department for Communities and Departmental Management Board minutes - 2026 | Department for Communities.

A Register of Board Interests is maintained and 'Conflicts of Interest' is a standing agenda item for Board meetings where members are asked to declare any interests relating to items on the Board agenda.

The Board undertakes an annual review of effectiveness in line with the Corporate Governance Code and its Operating Framework. Reviews consider the Board Operating Framework, the effectiveness of the Board's oversight of the important issues facing the Department and the quality of information available to the Board. Oversight of performance and Board culture are considered and reviews provide an opportunity for Board member self-assessment. Reviews also consider risk management arrangements in line with the requirement for annual review and the principle of comply or explain set out in the ‘HM Government Orange Book: Management of Risk – Principles and Concepts’.

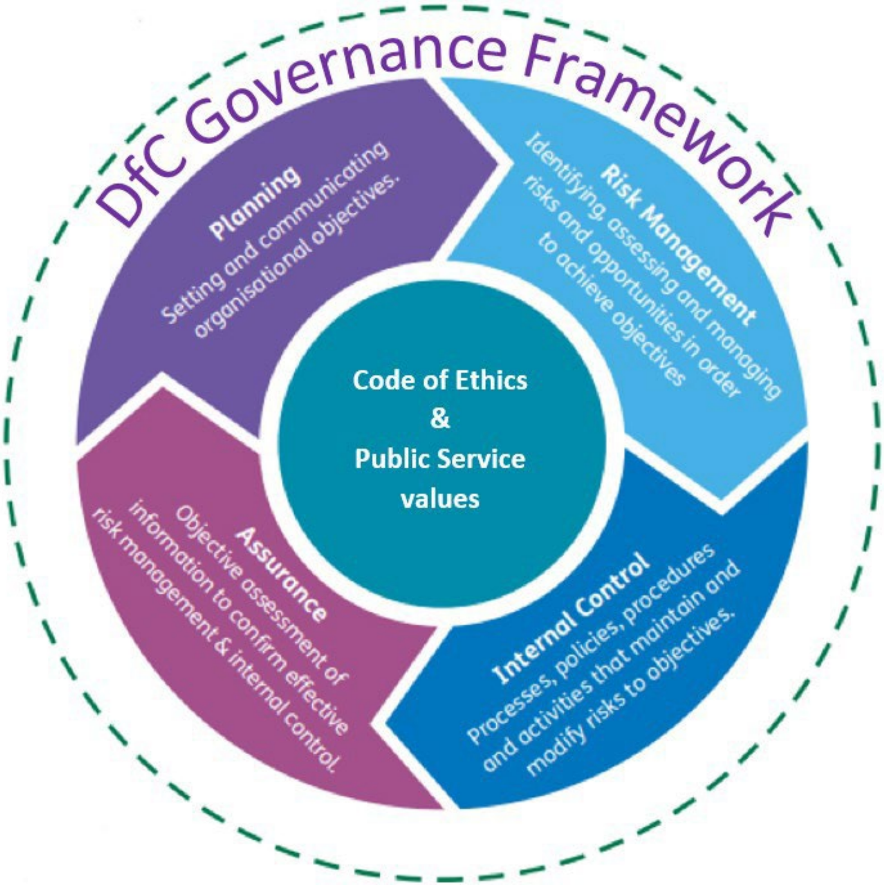
In accordance with best practice, the Board commissions an externally facilitated review of effectiveness every three years. The Board continues to build on the recommendations and positive findings arising from the comprehensive externally facilitated review which covered 2024-25 and concluded in early 2026. It found that the Board operates effectively, demonstrating strong governance, strategic focus, and a constructive culture. It concluded that Members are engaged, meetings are well-chaired, and oversight mechanisms are robust. Recommendations arising from it will continue to be addressed during 2026-27. The 2025–26 review will be captured during 2026–27, and will take onboard the outworkings of the 2024-25 review.

DARAC Review of Effectiveness

DARAC undertakes an annual review of effectiveness in line with recommended best practice using the NIAO Audit and Risk Assurance Committee Self-Assessment Checklist. DARAC met on 25 June 2026 to consider the Checklist, the impact and effectiveness of the Committee and compliance with good practice. The review allows DARAC to strengthen its approach, confirm best practice and focus on areas of greatest importance for the Department. The review confirmed DARACs effectiveness and identified some areas for enhancement which will be taken forward in 2026-27.

Planning, Risk Management, Internal Control and Assurance

Planning, Risk Management, Internal Control and Assurance are interconnected components of the Department’s governance arrangements with Code of Ethics and public service values at the centre of everything the Department does.



DfC Business Plans are approved by the Board in respect of each financial year www.communities-ni.gov.uk/publications/dfc-business-plan-2025-26. They set out the steps that the Department will take in working toward delivery of the objectives, activities and milestones specified in the Key Deliverables section of the Plan; and within the limits of the financial and other resources allocated to the Department for the current financial year. Plans remain agile and adaptable as the Department responds to the Minister's priorities, changing demands and challenges throughout the financial year and the Board continually monitors progress.

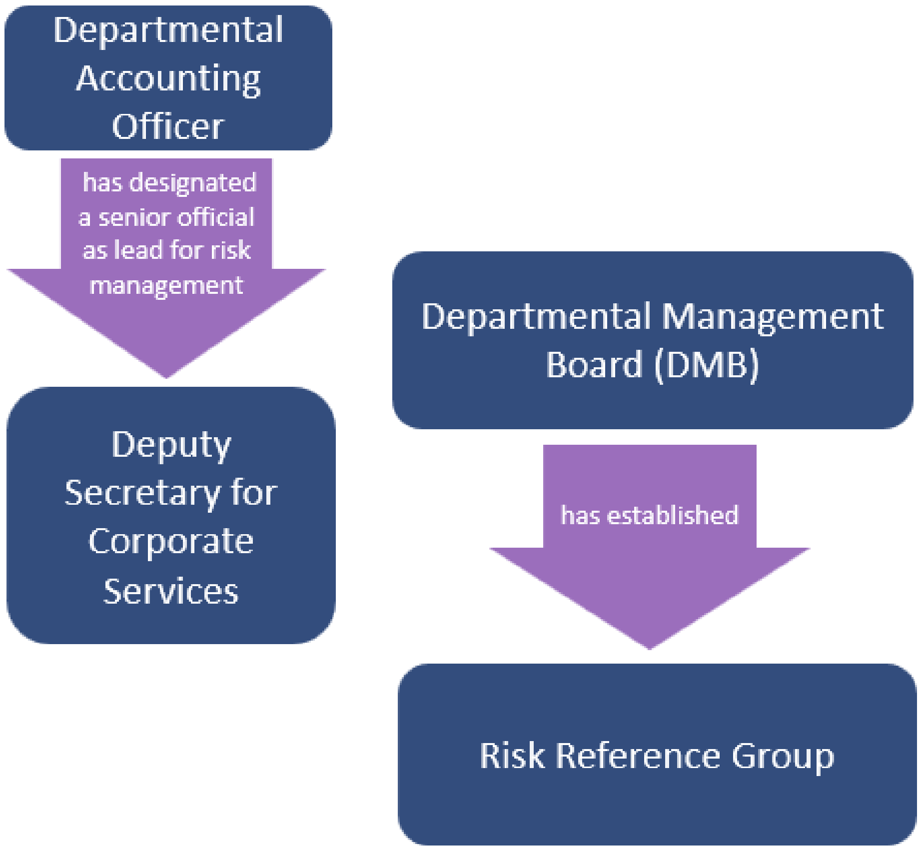
The Board has determined its risk appetite for a range of risk categories, taking account of the need for a balanced view to managing opportunity and risk, while recognising that public sector organisations cannot be successful if they are entirely risk averse.

The Department's system of internal control is designed to manage risk in line with the Board’s risk appetite in order to provide reasonable assurance of effectiveness.

Risk management and internal control arrangements are underpinned by a well-established Assurance Framework. This includes provision of bi-annual Assurance Statements from Deputy Secretaries on their risk management processes and internal control arrangements. Deputy Secretaries use their Assurance Statements to identify exceptions/material concerns within their Groups or the ALBs for which they are responsible. Sponsorship arrangements are in place for each of the Department’s ALBs and these arrangements, together with the ALB biannual Assurance process, inform and support Deputy Secretary Assurance Statements.

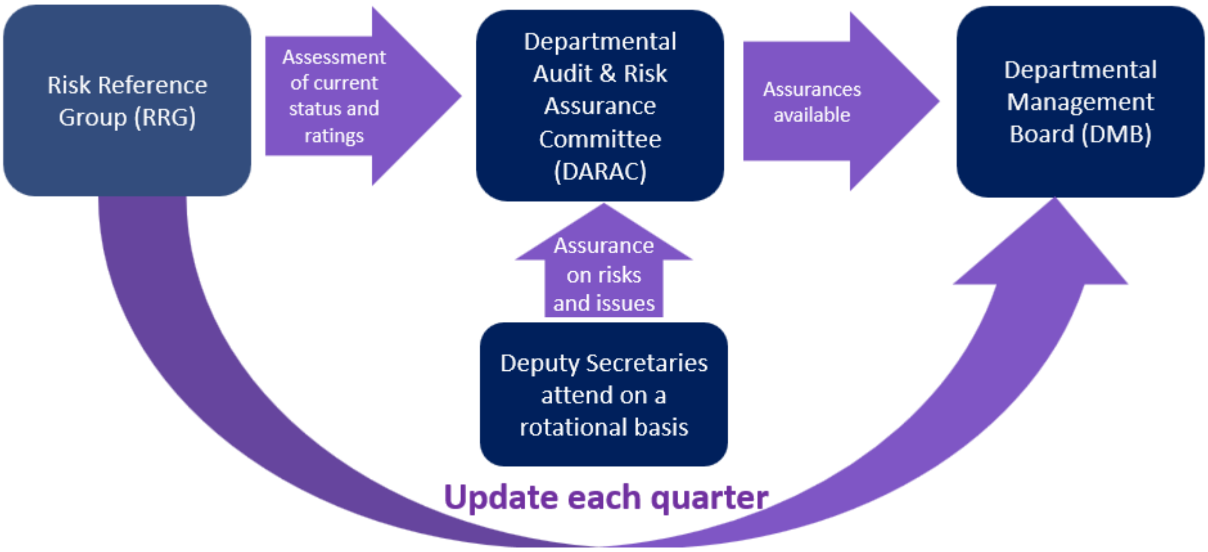
DfC risk management arrangements are in line with the ‘UK Government Orange Book: Management of Risk – Principles and Concepts’ and the Corporate Governance Code with no departures to disclose. Arrangements have been in place throughout 2025-26 and have operated up to the date of approval of the annual report and accounts.

The senior members of staff who lead the Department’s approach to risk management are:

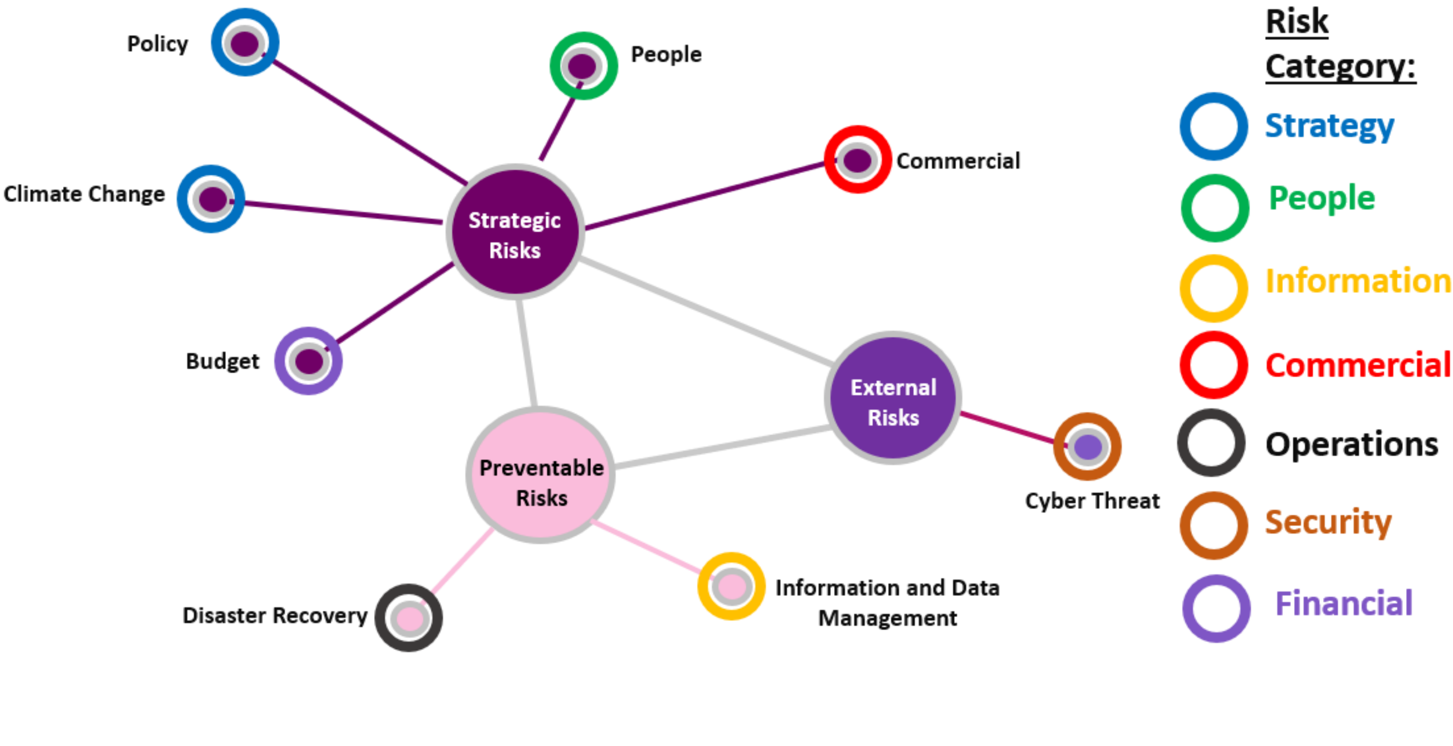


The main role of the Risk Reference Group is to support the identification, evaluation and management of the Principal and emerging risks faced by the Department. Its functions include:

The Board undertakes a quarterly review of Principal risks, supported by the Risk Reference Group with DARAC providing an assessment of the effectiveness of risk management arrangements and the adequacy and effectiveness of control processes for Principal risks.



Principal Risks actively monitored during 2025-26 were as follows:



Further detail on strategic risks and significant uncertainties faced by the Department during 2025-26 are included within the Performance Report on page 14.

Head of Internal Audit (HIA) Opinion

The 2025-26 Internal Audit Plan was approved by DARAC in April 2025 and focused on priorities and key assurance requirements. Progress against the Plan was monitored by DARAC over the course of the year. In addition to planned audit assignments Internal Audit have responded to a range of consulting requests, requests for advice and guidance and have attended project boards and provided post-audit support. All of this work informs the Internal Audit opinion.
The Head of Internal Audit has provided an overall ‘Satisfactory’ opinion for 2025-26. This is based on internal audit activity carried out during the current year and cumulative assurances derived from internal audit activity during the previous three-year period. This ‘Satisfactory’ opinion also incorporates an objective Head of Internal Audit evaluation of departmental arrangements and the overall adequacy and effectiveness of the Department’s framework of governance, risk management and control.

Detail of Limited Opinion Audit reports are included at page 89.

Other Assurances

In addition to assurances received from my Deputy Secretaries and the HIA, I receive an annual inter-departmental report from the DoF Permanent Secretary on shared services provided to NICS Departments by DoF. Through this report I note the status of all DoF Internal Audits completed in respect of DoF shared services, and further note the DoF HIA has confirmed that there are no Internal Audit recommendations directed specifically at DfC. The DoF Permanent Secretary additionally provides an assurance, concluding that “the DoF system of internal control in relation to Shared Services is effective and has operated effectively throughout 2025-26.”

Furthermore the DoF HIA has provided an overall ‘Satisfactory’ audit opinion in respect of DoF as a whole, incorporating DoF Shared Service business areas.

The DoF Accounting Officer also provides an annual Assurance Statement in respect of the administration of housing benefit for rates and low income rate relief for owner occupiers. Assurance has been provided for 2025-26 on controls in place to ensure that the administration of housing benefit for rates and low income rate relief for owner occupiers is efficient and effective.

DoF Revenue & Benefits Directorate within Land and Property Services (LPS) has confirmed that procedures to prevent and detect fraud in the award of housing benefit for rates and low income rate relief for owner occupiers were in place throughout the 2025-26 year.

DfC relies on DWP computer systems, services and underpinning commercial arrangements to administer the majority of benefit and child maintenance schemes and to make benefit payments in Northern Ireland. The DWP Accounting Officer provides his assessment of the DWP System of Control and the Significant Control Challenges in the DWP Annual Report and Accounts. In agreement with the DWP Group Chief Internal Auditor’s independent assurance, the DWP Accounting Officer has recorded an overall “moderate” assurance on the strength of DWP governance, risk management and control arrangements which include its ICT systems.

DfC places reliance on this assessment and on the UK wide arrangements for cyber security operated through the National Cyber Security Centre and the DWP Cyber Resilience Centre. DWP ICT systems are part of the UK Government’s Critical National Infrastructure and DWP continues to work closely with Cabinet Office to strengthen cross-government security standards and capabilities in order to support the Department, its arm’s length bodies and the other departments to which it provides services, in meeting minimum government security standards and raising maturity levels across all areas of security. A Concordat is in place between DWP & DfC which enables DfC to place reliance on security measures operated by DWP. Whilst not subject to a formal review schedule, the Concordat may be formally reviewed and amended at any time subject to DWP & DfC agreement of changes in writing.

Fraud and Whistleblowing Arrangements

The Department’s Fraud Policy and Response Plan outlines responsibilities in respect of the prevention of fraud, bribery or serious irregularity within the Department and its ALBs. It outlines procedures to be followed in the event of fraud being detected or suspected. The number of cases under enquiry or investigation are reported bi-annually to DARAC. Separate arrangements are in place for benefit related fraud.

The Department’s Raising Concerns (Whistleblowing) guidance and procedures explain how civil servants, other workers and members of the public can raise concerns about potential wrongdoing, illegality or risk in relation to departmental activities. As employers in their own right, the Department’s ALBs are responsible for having their own Raising Concerns (Whistleblowing) arrangements in place. Statistics on the number of Raising Concerns (Whistleblowing) matters raised are reported bi-annually to DARAC.

The Department of Finance refreshed the NICS Raising a Concern Policy Framework in March 2025. The Department updated the Raising a Concern Policy in line with the DoF framework in October 2025 and was published on the Department’s website in November 2025. The guidance is designed to support and maintain an ethical culture in line with public sector values where staff, workers and members of the public feel confident that they can speak up without fear of detriment and in the knowledge that concerns will be taken seriously. The guidance covers the NI Civil Service Code of Ethics which applies to NI Civil Servants as well as Raising Concerns (Whistleblowing).

Effectiveness of the Department’s System of Internal Control

The Department’s integrated assurance process which facilitates the capture and reporting of exceptions/material concerns for both the Department and its ALBs, informs the work of the DfC Governance Branch and supports the reporting process for DARAC. The Governance Branch provides a Risk and Assurance report which summarises key risks and issues, along with exceptions/material concerns identified through the assurance process, for consideration at each DARAC meeting.

The Board receives a report from the DARAC Chair following each DARAC meeting outlining their assessment of the reliability and effectiveness of assurances available and highlighting areas for continued scrutiny. In addition, the DARAC Chair provides an annual report to the Board outlining the work undertaken by the Committee during the year and their assessment of assurances available on the effectiveness of risk management, control and governance across DfC. The DARAC Chair’s annual report for 2025-26 was presented to the Board in May 2026 and provided a comprehensive assurance to the Board and Accounting Officer.

As DfC Accounting Officer, I am required to assess the effectiveness of the Department’s system of internal control and confirm that it has operated effectively throughout the 2025-26 year. My assessment is informed by the DARAC Chair’s Annual Report, the annual opinion from the HIA and the summary of Systems of Internal Control provided by the Governance Unit. I have concluded that the DfC system of internal control is effective and has been in operation throughout the 2025-26 financial year.

Key Risks and Issues

The most significant issues relating to the Department’s business in 2025-26 and the current position on any issues highlighted in the 2024-25 Governance Statement are detailed below:

Northern Ireland Assembly and Budget Authority

The Budget Act (Northern Ireland) 2026, which received Royal Assent on 20 March 2026, together with the Northern Ireland Spring Supplementary Estimates 2025-26 which were agreed by the Assembly on 23 February 2026, provide the statutory authority for the Executive's final 2025-26 expenditure plans. The Budget Act (Northern Ireland) 2026 also provides a Vote on Account to authorise expenditure by departments and other bodies into the early months of the 2026-27 financial year. The Department is currently operating under the authority provided by the Vote on Account which provides 45% of the 2025-26 financial year's cash and resources. The cash and resource balance to complete for the remainder of 2026-27 will be authorised by the 2026-27 Main Estimates and the associated Budget Bill based on an agreed 2026-27 Budget.

In the event that this is delayed, then the powers available to the Permanent Secretary of the Department of Finance under Section 59 of the Northern Ireland Act 1998 and Section 7 of the Government Resources and Accounts Act (Northern Ireland) 2001 will be used to authorise the cash, and the use of resources during the intervening period.

The Executive agreed the final 2025-26 Budget on 3 April 2025. Not all Budget requirements could be funded, and difficult decisions were required to live within the constrained budget allocation.

A DfC Budget Equality Impact Assessment (EQIA) was published on 15 May 2025 to present the decisions required and the potential impact to people in Section 75 categories of those decisions on the services and supports the Department provides. The EQIA consultation ran for 12 weeks, closing on 7 August 2025. All responses received were used to determine the Department's final budget allocations for 2025-26.

The Department's Final Decision Report was delayed as a result of further Executive allocations received in-year, which enabled further mitigations to be implemented. Final allocations to the Department were confirmed in February 2026. The

Department published its EQIA Final Decisions Report on Budget allocations for the 2025-26 financial year on 9 April 2026: https://www.communities-ni.gov.uk/publications/dfc-budget-2025-26-equality-impact-assessment-eqia-final-decision-report

Hybrid Working Implementation

In furtherance of the Departments commitment to Hybrid Working for those who can operationally avail of it, we continue to be a lead Department in shaping, supporting and reviewing the positive application of the NICS Hybrid Working Policy. A task and finish Oversight Group ensured that all recommendations from the Department's Hybrid Review Report were implemented and that the office estate was ready to support it. A positive commitment to 40% minimum attendance in a recognised workplace is driving and recognising the benefits to the employee, business area and wider department of face to face collaboration.

Protective Security

Twenty major incidents involving compromise/potential compromise of personal data were reported to the Department's Data Protection Officer (DPO) during 2025-26, one of these incidents met the threshold for notification to the Information Commissioner's Office, however in that case the ICO took no further action. Fifteen security incidents involving compromise/potential compromise of personal data were reported in 2024-25, with one incident meeting the threshold for notification to the ICO, however in that case the ICO took no further action.

There were no reported incidents from 2024-25 carrying into 2025-26.

The DPO continues to work on awareness and training opportunities for all staff to improve data protection and personal data handling awareness across the Department. Data protection learning, rolled out across the NICS in 2022-23 remains a mandatory annual requirement, and training that covers a range of data protection issues was delivered to the Department's Information Asset Owners in 2025-26. All

Information Asset Owners are required to attend an in-person forum once a year for a training update.

Fraud and Raising Concerns (Whistleblowing)

Fifteen new incidents of suspected fraud were reported during 2025-26, all of which were relating to ALBs or grant funded organisations. These fifteen new cases were in addition to ten outstanding cases brought forward from previous year as ongoing. Of the cases investigated and closed during the year, three cases of fraud were confirmed and reported to the PSNI. In three cases fraud was attempted but prevented due to the operation of internal controls and in six cases no evidence of fraud was found. Investigations into a further thirteen cases were ongoing at the end of the year. Separate arrangements are in place for benefit related fraud.

During 2025-26 the Department received eleven concerns through its Raising Concerns (Whistleblowing) arrangements, six of which concerned ALBs. A further seventeen cases were notified by DfC ALBs. Seventeen concerns received by DfC and eight notified by ALBs were ongoing at the year-end, including those brought forward as ongoing from previous year.

Welfare Reform

The programme of Welfare Reform changes and specifically the introduction of Universal Credit (UC) represents the most substantial and widespread change to the welfare system since its inception. In addition to UK-wide changes, the Northern Ireland Executive agreed a range of mitigation measures in the form of Welfare Supplementary Payments for Northern Ireland which have been in place since 2016-17. The Assembly previously approved legislation to continue the mitigation payments until at least 31 March 2025 and there is currently no end date for the Social Sector Size Criteria mitigation scheme. On 5 December 2024 the Minister announced that those schemes due to end on 31 March 2025 would be extended until 31 March 2028 and on 18 March 2025 regulations to allow for this extension of the schemes, and to provide a statutory basis for mitigation payments to Universal Credit claimants, were approved by the Assembly. A statutory review of the existing welfare mitigation schemes was completed and laid before the Assembly in December 2024 and published on the Department’s website on 9 January 2025.

New Decade, New Approach included a commitment to review welfare mitigation measures. The Department commissioned an independent panel, led by the former Chief Commissioner of the NI Human Rights Commission, to complete this important work. The panel produced a report, which included a number of recommendations for a new package of financial support for Northern Ireland. This was published by the Department on 25 October 2022. The recommendations of this report, with updated estimated costs, have been presented to the Assembly. Implementation of any new mitigation payments would require the allocation of appropriate funding by the Northern Ireland Executive.

All welfare reforms are now live in Northern Ireland, including Universal Credit (UC) which has been successfully rolled out for new claims. The final stage of implementation, known as Move to UC, is the managed migration of those people who remain in receipt of the Benefits and Tax Credits being replaced by UC. The issuing of Migration Notices for eligible Tax Credits claimants commenced across NI on 16 October 2023 and completed at the end of December 2024, ahead of Tax Credits ending in April 2025. The issuing of Migration Notices for those in receipt of an income based legacy benefit without Tax Credits commenced in February 2025 with the final, and largest, group of Employment Support Allowance claimants beginning to receive Migration Notices from May 2025.
The Department has now almost completed the Move to UC Programme. With the exception of a small number of late additions, all migration notice letters had issued by the end of November 2025. To date almost 89.5k claims have now been successfully made to Universal Credit, with just under 100 claims still to be made. It is expected that the Move to UC exercise will be fully completed during the 2026-27 financial year.

Fraud and Error in Benefit Expenditure

DfC is responsible for payment of social security benefits including the range of new benefits introduced under Welfare Reform. As reported in previous years, there is an inherent risk of fraud/error with all benefit processing which the Northern Ireland Audit Office (NIAO) highlights as the most significant risk in terms of material misstatement in the Department's financial statements. Overall fraud and error loss is estimated to be 2.9% of the £10.2 billion annual benefit expenditure. Underpayments of benefit due to fraud and error is estimated to be 0.9% of expenditure. The increase in expenditure by £779 million is attributed to inflationary increases in benefit rates and the impact of the growing Universal Credit caseload due to the move from legacy benefits and tax credits to Universal Credit.

Although the fraud and error estimates decreased this year it is important that the Department continues to flexibly deploy existing resources to address the highest risks and deliver the greatest impact, in order to sustain this reduction. A wide range of activities are in place to mitigate against the risk of fraud and error within the benefit systems to prevent fraud and error at the outset or detect it as early as possible during the lifespan of the claim, in line with the DfC Fraud, Error & Debt Strategy. Ongoing system development and enhanced checking activity continue to be some of the additional measures adopted to reduce fraud and error. The estimated level of fraud/error has resulted in qualification of the audit opinion on the regularity of benefit expenditure and will remain an area of focus for the Department.

Carers Allowance

Following the significant media coverage relating to Carers Allowance overpayments DWP completed an independent review of earnings-related overpayments. The review made a number of recommendations including proposing a reassessment exercise looking at historic overpayments dating back to 2015. In parallel with this review operational guidance relating to how income is treated was strengthened. DfC officials continue to work with DWP to understand the outworkings of the review recommendations and their impacts in NI. It is expected that NI will continue to maintain parity with DWP in regard to any operational changes. The Department has also implemented the Verification of Earnings and Pensions (VEP) system to help detect overpayments at the earliest point possible.

The current levels of Payment Accuracy (benefit fraud and error), including the estimated amounts of overpayments and underpayments for Carer's Allowance, are outlined in Payment Accuracy Note 24 on page 228. Following a year of VEP being in operation, the Department has strengthened its ability to identify potential overpayments at an earlier stage. This improved timeliness in detection supports more proactive intervention and is expected to contribute to a reduction in fraud and error over time as overpayments arising from earnings in excess of the earnings limit can be identified and addressed more quickly, thereby limiting the extent to which they accumulate.

Personal Independence Payments (PIP)

The Department continues to monitor progress against the recommendations arising from the Northern Ireland Public Service Ombudsman's Own Initiative investigation (2021 and follow up report 2023) into Personal Independence Payment. The PIP Centre operates within an environment of continuous improvement, with ongoing focus on strengthening decision-making, supporting claimants, and enhancing service delivery. Engagement and oversight mechanisms are embedded to support continuous learning and enhancement of service standards.

Child Poverty

As highlighted in previous Governance Statement, the NIAO published its report on Child Poverty in Northern Ireland in March 2024. This can be found at: www.niauditoffice.gov.uk/publications/child-poverty-northern-ireland

The Public Accounts Committee (PAC) established an inquiry into the report, with DfC officials attending the Committee in June 2024 to provide evidence. The PAC published its report in November 2024, associated recommendations are currently being progressed by the Department.

Child Maintenance

Historically, the Northern Ireland (NI) Child Maintenance Service (CMS) has prepared an annual CMS Client Funds Account. This account was audited by the Northern

Ireland Audit Office (NIAO) and was published as an annex to the Department's Annual Report and Accounts (ARA).

In 2025-26, the GB Department for Work and Pensions (DWP) CMS determined that standalone annual Client Fund accounts were no longer required and instead key financial information would be presented in the DWP ARA. In November 2025 HMT issued a revised Accounts Direction to DWP to this effect.

In considering parity with the GB CMS approach, DfC took forward discussions with the Department of Finance (DoF) and other key stakeholders, and in January 2026 DoF issued a revised Accounts Direction to the Department. There is no longer the requirement to produce an annual separate client funds account for the 2025-26 financial year. Key financial information is included in the notes to the 2025-26 Department's ARA as follows:

- Information on the total NI CMS maintenance arrears balances is included in the Performance Section of the DfC annual report.

- The total amounts for NI CMS cash received, cash paid and year-end cash balances are included in Note 25, Third Party Assets, in the notes to the accounts.

These will be the annual NI CMS financial accounting disclosures for the forthcoming years.

In relation to the NI CMS cash transactions and balances and the outstanding maintenance arrears, the Department acts in a custodian role in respect of the client funds, collecting payments from Paying Parents and issuing maintenance payments to Receiving Parents. The NI CMS client funds and their related transactions are not recognised as assets or liabilities in the Department's consolidated accounts.

Rates Support Grant (RSG)

As highlighted in previous Governance Statements, the Court of Appeal handed down its judgment in September 2018 in the case of Mid Ulster District Council v

DOE in the matter of a judicial review concerning the application of the statutory formula for the distribution of RSG amongst eligible councils. As a result, the Department recalculated the distribution of RSG and made Ex-Gratia Payments to several councils. While the substantive issues have been resolved, one outstanding element in respect of payment of final legal costs remains subject to agreement. The Departmental Solicitors Office (DSO) advised that a new Taxing Master was appointed in September 2024, with taxation processes continuing to progress throughout 2025-26. The Taxing Master ordered the Department to pay an additional £4,410 in costs which was paid in June 2025. The lead barrister’s costs could not be agreed and were heard by the Taxing Master in November 2025. DSO is finalising the outcome of this final cost issue.

In March 2023 an application was lodged by Mid Ulster District Council for judicial review of the Department’s decision to set the entirety of the RSG for the 2022-23 financial year at £8.924 million. The Court hearing concluded on 11 October 2023. The judge delivered his decision on this case on 27 March 2025. The applicant’s claim for judicial review succeeded on the ground of failure to have due regard to rural needs, however grounds relating to irrationality, Section 75 NIA and want of consultation were dismissed. A further decision was delivered by the judge on the 9 May 2025 in respect of relief and costs of this matter. The judge concluded that no further relief will be granted. The Department is to bear the applicant’s reasonable costs up to the date of the substantive judgment, the quantum of legal costs is currently under DSO review with potential for referral to the Taxing Master in advance of final agreement.

Regional Stadia

As highlighted in the previous Governance Statement, in July 2021, the Department for Infrastructure (DfI) Minister granted Planning Permission for the redevelopment of Casement Park Stadium. A Judicial Review of this decision was upheld in May 2022 and this project milestone enabled further progression on interdependent project activities. In October 2023 the UK and Ireland were announced as joint host nations for the EURO 2028 Tournament. DfC worked closely with the Irish Government, DfE, the Department for Culture, Media & Sport (DCMS), the Ulster Council Gaelic Athletic Association (UCGAA) and the Irish Football Association (IFA) on funding, governance and contractual matters to fulfil the objective of redeveloping the Casement Park Stadium as the Northern Ireland EURO 2028 host venue.

On 13 September 2024 the UK Government decided not to fund the Casement Park Stadium as EURO 2028 host venue.

The Casement Park Project is the third and final project to be delivered through the NI Executive's Regional Stadia Programme and remains an Executive Commitment. Earmarked Flagship funding for the Project remains in place from the NI Executive (£62.5 million), Ulster Council GAA (£15 million), Irish Government (£43 million) and an allocation of Financial Transactions Capital equity funding to be provided by the UK Government (£50 million). Minister Lyons has asked that DfC officials engage with all partners to work through the available options and scenarios for a stadium configured for Gaelic games, that can align the GAA strategic need with the total partnership funding. The Project is currently in reset mode to redefine the most effective delivery model, to enable use of the Financial Transactions Capital equity funding.

Housing Associations

The review of the Regulatory Framework for Registered Housing Associations (RHAs), Special Needs Management Allowance (SNMA) and the Judicial Review of the Statutory Inquiry into the affairs of Woodvale and Shankill Community Housing Association were highlighted within previous Governance Statements.

The review of the Regulatory Framework is now complete and a revised Framework document which came into operation in April 2024 is available on the Department's website. The Department continued throughout 2025-26 to consider and progress the outstanding recommendations from the review and, whilst significant progress has been made, this work remains ongoing.

Following an independent review into SNMA, the Department has considered the proposed way forward for a permanent funding mechanism for SNMA and Minister Lyons has decided to retain SMNA funding as an element of the Supporting People programme.

Arrangements for SNMA delivery have been finalised with NIHE and are currently anticipated to be implemented by late summer 2026.

The Judicial Review relating to the Statutory Inquiry into the affairs of Woodvale and Shankill Community Housing Association has been withdrawn. The outworkings of the Statutory Inquiry have now been closed and the Department continues to work closely with the association to address any outstanding issues through the annual regulatory process.

Statutory Homelessness Duties

For households which meet defined homelessness tests, the Northern Ireland Housing Executive (NIHE) has a statutory duty to ensure that accommodation is available, i.e. to provide temporary accommodation if required until a permanent home can be provided. The overall demand for, and cost of, temporary accommodation has risen substantially in recent years, impacting the NIHE budget requirement.

The NIHE continues to take steps to address overall demand for, and cost of temporary accommodation. The present growth in demand is increasingly unaffordable and is hampering the strategic shift to preventing homelessness.

The Department is working with the NIHE and the Homelessness Sector to explore all possible options to address the challenges, including making a ringfenced allocation for strategic prevention activity in 2025-26.

The NIAO Report on Homelessness in Northern Ireland was published on 25 March

2025. A total of 10 recommendations were raised and a formal response was submitted to the NIAO in June 2025.

The Public Accounts Committee (PAC) met in November 2025 to consider the NIAO report “Homelessness in Northern Ireland”. Consequently, the PAC published its Report on Homelessness in Northern Ireland on 26 February 2026. The report contains 10 recommendations which will be taken forward by the Department for Communities and the NIHE.

Tackling Social Housing Tenancy Fraud

The NIAO published its report on Tackling Social Housing Tenancy Fraud in Northern Ireland in June 2026. This can be found at: www.niauditoffice.gov.uk/publications/tackling-social-housing-tenancy-fraud-2026

The associated report recommendations are currently under consideration by the relevant stakeholders, and DARAC will continue to be kept informed of all relevant commitments and progress as appropriate.

The Appeals Service (TAS)

As highlighted in previous Governance Statements, a pilot exercise on interlocutory matters has been in operation since December 2021. This relates to a review of the steps that may be taken by the Department in support of effective case management.

The purpose of the pilot is to assess the effectiveness of a case management review prior to first hearing in order to reduce the adjournment rate. Whilst initially anticipated for a nine month period, owing to IT delays in assessing reporting information and as a result of operational issues with a major external stakeholder, the pilot has continued into 2026-27. Monitoring of pilot progress to date indicates positive outcomes including a reduction in live caseload, decreased adjournment rates and cost savings. A full evaluation report is planned for end of year 2026-27.

The Transfer of Function of The Appeals Service and Rent Assessment Panel (TAS & RAP) from DfC to the Department of Justice was previously unable to proceed in the absence of an Executive. The DfC Minister has written to the Justice Minister to take forward the transfer during the current mandate. The Justice Minister has confirmed that whilst DoJ is not able to commit resources to the project at this point, her Department remains committed to the transfer of TAS & RAP to her Department.

Charity Commission for Northern Ireland (The Commission)

As highlighted in previous Governance Statements, in February 2020 the Northern Ireland Court of Appeal upheld the May 2019 McBride High Court decision which found that section 19 of the Interpretation Act (NI) 1954, together with provisions within the Charities Act (Northern Ireland) 2008, did not provide express or implied power for the Commission to delegate decision-making in relation to its statutory functions to staff.

The former Minister for Communities, Deirdre Hargey MLA, brought forward a Charities Bill to address the impacts of the McBride Judgment, which received Royal Assent in March 2022, becoming the Charities Act (Northern Ireland) 2022 (the 2022 Act).

Following the making of the 2022 Act, the Department conducted a public consultation on a prospective Scheme of Delegation for the Commission. The consultation closed in June 2023. Minister Lyons MLA made the Scheme of Delegation for the Charity Commission on 13 February 2025.

The Department’s response to the Independent Review of Charity Regulation commissioned by the former Minister for Communities, was published in November 2022. Work on implementing the recommendations continues to progress, with some recommendations requiring either primary or secondary legislation. At the core of the review report was the need for cultural change and a more enabling and proportionate approach by the Regulator, the realisation of which is a key focus of the Department.

The review recommended that all charities in Northern Ireland should continue to be required to register with, and report to, the Commission. Former Minister Hargey rejected this recommendation in her published response and work to develop policy and draft regulations for the introduction of a £20k registration threshold is ongoing. The Department conducted a public consultation which closed in August 2024, and the Department's response was published on 17 July 2025. Work on implementing these changes will continue throughout 2026–27. Under current plans, charities that fall below the threshold will no longer be required to register with the Commission from Autumn 2026, with registered charities able to apply for deregistration from April 2027.

It is anticipated that a Charities Bill to progress 18 of the 93 review recommendations, that require primary legislation, will be introduced in the current mandate. A public consultation on the draft Bill closed on 24 April 2026 with a departmental response expected to be published later in 2026.

In the year 2025-26, 22 recommendations were mainstreamed into the Commission's processes or completed. Work on remaining recommendations will continue to progress throughout 2026-27.

Limited Opinion Audit Reports

No limited opinion audit reports were issued by the HIA during the 2025–26 financial year.

Extraordinary Audit, Causeway Coast and Glens Borough Council

As reported in previous Governance Statements, in November 2020 the Minister for Communities directed the Local Government Auditor to undertake an extraordinary audit of the accounts of Causeway Coast and Glens Borough Council concentrating on land disposals and easements, and related asset management policies and procedures. All the recommendations of the audit report, published in July 2022, and the consequent further three independent reviews, commissioned by the

Council to focus on specific areas of governance, were accepted by the Council. In total, there were 103 recommendations aimed at improving leadership and culture, governance, land and property disposals, and record keeping and information management. The Council established a Transformation Programme Implementation Oversight Panel to take the recommendations forward, appointing an Independent Adviser to oversee the work and liaise with the Department on progress. Departmental officials engaged in monthly meetings with the Independent Adviser and the Council project manager, to monitor progress and assist where possible. All 103 recommendations have been successfully implemented by the agreed deadline of 31 October 2024, with closing reports on the Transformation Programme now having been received. The Council continues to oversee the management and monitoring of all forward-looking aspects of the Transformation Programme and reports upon progress through its Performance Improvement Plan and annual self-assessment of performance.

New Decade New Approach (NDNA) Review of ALBs

Further to Executive agreement that the priority to review ALBs set out in NDNA should proceed, reviews have been completed and published in respect of the Commissioner for Older People Northern Ireland (COPNI), the Northern Ireland Commissioner for Children and Young People (NICCY), and NI Local Government Officers' Superannuation Committee (NILGOSC).

Following publication of the NDNA reports on COPNI and NICCY in September 2024, officials have continued to work in partnership with both bodies to consider the recommendations.

A submission setting out proposals for addressing the recommendations was provided to the Minister, followed by a Ministerial statement issued in March 2026. Further work will progress in line with the recommendations and Ministerial oversight.

The approach and timeframe for the review of the remaining six DfC ALBs identified for NDNA Review now sits in the context of the DoF led, NICS-wide, ALB review, Minister's priorities, and cost implications at a time of significant budget pressure.

Sponsorship/Partnership Arrangements

Sponsorship arrangements are in place for all DfC ALBs with regular risk assessments completed by Sponsor leads taking account of the nature of ALB activities; public monies at stake; corporate governance arrangements; financial performance; internal and external audit reports; openness of communication; and other relevant matters.

Work continues with DfC ALBs on the establishment of Partnership Agreements reflective of individual relationships and circumstances, following the launch of the NI Code of Good Practice on Partnerships between Departments and Arm's Length Bodies and further DoF guidance on Partnership Agreements and Proportionate Autonomy.

Partnership Agreements have been published in respect of Sport Northern Ireland (Sport NI), the NI Housing Executive (NIHE), Arts Council of Northern Ireland (ACNI), Armagh Observatory and Planetarium (AOP), National Museums Northern Ireland (NMNI), Northern Ireland Museums Council (NIMC), Libraries Northern Ireland (Libraries NI), Ulster Supported Employment Limited (USEL), the Charity Commission for Northern Ireland (CCNI), and the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC). Partnership Agreements for the Commissioner for Older People NI (COPNI) and the NI Commissioner for Children & Young People (NICCY) will continue to progress in 2026-27, following progression of relevant NDNA recommendations.

Issues Relating to DfC ALBs

Internal Audit work in respect of arrangements in place with DfC ALBs may be supplemented by Governance reviews or additional audit work where the need for additional information or assurance is identified.

As highlighted in previous Governance Statements, the Department has continued to undertake additional assurance work in respect of COPNI. Engagement remains ongoing, including work to progress a new Partnership Agreement and consider the implications of NDNA recommendations. Current assessments indicate that COPNI maintains sound governance arrangements and continues to manage its financial position appropriately, although some emerging financial pressures are being monitored.

The Department has also continued to undertake enhanced oversight in respect of NICCY. While engagement remains ongoing to support improvements, a number of significant concerns persist. These include weaknesses in financial management, governance, and internal control arrangements.

NICCY reported an overspend of £18k against its 2025–26 allocation. The Department has raised concerns regarding financial planning, forecasting, and overall budget management, and continues to emphasise the requirement for NICCY, as an Accounting Officer-led body, to operate within its approved allocation.

In addition, internal and external audit work has identified ongoing deficiencies in financial controls and governance. While some progress has been made in implementing recommendations, a number remain outstanding, and weaknesses in control processes continue to impact assurance, including contributing to previous audit qualifications.

The Department will continue to work closely with NICCY to address these issues and monitor delivery of improvements across financial management, governance, and internal control.

A strategic review of Sport NI was commissioned by the Department at the request of the Sport NI Board, focusing on financial, governance and delivery arrangements. Deloitte was appointed to carry out the Strategic Review in order to understand the cause of the governance and control issues so that they can be addressed, and the organisation can be stabilised going forward. The Report was signed off by Permanent Secretary in March 2026. Sport NI has already taken steps to start to address the 41 recommendations with 30 of the 41 already cleared (73%). An action plan outlining progress will be monitored by sponsor branch officials.

Ulster Supported Employment Limited’s (USEL) 2022-23 and 2023-24 Accounts were qualified by the NI Comptroller and Auditor General (C&AG) on the grounds of irregular expenditure of £1.76 million and £1.16 million respectively. The 2022-23 qualification

primarily arose from the improper use of delegated authorities, absence of business cases, and weaknesses in procurement processes and record keeping. As these findings were only received in March 2024, USEL had limited opportunity to address them before the 2023-24 reporting cycle concluded.
USEL and the Department have worked closely to tackle the non-compliance, introducing enhanced oversight and scrutiny to strengthen governance and support a return to full compliance. This progress is reflected in the Comptroller and Auditor General's certification of the 2024-25 Report and Accounts, which, although qualified, showed marked improvement. The qualifications related to legacy VAT issues, which USEL are working with HMRC to resolve, and £363k of irregular expenditure, indicating a significant reduction in non-compliant spend.

While three consecutive qualified accounts remain a matter of concern for the Department, we recognise the substantial steps taken by USEL to improve governance and rebuild trust in its assurance framework. The overall trajectory is positive, and it is anticipated that USEL's 2025-26 Accounts will return to an unqualified position.

North/South Language Body (NSLB)

As reported in previous Governance Statements, meetings of the North/South Ministerial Council (NSMC) resumed in April 2024 following a prolonged period of uncertainty.

The NSMC approved the NSLB's 2025 Business Plan at a Language Body sectoral meeting held on 10 April 2025. Subsequently, the 2026 Business Plan was approved by the NSMC on 3 December 2025. It is a legislative requirement under the North/South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 that any grants paid to bodies by a Northern Ireland Sponsor Department must be approved by DoF. Where such an approval is absent, any expenditure is illegal and retrospective consent cannot confer legality. No grant payments were made during the 2025–26 (2024–25: £nil) financial year without DoF approval.

Conclusion

I am satisfied that DfC has effective governance arrangements in place that I can rely on as Departmental Accounting Officer to provide assurance that the public funds and other resources for which I am accountable are deployed effectively. Where significant issues have arisen, I am satisfied that appropriate action is being taken to address the issues concerned.

Remuneration and Staff Report

The remuneration and staff report gives details of the salaries and pensions during the accounting period. The information provided relates to the Core Department only, unless otherwise stated. The remuneration report deals largely with details pertaining to senior management and ministers, whereas the staff report gives details of staffing costs for the Department as a whole and its Non Departmental Public Bodies (NDPBs). The staff report also has details on staff not permanently employed by the Department, the pension schemes available to employees, policies on managing attendance and employment of disabled staff as well as details of the costs of any staff exit packages.

Remuneration Report

Remuneration Policy

The pay remit for the Northern Ireland Civil Service, including senior civil servants (SCS), is normally approved by the Minister of Finance. Following approval of the 2025-26 Budget in the Assembly, on 19th May 2025, in which the Finance Minister outlined the overarching approach to public sector pay, the NI public sector pay policy guidance was published on 27 May 2025 in FD (DoF) 04/25.

Annual NICS pay awards are made in the context of the wider public sector pay policy. The 2024 pay award, due from 1 August 2024, was paid in April 2025 for weekly paid staff and May 2025 for monthly paid staff. The 2025 pay award, due from 1 August 2025, was paid in August for weekly paid staff and September 2025 for monthly paid staff.

The pay of NICS staff is based on a system of pay scales for each grade, including SCS, containing a number of pay points from minimum to maximum, allowing progression towards the maximum based on performance and other eligibility criteria.

Service Contracts

The Civil Service Commissioners (NI) Order 1999 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Code published by the Civil Service Commissioners for Northern Ireland specifies the circumstances when appointments may be made by exception to merit.

Unless otherwise stated, the officials covered by this report hold appointments that are open-ended. Early termination, other than for misconduct, would result in consideration of the individual receiving compensation as set out in the Civil Service Compensation Scheme - Civil Service Commissioners for Northern Ireland (nicscommissioners.org)

Remuneration (including salary) and Pension Entitlements

The following sections provide details of the remuneration and pension interests of the Minister and most senior management (i.e. Board Members) of the Department.

Remuneration and Pension Entitlements – Ministers (Audited Information)

Single total figure of remuneration								
Minister	Salary (£)		Benefits in kind (to nearest £100)		Pension Benefits* (to nearest £1,000)		Total (to nearest £1,000)	
	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25
Gordon Lyons Member of Legislative Assembly	**38,000**	38,000	**-**	-	**11**	12	**49**	50

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

Remuneration and Pension Entitlements – Officials (Audited Information)

Single total figure of remuneration								
	Salary (£'000)		Benefits in kind (to nearest £100)		Pension Benefits* (to nearest £1,000)		Total (£'000)	
Officials	**2025-26**	2024-25	**2025-26**	2024-25	**2025-26**	2024-25	**2025-26**	2024-25
Colum Boyle Permanent Secretary to 31 December 2025	**120-125** (155-160 full year equivalent)	145-150	**-**	-	**149**	128	**270-275**	270-275
John Greer *** Deputy Secretary	**110-115**	45-50 (100-105 full year equivalent)	**-**	-	**43**	18	**150-155**	65-70
Emer Morelli Deputy Secretary to 31 January 2026; Permanent Secretary** From 1 February 2026	**120-125** (115-120 full year equivalent) (140-145 full year equivalent)	105-110	**-**	-	**125**	107	**245-250**	215-220
Mark O'Donnell Deputy Secretary To 31 August 2025	**50-55** (120-125 full year equivalent)	110-115	**-**	-	**65**	90	**115-120**	200-205
Brenda Henderson Deputy Secretary To 30 April 2025	**10-15** (120-125 full year equivalent)	110-115	**-**	-	**40**	92	**50-55**	200-205
Paddy Rooney Deputy Secretary To 31 December 2025	**90-95** (120-125 full year equivalent)	110-115	**-**	-	**120**	106	**210-215**	215-220
John Smith Deputy Secretary	**120-125**	115-120	**-**	**-**	**28**	80	**150-155**	195-200
Linsey Farrell Deputy Secretary From 16 June 2025	**85-90** (115-120 full year equivalent)	-	**-**	-	**56**	-	**140-145**	-
Paul Price Acting Deputy Secretary From 25 August 2025	**65-70** (110-115 full year equivalent)	-	**-**	-	**14**	-	**80-85**	-
Cherrie Arnold Acting Deputy Secretary From 15 December 2025	**30-35** (110-115 full year equivalent)	-	**-**	-	**45**	-	**75-80**	-
Iain Greenway Acting Deputy Secretary From 1 February 2026	**15-20** (110-115 full year equivalent)	-	**-**	-	(8)	-	**10-15**	-
Sharon O'Connor Independent Board Member	**10-15**	10-15	**-**	-	**-**	-	**10-15**	10-15
Dale Ashford Independent Board Member	**5-10**	5-10	**-**	-	**-**	-	**5-10**	5-10

**The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation and any increase or decrease due to a transfer of pension rights.*
***This Full Year Equivalent band is different to the Fair Pay Annualised March 2026 Remuneration band of 145k-150k.*
****John Greer was designated Accounting Officer for the Department for the period 1 January 2026-31 January 2026. Whilst John Greer and Trevor Connolly undertook higher grade responsibilities during January 2026, no additional remuneration was sought in respect of these duties.*

Salary

'Salary' includes gross salary; 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 and any severance or ex gratia payments. This report is based on actual payments made by the Department in 2025-26.

The Department for Communities was under the direction and control of Gordon Lyons during the financial year. His salary and allowances were paid by the Department and have been included in these accounts. These amounts do not include costs relating to the Minister's role as a Member of the Legislative Assembly (MLA) which are disclosed in the Northern Ireland Assembly Commission accounts.

Benefits in kind

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

Fair Pay Disclosures (Audited Information)

Pay Ratios

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

The banded remuneration of the highest-paid director* in the Department in the financial year 2025-26 was £145,000 - £150,000 (2024-25: £135,000 - £140,000). The relationship between the mid-point of this band and the remuneration of the Department's workforce is disclosed below.

2025-26	25th percentile	Median	75th percentile
Total remuneration (£)	26,400	28,094	31,097
Pay ratio	5.59:1	5.25:1	4.74:1

2024-25	25th percentile	Median	75th percentile
Total remuneration (£)	26,402	27,231	29,983
Pay ratio	5.21:1	5.05:1	4.59:1

**For both 25-26 and 24-25 this highest-paid director Fair Pay banded remuneration is based on annualised salaries for the last month of the financial year, adjusted for any non-consolidated payments made during the year unlike the Remuneration and Pension Entitlements table banded remuneration which is based on actual payments made by the Department in that year. In both the 24-25 and 25-26 years this gave rise to differing bands for the highest-paid director.*

The 25th percentile, median and 75th percentile remuneration figures are based on annualised salaries for the last month of the financial year, adjusted for any non-consolidated payments made to staff during the year.

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

In 2025-26 and in 2024-25, no employees received remuneration in excess of the highest-paid director.

Remuneration ranged from £25,796- £147,500 (2024-25: £24,676 to £137,500).

Percentage Change in Remuneration

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

a) salary and allowances, and
b) performance pay and bonuses (not applicable to the Northern Ireland Civil Service) of the highest paid director and of their employees as a whole.

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

Percentage change for:	2025-26 v 2024-25	2024-25 v 2023-24
Average employee salary and allowances	9.04%	2.34%
Highest paid director's salary and allowances	7.27%	7.84%

Pension Benefits - Ministers (Audited Information)

Minister	Accrued Pension at pension age as at 31/3/26 £'000	Real increase in pension at pension age £'000	CETV at 31/3/26 £'000	CETV at 31/3/25 £'000	Real increase in CETV £'000
Gordon Lyons Member of Legislative Assembly	0-5	0-2.5	32	23	4

Ministerial Pensions

Pension benefits for Ministers are provided by the Assembly Members' Pension Scheme (Northern Ireland) 2016 (AMPS). This is a Career Average Revalued Earning (CARE) scheme which was introduced for new and existing members by the Assembly Members (Pensions) Determination (Northern Ireland) 2016.

In 2011, the Assembly passed the Assembly Members (Independent Financial Review and Standards) Act (Northern Ireland) 2011 establishing a panel to make determinations in relation to the salaries, allowances and pensions payable to members of the Northern Ireland Assembly. The tenure of the first Panel ended in July 2016. As a consequence of the Assembly Commission's desire to consider a reform of the Panel and the political situation between March 2017 and January 2020, a new Panel was not appointed. Legislation to reform and rename the Panel, although started, was not completed before the dissolution of the Assembly on 28 March 2022. However, the Assembly Members (Independent Remuneration Board) Act (Northern Ireland) 2025, enacted in late 2025, replaced the former panel with an Independent Remuneration Board (the Board) responsible for determining Members' pay and pensions. The AMPS continues to operate under the 2016 Determination until a new Determination is issued by the Board.

Members of the Legislative Assembly ("MLA" or "Member") aged 55 or over on 1 April 2015 and in continuous service between 1 April 2015 and 6 May 2016 retained their Final Salary pension arrangements under transitional protection until 6 May 2021. In December 2018, the Court of Appeal ruled that the transitional protection offered to members of the Judiciary and Firefighters Schemes, when their schemes were reformed, was discriminatory on grounds of age. This is known as the McCloud Judgement. As a result of this decision, the government agreed to provide remedy to eligible members across the main public sector schemes. This judgement could have an impact on MLAs who missed out on the Transitional Protection policy in the AMPS because of their age. The applicability of, and approach to, the McCloud judgement in relation to this scheme is a matter for the Independent Remuneration Board.

As Ministers are MLAs, they also accrue an MLA’s pension under the AMPS (details of which are not included in this report). Pension benefits for Ministers under transitional protection arrangements accrued on a “contribution factor” basis, taking account of service as a Minister, up to 5 May 2021, when all members of the scheme moved to CARE. The contribution factor was the relationship between salary as a Minister and salary as an MLA for each year of service as a Minister. These pension benefits are based on the accrual rate (1/50th or 1/40th) multiplied by the cumulative contribution factors and the relevant final salary as an MLA. Up to 5 May 2021 those Ministers under the transitional protection arrangements paid contributions of either 9% or 12.5% of their Ministerial salary, depending on the accrual rate.

Pension benefits for all other Ministers are provided on a career average (CARE) basis and are payable at the same time as MLAs’ pension benefits become payable under AMPS. Pensions are increased annually in line with changes in the Consumer Prices Index. The contribution paid in the CARE Scheme is 9% of the Ministerial salary. There is also an employer contribution paid by the Consolidated Fund, out of money appropriated by Act of Assembly for that purpose, representing the balance of cost. Following the publication of the 2023 triennial valuation of the AMPS by the Government Actuary’s Department, the employer contribution rate remained unchanged and continues to be paid at 17.1%. The accrued pension quoted is the pension the Minister is entitled to receive when they reach normal pension age for their section of the Scheme. Under the CARE element of the AMPS, Normal Retirement Age is linked to State Pension Age. Any Final Salary pension accrued before 6 May 2021 will continue to be payable at a Normal Retirement Age of 65.

The Cash Equivalent Transfer Value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total service, not just their current appointment as a Minister. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) Regulations 1996 (as amended).

The Real Increase in the Value of the CETV

This is the increase in accrued pension due to the Assembly Commission's contributions to the AMPS, and excludes increases due to inflation and contributions paid by the Minister and is calculated using valuation factors for the start and end of the period.

Pension Benefits – Officials (Audited Information)

Officials	Accrued pension at pension age as at 31/3/26 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/26 £'000	CETV at 31/3/25 £'000	Real increase in CETV £'000	Employer contribution to partnership pension account Nearest £100
Colum Boyle Permanent Secretary to 31 December 2025	75-80 plus lump sum of 185-190	5-7.5 plus lump sum 12.5-15	1,763	1,592	145	-
John Greer Deputy Secretary	0-5	2.5-5	52	15	28	-
Emer Morelli Deputy Secretary to 31 January 2026; Permanent Secretary from 1 February 2026	40-45 plus lump sum of 100-105	5-7.5 plus lump sum 10-12.5	918	762	108	-
Mark O'Donnell Deputy Secretary To 31 August 2025	50-55 plus lump sum of 125-130	2.5-5 plus lump sum 5-7.5	1,127	1,059	59	-
Brenda Henderson Deputy Secretary To 30 April 2025	50-55 plus lump sum of 130-135	0-2.5 plus lump sum 2.5-5	1,218	1,174	42	-
Paddy Rooney Deputy Secretary to 31 December 2025	65-70 plus lump sum of 165-170	5-7.5 plus lump sum 10-12.5	1,534	1,394	118	-
John Smith Deputy Secretary	45-50	0- 2.5	946	877	13	-
Linsey Farrell Deputy Secretary from 16 June 2025	45-50	2.5-5	758	684	37	-
Paul Price Acting Deputy Secretary from 25 August 2025	35-40	0-2.5	580	548	8	-
Cherrie Arnold Acting Deputy Secretary from 15 December 2025	35-40	0-2.5	583	538	36	-
Iain Greenway Acting Deputy Secretary from 1 February 2026	45-50	0	1,003	1,008	(11)	-

Northern Ireland Civil Service (NICS) Pension Schemes

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

The alpha pension scheme was initially introduced for new entrants from 1 April 2015. The alpha scheme and all previous scheme arrangements are unfunded with the cost of benefits met by monies voted each year. The majority of members of the Classic, Premium, Classic Plus and Nuvos pension arrangements (collectively known as the Principal Civil Service Pension Scheme (Northern Ireland) [PCSPS(NI)]) also moved to alpha from that date. Transitional protection measures introduced alongside these reforms meant any members who on 1 April 2012 were within 10 years of their normal pension age remained in their previous scheme arrangement (full protection) and those who were between 13.5 years and 10 years of their normal pension age were given a choice between moving to alpha on 1 April 2015 or at a later date determined by their age (tapered protection).

McCloud Judgment and 2015 Remedy

In 2018, the Court of Appeal found that the transitional protections put in place back in 2015 that allowed older workers to remain in their original scheme, were discriminatory on the basis of age. As a result, steps have been taken by the Department of Finance to remedy this discrimination.

The Department has now made regulations which remedy the discrimination by:

- ensuring all active members are treated equally for future service as members of the reformed alpha scheme only from 1 April 2022, and

- providing each eligible member with options to have their pension entitlements for the period when the discrimination existed between 1 April 2015 and 31 March 2022 (the Remedy Period) retrospectively calculated under either the current (reformed) scheme rules, or the old (pre-reform) legacy rules which existed before 2015.

This means that all active NICS Pension Scheme members are in the same pension scheme, alpha, from 1 April 2022 onwards, regardless of age. This removes the discrimination going forwards in providing equal pension provision for all scheme members.

The Department is now implementing the second part of the remedy, which addresses the discrimination which was incurred by affected members between 1 April 2015 and 31 March 2022.

Eligible members with relevant service between 1 April 2015 and 31 March 2022 (the Remedy Period) will now be entitled to a choice of alternative pension benefits in relation to that period. i.e. calculated under the pre-reformed PCSPS(NI) ‘Classic’, ‘Premium’ or ‘Nuvos’ rules or alternatively calculated under the reformed alpha rules. As part of this ‘retrospective’ remedy most active members will now receive a choice about their Remedy Period benefits at the point of retirement. This is known as the Deferred Choice Underpin (DCU). For those members who already have pension benefits in payment in relation to the Remedy Period, they will receive an Immediate Choice. There are a significant number of Immediate Choice Remediable Service Statement (RSS) packs to issue. This process involves complex calculations to provide members with individually tailored statements. Due to the complexity of the calculations and some prolonged work to finalise policy elements of the remedy not all Immediate Choice packs will have been able to be issued by the original regulatory timeline of 31 March 2025. The Scheme Manager has invoked the discretion allowed by the remedy legislation and has extended the timeline for Immediate Choice RSS packs to 31 March 2027. The Pensions Regulator has been notified of this extension. Our priority remains to provide members with all the accurate information they need to make a choice. It can be noted that other Public Sector Pension Schemes are also in a similar position. Further information on the remedy will be included in the NICS pension scheme accounts which, once published, are available at DoF Annual Reports and Accounts.

As part of the remedy involved rolling back all remediable service into the relevant legacy PCSPS(NI) arrangement for the 7-Year Remedy Period, the value of pension benefits for the 2025-26 pension disclosures for affected members continue to be based on the rolled back position.

Alpha

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

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

Information on the PCSPS(NI) – Closed Scheme

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

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

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

Partnership Pension Account

The Partnership Pension Account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

Annual Benefit Statements

Active members of the pension scheme will receive an Annual Benefit Statement. The accrued pension quoted is the pension the member is entitled to receive when they reach

their scheme pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. The normal scheme pension age in alpha is linked to the member's State Pension Age but cannot be before age 65. The Scheme Pension age is 60 for any pension accrued in the legacy **Classic, Premium**, and **Classic Plus** arrangements and 65 for any benefits accrued in **Nuvos**. Further details about the NICS pension schemes can be found at the website:
www.finance-ni.gov.uk/civilservicepensions-ni.

Pension Increases

All pension benefits are reviewed annually in line with changes in the cost of living. Any applicable increases are applied from April and are determined by the Consumer Prices Index (CPI) figure for the preceding September. The CPI in September 2025 was 3.8% and HM Treasury has announced that public service pensions will be increased accordingly from April 2026.

Employee Contribution Rates

Percentage rates for employee contributions were revised for all members from 1 July 2025 as a result of the Northern Ireland Civil Service Pension Scheme: Consultation on Scheme Yield / Member Contributions as shown below*:

Annualised Rate of Pensionable Earnings (Salary Bands) 1 April 2025 to 31 August 2025		**Contribution rates – All members from 1 April 2025 to 30 June 2025**	***Contribution rates – All members from 1 July 2025**
From	**To**		
£0	£27,091.99	4.6%	4.65%
£27,092.00	£61,645.99	5.45%	5.65%
£61,646.00	£165,793.99	7.35%	7.55%
£165,794.00 and above		8.05%	8.25%

Salary bands were also updated from 1 September 2025 as follows:

Annualised Rate of Pensionable Earnings (Salary Bands) 1 September 2025 onwards		Contribution rates – All members
From	To	
£0	£28,716.99	4.65%
£28,717.00	£65,343.99	5.65%
£65,344.00	£175,740.99	7.55%
£175,741.00 and above		8.25%

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NICS pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost.

CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) Regulations 1996 (as amended).

HM Treasury provides the assumptions for discount rates for calculating CETVs payable from the public service pension schemes. On 27 April 2023, HM Treasury published guidance on the basis for setting the discount rates for calculating cash equivalent transfer values payable by public service pension schemes. In their guidance of 27 April 2023, HM Treasury advised that, with immediate effect, the discount rate adopted for calculating CETVs should be in line with the new superannuation contributions adjusted for past experience (SCAPE) discount rate of 1.7% above CPI inflation, superseding the previous SCAPE discount rate of 2.4% above CPI inflation. All else being the same, a lower SCAPE discount rate leads to higher CETVs. The HM Treasury Guidance of 27 April 2023 can be found at https://www.gov.uk/government/publications/basis-for-setting-the-discount-rates-for-calculating-cash-equivalent-transfer-values-payable-by-public-service-pension-schemes/basis-for-setting-the-discount-rates-for-calculating-cash-equivalent-transfer-values-payable-by-public-service-pension-schemes.

As at the year-end there have been no further changes to the SCAPE discount rate of 1.7% above inflation since the HM Treasury guidance was published.

Real Increase in CETV

This reflects the increase in CETV that is 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 (which therefore disregards the effect of any changes in factors).

Staff Report

Staff Costs (Audited Information)

	2025-26				2024-25
	Permanently Employed Staff*	Others	Ministers	Total	Total
	£'000	£'000	£'000	£'000	£'000
Wages and salaries	310,547	131,159	38	441,744	388,640
Social security costs	38,891	187	5	39,083	26,141
Other pension costs	93,248	288	7	93,543	87,670
Sub Total	442,686	131,634	50	574,370	502,451
Less recoveries in respect of outward secondments	(330)	-	-	(330)	(292)
Total net staff costs**	**442,356**	**131,634**	**50**	**574,040**	502,159
Of which:					
	Charged to Administration	Charged to Programme	**Total**		
Core Department	53,095	425,028	**478,123**		
NDPBs	-	95,917	**95,917**		
Total net costs	**53,095**	**520,945**	**574,040**		

**Permanently employed staff includes the cost of the Department's Special Adviser who was paid in the pay band £66k-£75k (2024-25: £56k to £65k).*

***Excluded from the total is £459k (2024-25 £224k) which has been charged to capital.*

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

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

The Government Actuary's Department (GAD) is responsible for carrying out scheme valuations. The Actuary reviews employer contributions every four years following the scheme valuation. The 2020 scheme valuation was completed by GAD in October 2023. The outcome of this valuation was used to set the level of contributions for employers from 1 April 2024 to 31 March 2027.

The Cost Cap Mechanism (CCM) is a measure of scheme costs and determines whether member costs or scheme benefits require adjustment to maintain costs within a set corridor. Reforms were made to the CCM which was applied to the 2020 scheme valuations and included the introduction of a reformed-scheme-only cost control mechanism which assesses just the costs relating to reformed schemes (alpha for the NICS) and introduced an economic check. Prior to the cost control mechanism reforms, legacy scheme (PCSPS(NI)) costs associated with active members were also captured in the mechanism. The reformed-scheme-only design and the economic check were applied to the 2020 scheme valuations for the devolved public sector pension schemes, including the NICS pension scheme. The 2020 scheme valuation outcome was that the core cost cap cost of the scheme lies within the 3% cost cap corridor. As there is no breach of the cost control mechanism, there is no requirement for the Department of Finance to consult on changes to the scheme. Further information can be found on the Department of Finance website https://www.finance-ni.gov.uk/articles/northern-ireland-civil-service-pension-scheme-valuations.

For 2025-26, employers' contributions of £81 million were payable to the NICS pension arrangements at a flat rate of 34.25% of pensionable pay, for all salaries (2024-25 £73 million at 34.25%).

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £0.078 million (2024-25 £0.070 million) were paid to one or more of the panel of two appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (2024-25, 8% to 14.75%) of pensionable pay.

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

Employer contributions of £0.003 million, 0.5% (2024-25: £0.002 million, 0.5%) of pensionable pay, were payable to the NICS Pension schemes to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. There were no contributions due to the **partnership** pension providers at the reporting period date and no contributions prepaid at that date.

19 persons (2024-25: 16 persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £0.165 million (2024-25: £0.097 million).

Average Number of Persons Employed (Audited Information)

The average number of whole-time equivalent persons employed during the year was as follows. These figures include those working in the Department as well as other bodies included within the consolidated Departmental Accounts.

			2025-26			2024-25
Departmental Activity	**Permanently Employed staff**	**Others**	**Ministers**	**Special Advisers**	**Number Total**	Number Total
Staff Employed	9,292	4,142	1	1	13,436	12,534
Staff engaged on capital projects		3			3	8
Total	**9,292**	**4,145**	**1**	**1**	**13,439**	12,542
Of which:						
Core Department	**7,256**	**3,833**	**1**	**1**	11,091	10,181
NDPBs	**2,036**	**312**	**-**	**-**	2,348	2,361

Number of Senior Staff by Payband

The number of SCS (or equivalent) staff by pay band as at 31 March 2026 is as follows:

Pay Band £'000	Total
86-95	24
96-105	6
106-115	4
116-125	2
126-135	-
136-145	-
146-155	1
Total	**37**

Employee Gender

At 31 March 2026 there were 8,109 substantive staff (based on staff headcount) employed within the Core Department. This figure excludes staff on career breaks and agency staff. Below is a gender breakdown including staff at Grade 5 and above:

	Male	Female	Total
Directors (Board Members)	2	2	4
Senior Staff (Grade 5+)	15	6	21
Employees	3,598	4,486	8,084
Total	**3,615**	**4,494**	**8,109**

Sickness Absence Data

The Department had an overall sickness absence rate of 13.4% days lost per employee in 2024-2025. Annual sickness absence figures can be found in the report Sickness

Absence in the Northern Ireland Civil Service 2024/25. The 2025-26 sickness absence data is not currently available and will be published later this year.

Staff Turnover Percentage

The Departmental Staff Turnover percentage (the total number of people that have left DfC including those who have moved within the NICS) for 2025-26 is 6.9% (2024-25 is 7.7%), and the general turnover percentage (the people who have left DfC and have not gone elsewhere in the NICS) is 5.2% (2024-25 is 5.7%). This has been calculated by NICSHR based on the Cabinet Office Guidance on calculations for Turnover in the Civil Service.

Employee Engagement

The NICS People Survey was conducted by NISRA in Spring 2025 across the nine NICS ministerial Departments as well as the Public Prosecution Service and Health & Safety Executive for NI. All staff working in these organisations were invited to take part in the survey from 29 April to 23 May 2025.

For the Department for Communities, 11,185 staff (2023: 7,554) were invited to complete the survey, of which 5,005 (2023: 2,783) participated, representing a response rate of 44.7% (2023: 34.2%).

The Employee Engagement Index (EEI) is the weighted average of responses to the five employee engagement questions and ranges from 0% to 100%. Department for Communities responses indicated an EEI of 54% (2023: 50%), compared to the NICS average of 56% (2023: 54%).

The full survey can be accessed at https://www.finance-ni.gov.uk/publications/nics-people-survey-results. The next NICS People Survey is due to take place in 2027.

Health and Safety at Work

The Department has a range of measures in place to ensure its compliance with the requirements of the Health and Safety at Work (NI) Order 1978 and all other legislation and codes of practice. The Department is committed to ensuring so far as is reasonably practical the health, safety and welfare of its employees and of others who may be affected by its operations.

The Department ensures that its employees are given such information, instruction, training and supervision as is necessary to ensure the safe performance of their work duties. Arrangements are also in place to enable employees to raise health and safety issues.

Competent people are appointed to assist the Department in meeting its statutory duties. In order to ensure legal compliance and continuing improvement, the Department regularly monitors, audits and reviews its health and safety performance.

Employment, Training and Advancement of Disabled Persons

The NICS is a lead partner of Employers for Disability NI (EFDNI) and is an accredited Disability Positive employer.

The NICS delivers an annual programme of communications and training on disability awareness and has policies in place to support inclusive workplaces. A review of the NICS reasonable adjustment policy and processes for in-work support, and for its recruitment selection and onboarding processes to deliver improvements was progressed in 2025 and will conclude in 2026-27. Colleagues with lived experience and external independent advocates have been stakeholders in the reasonable adjustment policy review.

The NICS is committed to the employment of Disabled people and offers work experience through its Work Experience Scheme for Disabled People, it has also participated in the previous two phases of the Department for Communities JobStart Scheme which aims to improve the employability and long-term employment prospects of those who face additional barriers to employment. The Civil Service will participate in phase three of the scheme during 2026-27 offering paid work placements to eligible benefit claimants aged 16-65 to address barriers to economic participation.

In order to encourage job applications from Disabled people, positive action advertising and targeted advertising alongside a programme of outreach are used. The NICS operates a Guaranteed Interview Scheme (GIS) which ensures a guaranteed number of Disabled applicants who meet the minimum essential eligibility criteria for the role they have applied for, are offered an interview. Further information can be found on the

"Information for Disabled applicants" section of the NICS recruit website.

All selection panel members complete mandatory recruitment and selection training, and appointments to the NICS are made on merit on the basis of fair and open competition, adhering to the Recruitment Code.

Learning & Development

The NICS recognises the importance of having skilled and engaged employees and continues to invest in learning and development.

Development and delivery of generic staff training is centralised in NICSHR, the NICS' centralised human resources operational delivery function, falling under the responsibility of the Department of Finance. Training is delivered using a variety of learning delivery channels (including classroom delivery, on-line, and virtual classrooms), providing flexible access to learning. Coherent learning pathways are aligned to both corporate need and the NICS People Strategy 2025-30.
NICSHR L&D contributes to the delivery of the Strategy's three priorities:

- Skills and Capacity – Building capability and future-ready skills
- Experience and Environment – Creating inclusive, high-quality working environments
- Leadership and Inclusion – Developing leaders who collaborate and innovate

A portfolio of learning products is developed in consultation with customers and subject experts internally and externally, accessible by staff through the LInKS learning management system icon on all NICS desktops. The themes covered in our portfolio of training are:

- Policy and Government
- Leadership & Management
- Collaborative & Collective Working
- Innovation, Improvement & Transformation

- Health & Wellbeing
- Digital Skills Development

Employee Consultation and Trade Union Relationships

The Department of Finance (DOF) is responsible for the NICS Trade Union Arrangements Policy. People & Organisational Development within DOF consults and/or negotiates with the NICS recognised trade unions on matters such as pay, promotion, and annual leave which are relevant across the NICS. Local issues relevant only to a particular office or area of work is handled by local managers, and branch trade union representatives, through agreed Local Whitley procedures/constitutions. Each department will have their own Departmental Whitley structure, to consider matters unique to individual departments and their agencies across business areas. Business areas may also have a Whitley arrangement in place dealing with issues specific to that business area.

Equality, Diversity and Inclusion

The NICS values and welcomes diversity and is committed to creating a truly inclusive workplace for all. As part of this commitment, leadership and inclusion is a key pillar within the new five-year NICS People Strategy 2025-30 which launched in April 2025. The strategy was developed with a range of stakeholders including NICS staff networks and through its delivery the NICS aims to foster a culture of leadership, inclusivity and diversity that will help drive better outcomes for its workforce and the public it serves.

The NICS Diversity Champions Network comprises senior colleagues as designated Diversity Champions for each of the nine NICS departments, as well as four thematic leads for gender, race and ethnicity, disability and LGBTQ+. The network works in partnership with the NICS corporate HR function, People and Organisational Development and the seven NICS staff networks (LGBTQ+, Women, Disability, Race & Ethnicity, Cancer Support, Carers and Students), to develop and deliver actions to help promote and embed equality, diversity and inclusion across the Service.

Equality is a cornerstone consideration in the development and review of all HR policies which determine how staff are recruited and appointed, their terms and conditions, how they are managed and developed, assessed, recognised and rewarded. Further information is available in the Equality, Diversity and Inclusion Policy. A strategic HR policy renewal programme is underway as part of the new People Strategy to modernise NICS people policies, ensuring they are user-centric and have a positive impact on employee experience.

As part of the NICS' efforts to ensure equality of opportunity, the NICS continually conducts comprehensive reviews into the composition of its workforce and recruitment activity, publishing a wide range of data. The statistics are available on the Northern Ireland Statistics and Research Agency (NISRA)'s website.

The NICS continues to meet its statutory obligations under the Fair Employment & Treatment (NI) Order 1998, which includes submission of an annual Fair Employment Monitoring Return and a tri-annual Article 55 Review to the Equality Commission for NI (ECNI), both of which assess the composition of the NICS workforce and the composition of applicants and appointees. Although not a statutory requirement, the NICS also conducts a similar formal review of the gender profile of its workforce. The findings from both tri-annual reviews are published in the NICS Workforce Review. The next review was submitted to the Equality Commission for Northern Ireland in 2025 and will be published in 2026.

The NICS uses the findings of all the equality monitoring and analysis to inform its programme of targeted outreach activity to address any areas of under-representation.

As a public authority, the NICS has due regard to the need to promote equality of opportunity and regard to the desirability of promoting good relations across a range of categories outlined in the Section 75 of the Northern Ireland Act 1998 in carrying out its functions. Further information on the department's equality scheme is available on its website Department for Communities

Consultancy Expenditure

During the 2025-26 year the Departmental group spent £0.65 million on external consultancy (2024-25: £0.37 million). This expenditure is incurred where there is a requirement for an expertise which existing members of staff may not have, an additional resource when it is not available internally, or an independent view or assessment when required.

The Departmental group also spent £132 million on the employment of temporary staff. These staff were largely engaged in providing services to the Department for Work and Pensions for the administration of Child Maintenance and Benefit Delivery services and to cover specific projects and vacant posts across the Department.

Off-Payroll Engagements

The Department and its NDPBs had no off-payroll engagements at an annual cost of over £245 per day lasting longer than six months during 2025-26 (2024-25: nil).

Reporting of Civil Service and Other Compensation Schemes – Exit Packages (Audited Information)

Data for the 2024-25 year is shown in brackets.

	Core Department			Departmental Group		
Exit package cost band	**Number of compulsory redundancies**	**Number of other departures agreed**	**Total number of exit packages by cost band**	**Number of compulsory redundancies**	**Number of other departures agreed**	**Total number of exit packages by cost band**
<£10,000	-	8 (8)	8 (8)	- (-)	11(11)	11(11)
£10,000–£25,000	-	3 (8)	3 (8)	- (-)	5 (8)	5(8)
£25,000–£50,000	-	8 (9)	8 (9)	- (-)	10 (9)	10 (9)
£50,000–£100,000	-	14 (4)	14 (4)	- (-)	15 (5)	15 (5)
£100,000–£150,000	-	-	-	-(-)	1(-)	1(-)
Total number of exit packages	**-**	**33 (29)**	**33 (29)**	**-(-)**	**42 (33)**	**42(33)**
Total Resource Cost £'000	**-**	**1,250 (714)**	**1,250 (714)**	**-(-)**	**1,574 (795)**	**1,574 (795)**

Reporting of Civil Service and Other Compensation Schemes – Exit Packages (Audited Information) (continued)

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme (Northern Ireland), a statutory scheme made under the Superannuation (Northern Ireland) Order 1972. The table above shows the total cost of exit packages agreed and accounted for in 2025-26 and 2024-25. £1.57 million exit costs were paid in 2025-26, the year of departure (2024-25: £0.8 million). Where the Department has agreed early retirements, the additional costs are met by the Department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table. Details of the policies of the NDPBs are available in their own accounts. See Note 26 for details of the links for each of the NDPBs.

Application of Business Appointment Rules (BARs)

The NICS Standards of Conduct Policy, (Section 8 and Annex 4) sets out the rules on the acceptance of outside business appointments, employment or self-employment by Civil Servants after they leave the NI Civil Service, including procedures to make staff aware of these rules and provides that the Permanent Secretary of the Department is responsible for the effective operation of the Business Appointment Rules within their Department. Further detail is available in the NICS Standards of Conduct Policy.

There were 406 exits from the Civil Service for the Department in 2025-26 (2024-25: 436 exits).

There were no BAR applications during the year.

Assembly Accountability and Audit Report

Statement of Outturn against Assembly Supply (SoAS) (Audited Information)

In addition to the primary statements prepared under International Financial Reporting Standards (IFRS), the Government Financial Reporting Manual (FReM) requires the Department for Communities to prepare a Statement of Outturn against Assembly Supply (SoAS) and supporting notes.

The SoAS and related notes are subject to audit, as detailed in the Certificate and Report of the Comptroller and Auditor General to the Northern Ireland Assembly.

The SoAS is a key accountability statement that shows, in detail, how an entity has spent against their Supply Estimate. Supply is the monetary provision (for resource and capital purposes) and cash (drawn primarily from the Consolidated Fund), that the Assembly gives statutory authority for entities to utilise. The Estimate details Supply and is voted on by the Assembly at the start of the financial year and is then normally revised by a Supplementary Estimate at the end of the financial year. It is the final Estimate, normally the Spring Supplementary Estimate, which forms the basis of the SoAS.

Should an entity exceed the limits set by their Supply Estimate and corresponding Act of the Assembly, called control limits, its accounts will receive a qualified opinion.

The format of the SoAS mirrors the Supply Estimates to enable comparability between what the Assembly approves and the final outturn. The Supply Estimates are voted by the Assembly and published on the DoF website.

The SoAS contain a summary table, detailing performance against the control limits that the Assembly has voted on, cash spent (budgets are compiled on an accruals basis and so outturn won’t exactly reconcile to cash spent) and administration.

The supporting notes detail the following:

- SoAS Note 1 - Outturn detailed by Estimate line, providing a more detailed breakdown.
- SoAS Note 2 - a reconciliation of outturn to net expenditure in the Statement of Comprehensive Net Expenditure (SoCNE), to tie the SoAS to the financial statements.
- SoAS Note 3 - a reconciliation of net resource outturn to net cash requirement.
- SoAS Note 4 - an analysis of income payable to the Consolidated Fund.

The SoAS and Estimates are compiled against the budgeting framework, which is similar to, but different to, IFRS. An understanding of the budgeting framework and an explanation of key terms is provided on pages 16-19, in the financial review section of the Performance Report. Further information on the Public Spending Framework and the reasons why budgeting rules are different to IFRS can also be found in chapter 1 of the Consolidated Budgeting Guidance, available on www.gov.uk.

The SoAS provides a detailed view of financial performance, in a form that is voted on and recognised by the Assembly. The financial review, in the Performance Report, provides a summarised discussion of outturn against Estimate and functions as an introduction to the SoAS disclosures.

Statement of Outturn against Assembly Supply (SoAS) (continued) (Audited Information)
Summary Tables - mirror Part I of the Estimates

		2025-26 £'000								2024-25 £'000
		Outturn			Estimate			Outturn vs Estimate, saving/ (excess)		Prior Year Outturn
	SoAS Note	Voted	Non-Voted	Total	Voted	Non-Voted	Total	Voted	Total	Total
Departmental Expenditure Limit										
- Resource	1.1	933,614	15,505	949,119	948,098	15,673	963,771	14,484	14,652	926,265
- Capital	1.2	310,854	(8,202)	302,652	312,354	(8,075)	304,279	1,500	1,627	219,729
Total		**1,244,468**	**7,303**	**1,251,771**	**1,260,452**	**7,598**	**1,268,050**	**15,984**	**16,279**	1,145,994
Annually Managed Expenditure Limit										
- Resource	1.1	6,237,206	4,192,967	10,430,173	6,463,536	4,268,498	10,732,034	226,330	301,861	9,715,755
- Capital	1.2	8,420	(4,953)	3,467	29,096	(3,204)	25,892	20,676	22,425	11,463
Total		**6,245,626**	**4,188,014**	**10,433,640**	**6,492,632**	**4,265,294**	**10,757,926**	**247,006**	**324,286**	9,727,218
Total Budget										
- Resource	1.1	7,170,820	4,208,472	11,379,292	7,411,634	4,284,171	11,695,805	240,814	316,513	10,642,020
- Capital	1.2	319,274	(13,155)	306,119	341,450	(11,279)	330,171	22,176	24,052	231,192
Total Budget Expenditure		**7,490,094**	**4,195,317**	**11,685,411**	**7,753,084**	**4,272,892**	**12,025,976**	**262,990**	**340,565**	**10,873,212**
Non-Budget										
- Resource	1.1	57,110	-	57,110	70,899	-	70,899	13,789	13,789	15,700
- Capital	1.2	-	-	-	-	-	-	-	-	-
Total Non-Budget Expenditure		**57,110**	**-**	**57,110**	**70,899**	**-**	**70,899**	**13,789**	**13,789**	**15,700**
Total Budget and Non-Budget Expenditure		**7,547,204**	**4,195,317**	**11,742,521**	**7,823,983**	**4,272,892**	**12,096,875**	**276,779**	**354,354**	**10,888,912**

Figures in the areas outlined in bold are voted totals subject to Assembly control.

Statement of Outturn against Assembly Supply (SoAS) (continued) (Audited Information)

Net cash requirement 2025-26

	SoAS Note	Outturn	Estimate	Outturn vs Estimate, saving/(excess)	Prior Year Outturn
		2025-26 £'000			2024-25 £'000
Net Cash Requirement	3	**7,360,248**	7,664,885	**304,637**	**6,935,029**

Figures in the areas outlined in bold are voted totals subject to Assembly control.

Administration Costs 2025-26

	SoAS Note	Outturn	Estimate	Outturn vs Estimate, saving/(excess)	Prior Year Outturn
		2025-26 £'000			2024-25 £'000
Administration costs	1.1	**69,831**	70,762	**931**	**54,635**

Administration costs are not a separate voted limit and a breach of the administration budget will not result in an excess vote.

Prior Period Adjustment

The Department has a Prior Period Adjustment (PPA) resulting from a change in accounting policy for Social Benefits. It is proper for the Department to seek Assembly authority for the provision that should have been sought previously. In 2025-26, the following PPA has been made, which has been included within voted Supply in the Estimate:

PPA Description	Resource/ Capital	DEL/AME/ NON BUDGET	£'000
Change in Accounting Policy for Social Benefits	Resource	AME	**41,359**

Notes to the Statement of Outturn against Assembly Supply 2025-26

This note mirrors Part II of the Estimates: (Revised) Subhead Detail and Resource to Cash Reconciliation.

SoAS1 Outturn detail, by Estimate line (Audited Information)

SoAS1.1 Analysis of resource outturn by Estimate line

	Resource Outturn							Estimate			Outturn vs Estimate (inc. virements)	Outturn
	Administration			Programme								
Type of spend (Resource)	Gross £'000	Income £'000	Net £'000	Gross £'000	Income £'000	Net £'000	Total £'000	Total £'000	Virements* £'000	Total inc. virements £'000	saving/ (excess) £'000	Prior Year Total £'000
Spending in Departmental Expenditure Limit (DEL)												
Voted Expenditure:												
Welfare and Employment	**28,883**	**-**	**28,883**	**568,946**	**(185,196)**	**383,750**	**412,633**	**417,691**	**(1,276)**	**416,415**	**3,782**	**403,102**
Of which:												
Operational delivery	*28,883*	*-*	*28,883*	*519,406*	*(185,196)*	*334,210*	*363,093*	*367,377*	*(1,276)*	*366,101*	*3,008*	*348,649*
Discretionary Support Scheme	*-*	*-*	*-*	*25,573*	*-*	*25,573*	*25,573*	*26,415*	*-*	*26,415*	*842*	*25,263*
Employment Programmes	*-*	*-*	*-*	*20,147*	*-*	*20,147*	*20,147*	*20,009*	*-*	*20,009*	*(138)*	*25,080*
Ulster Supported Employment Ltd (ALB - Net)	*-*	*-*	*-*	*3,820*	*-*	*3,820*	*3,820*	*3,890*	*-*	*3,890*	*70*	*4,110*
Local Government	**3,811**	**-**	**3,811**	**56,226**	**(60)**	**56,166**	**59,977**	**58,791**	**1,186**	**59,977**	**-**	**56,374**
Housing Benefit (Rates Element)	**-**	**-**	**-**	**65,167**	**-**	**65,167**	**65,167**	**64,883**	**284**	**65,167**	**-**	**82,481**
Housing and Regeneration	**20,134**	**-**	**20,134**	**202,602**	**(11,601)**	**191,001**	**211,135**	**220,230**	**(194)**	**220,036**	**8,901**	**200,537**
Of which:												
Housing	*11,403*	*-*	*11,403*	*12,482*	*(10,166)*	*2,316*	*13,719*	*14,386*	*(152)*	*14,234*	*515*	*12,398*
Northern Ireland Housing Executive Landlord Services	*-*	*-*	*-*	*4,846*	*-*	*4,846*	*4,846*	*146*	*-*	*146*	*(4,700)*	*7,373*
Northern Ireland Housing Executive (ALB - Net)	*-*	*-*	*-*	*177,734*	*-*	*177,734*	*177,734*	*190,455*	*-*	*190,455*	*12,721*	*167,312*
Urban Regeneration	*8,731*	*-*	*8,731*	*7,540*	*(1,435)*	*6,105*	*14,836*	*15,034*	*(42)*	*14,992*	*156*	*13,454*
EU Programme for Peace & Reconciliation	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*209*	*-*	*209*	*209*	*-*

SoAS1.1 Analysis of resource outturn by Estimate line (continued)

	Resource Outturn							Estimate			Outturn vs Estimate (inc. virements) saving/ (excess)	Outturn
	Administration			Programme								
	Gross	Income	Net	Gross	Income	Net	Total	Total	Virements*	Total inc. virements		Prior Year Total
Type of spend (Resource)	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Culture, Arts, Heritage and Sport	**7,547**	**-**	**7,547**	**112,889**	**(1,134)**	**111,755**	**119,302**	**120,556**	**-**	**120,556**	**1,254**	**109,780**
Of which:												
Support for Libraries, Museums, Arts, Sport and Heritage sectors	*7,547*	*-*	*7,547*	*19,884*	*(1,037)*	*18,847*	*26,394*	*26,765*	*-*	*26,765*	*371*	*24,006*
Public Record Office of Northern Ireland	*-*	*-*	*-*	*8,048*	*(97)*	*7,951*	*7,951*	*8,820*	*-*	*8,820*	*869*	*7,030*
Arts Council of Northern Ireland (ALB - Net)	*-*	*-*	*-*	*12,693*	*-*	*12,693*	*12,693*	*12,854*	*-*	*12,854*	*161*	*12,348*
Armagh Observatory and Planetarium (ALB - Net)	*-*	*-*	*-*	*2,672*	*-*	*2,672*	*2,672*	*2,967*	*-*	*2,967*	*295*	*2,890*
National Museums and Galleries Northern Ireland (ALB - Net)	*-*	*-*	*-*	*25,220*	*-*	*25,220*	*25,220*	*24,945*	*-*	*24,945*	*(275)*	*22,844*
Northern Ireland Museums Council (ALB - Net)	*-*	*-*	*-*	*315*	*-*	*315*	*315*	*326*	*-*	*326*	*11*	*264*
Northern Ireland Library Authority (ALB - Net)	*-*	*-*	*-*	*34,988*	*-*	*34,988*	*34,988*	*35,072*	*-*	*35,072*	*84*	*32,465*
Sports Council for Northern Ireland (ALB - Net)	*-*	*-*	*-*	*9,069*	*-*	*9,069*	*9,069*	*8,807*	*-*	*8,807*	*(262)*	*7,933*
Voluntary and Community Funding	**8,212**	**-**	**8,212**	**49,066**	**-**	**49,066**	**57,278**	**57,544**	**-**	**57,544**	**266**	**51,954**
Of which:												
Community and Voluntary Sector Funding	*8,212*	*-*	*8,212*	*43,483*	*-*	*43,483*	*51,695*	*51,888*	*-*	*51,888*	*193*	*46,519*
Charities Commission NI (ALB - Net)	*-*	*-*	*-*	*2,110*	*-*	*2,110*	*2,110*	*2,129*	*-*	*2,129*	*19*	*2,007*

SoAS1.1 Analysis of resource outturn by Estimate line (continued)

Type of spend (Resource)	Resource Outturn							Estimate			Outturn vs Estimate (inc. virements) saving/ (excess)	Outturn
	Administration			Programme								
	Gross £'000	Income £'000	Net £'000	Gross £'000	Income £'000	Net £'000	Total £'000	Total £'000	Virements* £'000	Total inc. virements £'000	£'000	Prior Year Total £'000
Commissioner for Older People for Northern Ireland (ALB - Net)	-	-	-	1,510	-	1,510	1,510	1,559	-	1,559	49	1,622
Commissioner for Children and Young People for Northern Ireland (ALB - Net)	-	-	-	1,963	-	1,963	1,963	1,968	-	1,968	5	1,806
Languages	**1,235**	**-**	**1,235**	**6,887**	**-**	**6,887**	**8,122**	**8,403**	**-**	**8,403**	**281**	**8,253**
Of which:												
Support for Languages	1,235	-	1,235	1,136	-	1,136	2,371	2,358	-	2,358	(13)	2,372
North-South Language Implementation Body (ALB - Net)	-	-	-	5,751	-	5,751	5,751	6,045	-	6,045	294	5,881
Total Voted DEL:	**69,822**	**-**	**69,822**	**1,061,783**	**(197,991)**	**863,792**	**933,614**	**948,098**	**-**	**948,098**	**14,484**	**912,481**
Non-Voted Expenditure:												
Welfare and Employment	**-**	**-**	**-**	**15,698**	**(26)**	**15,672**	**15,672**	**15,742**	**-**	**15,742**	**70**	**13,926**
Of which:												
National Insurance Fund	-	-	-	14,800	-	14,800	14,800	14,801	-	14,801	1	13,000
Expenditure incurred by the Social Fund	-	-	-	898	-	898	898	966	-	966	68	975
Other Non Voted Expenditure	-	-	-	-	(26)	(26)	(26)	(25)	-	(25)	1	(49)
Housing & Regeneration	-	9	9	**-**	**(176)**	**(176)**	*(167)*	**(69)**	**-**	**(69)**	98	**(83)**
Culture, Arts, Heritage & Sport	-	-	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-	**(59)**
Total Non-Voted DEL:	**-**	**9**	**9**	**15,698**	**(202)**	**15,496**	**15,505**	**15,673**	**-**	**15,673**	**168**	**13,784**
Total Spending in DEL	**69,822**	**9**	**69,831**	**1,077,481**	**(198,193)**	**879,288**	**949,119**	**963,771**	**-**	**963,771**	**14,652**	926,265

SoAS1.1 Analysis of resource outturn by Estimate line (continued)

	Resource Outturn							Estimate			Outturn	Outturn
	Administration			Programme							vs Estimate (inc. virements) saving/ (excess)	Prior Year Total
Type of spend (Resource)	Gross £'000	Income £'000	Net £'000	Gross £'000	Income £'000	Net £'000	Total £'000	Total £'000	Virements* £'000	Total inc. virements £'000	£'000	£'000
Spending in Annually Managed Expenditure (AME)												
Voted Expenditure:												
Working Age Benefits	**-**	**-**	**-**	**2,804,189**	**(612)**	**2,803,577**	**2,803,577**	**2,875,953**	**-**	**2,875,953**	**72,376**	**2,467,296**
Of which:												
Universal Credit and Legacy Benefits	-	-	-	*2,686,156*	-	*2,686,156*	*2,686,156*	*2,762,323*	-	*2,762,323*	*76,167*	*2,367,815*
Other Working Age Benefits	-	-	-	*118,033*	*(612)*	*117,421*	*117,421*	*113,630*	-	*113,630*	*(3,791)*	*99,481*
Disability Benefits	**-**	**-**	**-**	**2,806,682**	**-**	**2,806,682**	**2,806,682**	**2,870,513**	**-**	**2,870,513**	**63,831**	**2,675,548**
Of which:												
PIP/DLA/Carer's Allowance/Attendance Allowance	-	-	-	*2,773,022*	-	*2,773,022*	*2,773,022*	*2,836,491*	-	*2,836,491*	*63,469*	*2,642,524*
Other Disability benefits	-	-	-	*33,660*	-	*33,660*	*33,660*	*34,022*	-	*34,022*	*362*	*33,024*
Pension and Other Related Benefits	**-**	**-**	**-**	**292,559**	**-**	**292,559**	**292,559**	**301,341**	**-**	**301,341**	**8,782**	**282,239**
Of which:												
Pension Credit	-	-	-	*283,560*	-	*283,560*	*283,560*	*292,153*	-	*292,153*	*8,593*	*273,451*
Other Pension related benefits	-	-	-	*8,999*	-	*8,999*	*8,999*	*9,188*	-	*9,188*	*189*	*8,788*
Housing Benefits	**-**	**-**	**-**	**311,670**	**-**	**311,670**	**311,670**	**318,005**	**-**	**318,005**	**6,335**	**406,019**
Provisions, Depreciation, Revaluations, Impairments & Pension Costs	**-**	**-**	**-**	**22,718**	**-**	**22,718**	**22,718**	**97,724**	**-**	**97,724**	**75,006**	**18,313**
Of which:												
Departmental Expenditure	-	-	-	*14,679*	-	*14,679*	*14,679*	*26,680*	-	*26,680*	*12,001*	*7,467*
ALB's Expenditure (Net)	-	-	-	*8,039*	-	*8,039*	*8,039*	*71,044*	-	*71,044*	*63,005*	*10,846*
Total Voted AME:	**-**	**-**	**-**	**6,237,818**	**(612)**	**6,237,206**	**6,237,206**	**6,463,536**	**-**	**6,463,536**	**226,330**	**5,849,415**

SoAS1.1 Analysis of resource outturn by Estimate line (continued)

	Resource Outturn							Estimate			Outturn	Outturn
	Administration			Programme							vs Estimate (inc. virements) saving/ (excess)	Prior Year Total
Type of spend (Resource)	Gross £'000	Income £'000	Net £'000	Gross £'000	Income £'000	Net £'000	Total £'000	Total £'000	Virements* £'000	Total inc. virements £'000	£'000	£'000
Non-Voted Expenditure:												
Working Age Benefits	**-**	**-**	**-**	**445,889**	**-**	**445,889**	**445,889**	**460,288**	**-**	**460,288**	**14,399**	**407,514**
Of which:												
Jobseeker's Allowance (Contributory)	-	-	-	*4,686*	-	*4,686*	*4,686*	*5,012*	-	*5,012*	*326*	*4,297*
Employment and Support Allowance (Contributory)	-	-	-	*359,163*	-	*359,163*	*359,163*	*364,743*	-	*364,743*	*5,580*	*369,749*
Other Working Age Benefits	-	-	-	*82,040*	-	*82,040*	*82,040*	*90,533*	-	*90,533*	*8,493*	*33,468*
Pension and Other Related Benefits	**-**	**-**	**-**	**3,747,078**	**-**	**3,747,078**	**3,747,078**	**3,808,210**	**-**	**3,808,210**	**61,132**	**3,458,826**
Total Non-Voted AME:	**-**	**-**	**-**	**4,192,967**	**-**	**4,192,967**	**4,192,967**	**4,268,498**	**-**	**4,268,498**	**75,531**	**3,866,340**
Total spending in AME	**-**	**-**	**-**	**10,430,785**	**(612)**	**10,430,173**	**10,430,173**	**10,732,034**	**-**	**10,732,034**	**301,861**	9,715,755
Non-Budget spending												
Voted Expenditure:												
Cash paid into the Social Fund	**-**	**-**	**-**	**57,110**	**-**	**57,110**	**57,110**	**70,899**	**-**	**70,899**	**13,789**	**15,700**
Total Voted Non-Budget	**-**	**-**	**-**	**57,110**	**-**	**57,110**	**57,110**	**70,899**	**-**	**70,899**	**13,789**	15,700
TOTAL RESOURCE	**69,822**	**9**	**69,831**	**11,565,376**	**(198,805)**	**11,366,571**	**11,436,402**	**11,766,704**	**-**	**11,766,704**	**330,302**	10,657,720

NDPB outturn is recorded net.

SoAS1.2 Analysis of net capital outturn by Estimate line

Type of spend (Capital)	Outturn Gross £'000	Outturn Income £'000	Outturn Net Total £'000	Estimate Total £'000	Estimate Virements* £'000	Estimate Total inc. virements £'000	Outturn vs Estimate (inc. virements) saving/ (excess) £'000	Outturn Prior Year Total £'000
Spending in Departmental Expenditure Limit (DEL)								
Voted Expenditure:								
Welfare and Employment	**9,068**	**(7,822)**	**1,246**	**1,227**	**19**	**1,246**	**-**	**2,280**
Of which:								
Operational delivery	*607*	*(233)*	*374*	*603*	*-*	**603**	*229*	*1,713*
Discretionary Support Scheme	*8,461*	*(7,589)*	*872*	*594*	*19*	**613**	*(259)*	*567*
Ulster Supported Employment Ltd (ALB - Net)	*-*	*-*	*-*	*30*	*-*	**30**	*30*	*-*
Housing & Regeneration	**326,233**	**(41,750)**	**284,483**	**284,680**	**-**	**284,680**	**197**	**209,641**
Of which:								
Housing	*41,633*	*(41,117)*	*516*	*1,529*	*-*	*1,529*	*1,013*	*(3,032)*
Northern Ireland Housing Executive Landlord Services	*18,408*	*-*	*18,408*	*16,808*	*-*	*16,808*	*(1,600)*	*250*
Northern Ireland Housing Executive (ALB - Net)	*251,143*	*-*	*251,143*	*251,215*	*-*	*251,215*	*72*	*202,269*
Urban Regeneration	*14,311*	*(43)*	*14,268*	*14,981*	*-*	*14,981*	*713*	*10,154*
EU Programme for Peace and Reconciliation	*738*	*(590)*	*148*	*147*	*-*	*147*	*(1)*	*-*
Culture, Arts, Heritage and Sport	**18,475**	**(587)**	**17,888**	**19,247**	**(64)**	**19,183**	**1,295**	**10,678**
Of which:								
Support for Libraries, Museums, Arts, Sport and Heritage sectors	*6,606*	*(587)*	*6,019*	*7,111*	*-*	*7,111*	*1,092*	*3,086*
Public Record Office of Northern Ireland	*246*	*-*	*246*	*242*	*-*	*242*	*(4)*	*256*

SoAS1.2 Analysis of net capital outturn by Estimate line (continued)

	Outturn			Estimate			Outturn	Outturn
Type of spend (Capital)	Gross £'000	Income £'000	Net Total £'000	Total £'000	Virements* £'000	Total inc. virements £'000	vs Estimate (inc. virements) saving/ (excess) £'000	Prior Year Total £'000
Arts Council of Northern Ireland (ALB - Net)	*1,936*	*-*	*1,936*	*1,833*	*-*	*1,833*	*(103)*	*1,254*
Armagh Observatory and Planetarium (ALB - Net)	*621*	*-*	*621*	*665*	*-*	*665*	*44*	*172*
National Museums and Galleries Northern Ireland (ALB - Net)	*2,744*	*-*	*2,744*	*2,580*	*-*	*2,580*	*(164)*	*1,189*
Northern Ireland Museums Council (ALB - Net)	*118*	*-*	*118*	*110*	*-*	*110*	*(8)*	*-*
Northern Ireland Library Authority (ALB - Net)	*912*	*-*	*912*	*1,270*	*(64)*	*1,206*	*294*	*4,352*
Sports Council for Northern Ireland (ALB - Net)	*5,292*	*-*	*5,292*	*5,436*	*-*	*5,436*	*144*	*369*
Voluntary and Community Funding	**7,320**	**(578)**	**6,742**	**6,750**	**-**	**6,750**	**8**	**5,138**
Of which:								
Community and Voluntary Sector Funding	*7,139*	*(578)*	*6,561*	*6,567*	*-*	*6,567*	*6*	*5,079*
Charities Commission NI (ALB - Net)	*171*	*-*	*171*	*173*	*-*	*173*	*2*	*49*
Commissioner for Older People for Northern Ireland (ALB - Net)	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*10*
Commissioner for Children and Young People for Northern Ireland (ALB - Net)	*10*	*-*	*10*	*10*	*-*	*10*	*-*	*-*
Languages	**495**	**-**	**495**	**450**	**45**	**495**	**-**	**373**
Of which:								
Support for Languages	*450*	*-*	*450*	*450*	*-*	*450*	*-*	*373*
North-South Language Implementation Body (ALB - Net)	45	-	45	-	45	45	-	-
Total Voted DEL:	**361,591**	**(50,737)**	**310,854**	**312,354**	**-**	**312,354**	**1,500**	**228,110**

SoAS1.2 Analysis of net capital outturn by Estimate line (continued)

	Outturn			Estimate			Outturn vs Estimate (inc. virements)	Outturn
Type of spend (Capital)	Gross £'000	Income £'000	Net Total £'000	Total £'000	Virements* £'000	Total inc. virements £'000	saving/ (excess) £'000	Prior Year Total £'000
Non-Voted Expenditure:								
Welfare and Employment	**3,335**	**(164)**	**3,171**	**3,298**	**-**	**3,298**	**127**	**3,171**
Of which:								
Expenditure incurred by the Social Fund	*3,335*	*(164)*	*3,171*	*3,298*	*-*	*3,298*	*127*	*3,171*
Housing & Regeneration	**-**	**(11,373)**	**(11,373)**	**(11,373)**	**-**	**(11,373)**	**-**	**(11,552)**
Total Non-Voted DEL:	**3,335**	**(11,537)**	**(8,202)**	**(8,075)**	**-**	**(8,075)**	**127**	**(8,381)**
Total spending in DEL	**364,926**	**(62,274)**	**302,652**	**304,279**	**-**	**304,279**	**1,627**	**219,729**
Spending in Annually Managed Expenditure (AME)								
Voted Expenditure:								
Working Age Benefits	**13,365**	**(4,955)**	**8,410**	**29,096**	**(10)**	**29,086**	**20,676**	**16,599**
Of which:								
Universal Credit and Legacy Benefits	*9,407*	*(4,380)*	*5,027*	*25,395*	*(10)*	*25,385*	*20,358*	*13,523*
Other Working Age Benefits	*3,958*	*(575)*	*3,383*	*3,701*	*-*	*3,701*	*318*	*3,076*
Provisions, Depreciation, Revaluations, Impairments & Pension Costs	**10**	**-**	**10**		**10**	**10**	**-**	**-**
Of which:								
ALB's Expenditure (Net)	*10*	*-*	*10*	*-*	*10*	*10*	*-*	*-*
Total Voted AME:	**13,375**	**(4,955)**	**8,420**	**29,096**	**-**	**29,096**	**20,676**	**16,599**
Non-Voted Expenditure:								
Working Age Benefits	**9,322**	**(14,275)**	**(4,953)**	**(3,204)**	**-**	**(3,204)**	**1,749**	**(5,136)**
Of Which:								
Other Working Age Benefits	9,322	(14,275)	(4,953)	(3,204)	-	(3,204)	1,749	(5,136)
Total Non-Voted AME:	**9,322**	**(14,275)**	**(4,953)**	**(3,204)**	**-**	**(3,204)**	**1,749**	**(5,136)**
Total spending in AME	**22,697**	**(19,230)**	**3,467**	**25,892**	**-**	**25,892**	**22,425**	11,463
TOTAL CAPITAL	**387,623**	**(81,504)**	**306,119**	**330,171**	**-**	**330,171**	**24,052**	231,192

NDPB outturn is recorded net.

SoAS Note 1 Outturn detail, by Estimate line (continued) (Audited Information)

*Virements are the reallocation of provision in the Estimates that do not require Assembly authority (because the Assembly does not vote to that level of detail and delegates to DoF). Further information on virements are provided in the Supply Estimates in Northern Ireland Guidance Manual, available on the DoF website.

The Outturn vs Estimate column is based on the total including virements. The Estimate total before virements have been made is included so that users can reconcile this Estimate back to the Estimates approved by the Assembly.

Explanation of the variation between Estimate and Outturn:

The **Resource DEL** was **£14.7 million (1.5%)** less than Estimate due to underspends in impairments associated with a redevelopment project, reflecting slippage in the vesting date, now expected in 2026-27. In addition, further easements arose in relation to Welfare Mitigations, driven by a lower than forecast level of awards and a reduction in caseload resulting from the migration of customers from Housing Benefit to Universal Credit. Other underspends were proactively managed and redirected to cover inescapable pressures and Ministerial approved priorities.

The **Resource AME spend** was **£301.9m million (2.8%)** less than the Estimate due to the nature of spend on social security benefits being demand led and volatile.

The **Non Budget spend** was **£13.8 million (19.4%)** less than the Estimate due to less extreme cold weather payments being automatically triggered this winter and lower than expected budgeting loan issues due to a reduction in eligible claimants following migration to Universal Credit.

The **Capital outturn** was **£24.1 million (7.3%)** less than the Estimate as the actual demand for ESA move to Universal Credit related advances was lower than expected. There were also slippages in a Financial Transactions Capital business case and DEL capital projects.

SoAS2 Reconciliation of Outturn to Net Expenditure (Audited Information)

Item	Note	2025-26 Outturn £'000	2024-25 Outturn £'000
Total Resource Outturn	SoAS1.1	**11,436,402**	10,657,720
Add:			
Capital Grants		252,524	178,066
Cash Paid to the Social Fund - Voted Non-budget		(57,110)	(15,700)
Prior Period Adjustment		-	41,359
Miscellaneous		(3,069)	(6,239)
Net Expenditure in Consolidated Statement of Comprehensive Net Expenditure		**11,628,747**	10,855,206

As noted in the introduction to the SoAS above, outturn and the Estimates are compiled against the budgeting framework, which is similar to, but different from, IFRS. Therefore, this note reconciles the resource outturn to net expenditure, linking the SoAS to the financial statements.

Capital grants are budgeted for as Capital DEL, but accounted for as spend on the face of the SoCNE, and therefore function as a reconciling item between Resource and Net Expenditure.

The miscellaneous balance relates to capital grant income, donated assets, pension movement and funding split estimate of the North/South Language Body.

SoAS3 Reconciliation of Net Resource Outturn to Net Cash Requirement (Audited Information)

This note mirrors Part II of the Estimates: Resource to Cash Reconciliation.

		2025-26		
	Note	**Outturn £'000**	**Estimate £'000**	**Outturn vs Estimate saving/ (excess) £'000**
Total Resource Outturn	**SoAS1.1**	11,436,402	11,766,704	330,302
Total Capital Outturn	**SoAS1.2**	306,119	330,171	24,052
Adjustments for ALBs:				
Remove voted resource		(285,916)	(362,061)	(76,145)
Remove voted capital		(263,002)	(263,322)	(320)
Add cash grant-in-aid	4	479,263	518,069	38,806
Adjustments to remove non-cash items:				
Depreciation, impairments and revaluations	3,4	(51,988)	(21,180)	30,808
New provisions and adjustments to previous provisions	4	(2,125)	(5,859)	(3,734)
Housing Benefit Owner Occupiers	4	(26,364)	(25,969)	395
Adjustments to reflect movements in working balances:				
Changes in working capital other than cash		19,689	-	(19,689)
Increase/(decrease) in inventories	13	22	-	(22)
Increase/(decrease) in receivables	15	22,308	(25,189)	(47,497)
Increase/(decrease) in payables	16	(89,756)	18,833	108,589
Use of provision	17	7,566	7,580	14
Total		(190,303)	(159,098)	31,205
Removal of non-voted budget items:				
Other Social Fund/NIF adjustments		(4,203,549)	(4,272,892)	(69,343)
Income payable to the Consolidated Fund		208	-	(208)
NIHE Loan Repayment		11,373	-	(11,373)
Total		(4,191,968)	(4,272,892)	(80,924)
Other Adjustments		(2)	-	2
Net cash requirement		**7,360,248**	**7,664,885**	**304,637**

As noted in the introduction to the SoAS above, outturn and the Estimates are compiled against the budgeting framework, not on a cash basis. This reconciliation bridges the resource and capital outturn to the net cash requirement.

SoAS4 Amounts of Income to the Consolidated Fund (Audited Information)

This note mirrors Part III of the Estimates: Extra Receipts Payable to the Consolidated Fund.

SoAS4.1 Analysis of income payable to the Consolidated Fund

In addition to income retained by the Department, the following income is payable to the Consolidated Fund (cash receipts being shown in italics).

	Outturn 2025-26		2024-25	
	Income (Accruals) £'000	***Receipts (Cash basis) £'000***	Income (Accruals) £'000	*Receipts (Cash basis) £'000*
Income in budgets surrendered to the Consolidated Fund (resource)	**208**	***190***	201	*1,412*
Total amount payable to the Consolidated Fund	**208**	***190***	201	*1,412*

Other Assembly Accountability Disclosures (Audited Information)

I. Regularity of Expenditure (Audited Information)

Issues pertaining to the regularity of departmental group expenditure are discussed in the Governance Statement.

II. Losses and Special Payments (Audited Information)

	2025-26		2024-25	
	Core Department	Departmental Group	Core Department	Departmental Group
Losses				
Total number of losses	49,664	51,711	50,781	53,313
Total value of losses (£'000)	**26,340**	**27,763**	23,037	24,033
Special Payments				
Total number of special payments	106	168	100	193
Total value of special payments (£'000)	**20**	**60**	272	334

There were no losses or special payments in excess of £300,000.

III. Fees and Charges (Audited Information)

This note is provided for fees and charges purposes and not for IFRS 8 purposes. Information is provided in relation to services where the full cost of the service is in excess of £1 million.

Business Activity	Income (£'000)	Full Cost (£'000)	2025-26 Surplus/ Deficit (£'000)	2024-25 Surplus/ Deficit (£'000)	Financial Objective	Commentary
Delivery of service on behalf of DWP	182,440	182,440	-	-	To recover Departmental costs of services provided to administer and deliver certain benefits on behalf of the Department for Work & Pensions.	Objective Achieved.

IV. Remote Contingent Liabilities (Audited Information)

The Department had no liabilities for which the likelihood of a transfer of economic benefit in the settlement is too remote to meet the definition of contingent liability. Contingent liabilities are reported within the financial statements.

V. Reconciliation of Contingent Liabilities included in the Supply Estimate to the Accounts

There were no material differences between the quantifiable contingent liabilities included in the supply estimate and the accounts.

GRAINIA LONG
ACCOUNTING OFFICER

29 JUNE 2026

Certificate of the Comptroller and Auditor General to the Northern Ireland Assembly

THE CERTIFICATE OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

Opinion on financial statements

I certify that I have audited the financial statements of the Department for Communities and of its Departmental Group for the year ended 31 March 2026 under the Government Resources and Accounts Act (Northern Ireland) 2001. The Departmental Group consists of the Department and the bodies designated for inclusion under the Government Resources and Accounts (Northern Ireland) 2001 (Estimates and Accounts) (Designation of Bodies) Order 2025. The financial statements comprise: the Department's and the Departmental Group's:

- Statement of Financial Position as at 31 March 2026;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year ended; and
- the related notes, including significant accounting policies.

The financial reporting framework that has been applied in their preparation of the Group financial statements is applicable law and UK adopted international accounting standards as interpreted and adapted by the Government Financial Reporting Manual.

I have also audited the Statement of Outturn against Assembly Supply, and the related notes, and the information in the Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the Department and the Departmental Group's affairs as at 31 March 2026 and of their net expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance directions issued thereunder.

Qualified opinion on regularity

In my opinion, except for the incorrect benefit expenditure attributable to fraud and error, in all material respects:

- the Statement of Outturn against Assembly Supply properly presents the outturn against voted Assembly control totals for the year ended 31 March 2026 and shows that those totals have not been exceeded; and
- the income and expenditure recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.
  Further detail is given in the basis of qualified opinions paragraph.

Basis for qualified opinion on regularity

The Department is required to calculate benefits in accordance with primary legislation, which specifies the entitlement criteria for each benefit and the method used to calculate the amount of benefit to be paid. Where fraud and error results in overpayments and underpayments the transactions do not conform to this legislation. The expenditure is therefore irregular as it is not applied in accordance with the purposes intended by the Northern Ireland Assembly and fraudulent transactions are irregular since they are without proper authority.

My regularity opinion is qualified, as a material amount of benefits is estimated as incorrect or based on a fraudulent claim. The total amount paid in benefits by the Department is £10.2 billion, of which £3.7 billion relates to expenditure on State Pension. As this has a low level of estimated fraud and error, I have not qualified my regularity opinion on this. In respect of the other benefits of £6.5 billion, as reported in Note 24 to the financial statements:

- fraud and error resulted in estimated overpayments of £293.4 million; and
- estimated underpayments due to official error of £16.9 million.

Basis for opinions

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

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

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

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Department for Communities and its Group's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

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

Other Information

The other information comprises the information included in the annual report other than the financial statements, the parts of the Accountability Report described in that report as having been audited, and my audit certificate and report. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Department of Finance directions made under the Government Resources and Accounts Act (Northern Ireland) 2001.

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

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Department of Finance directions made under the Government Resources and Accounts Act (Northern Ireland) 2001; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In light of the knowledge and understanding of the Department for Communities and its Group and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and Accountability Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records; or
- certain disclosures of remuneration specified by the Government Financial Reporting Manual are not made or parts of the Remuneration and Staff Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with the Department of Finance's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- maintaining proper accounting records;
- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- ensuring such internal controls as deemed necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- Ensuring the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with the applicable financial reporting framework; and

- assessing the Department for Communities and its Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by Department for Communities and its Group will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001.

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

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

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to the Department for Communities and its Group through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included the relevant benefit and pension legislation and the Government Resources and Accounts Act (Northern Ireland) 2001.
- making enquires of management and those charged with governance on the Department for Communities and its Group's compliance with laws and regulations;

- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of the Department for Communities and its Group's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the following areas: expenditure recognition and posting of unusual journals;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- communicating with component auditors to request identification of any instances of non-compliance with laws and regulations that could give rise to a material misstatement of the group financial statements;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate and undertaking procedures to allow me to rely on the Department's estimate of the level of fraud and error in benefit expenditure;
- addressing the risk of fraud as a result of management override of controls by:
    - performing analytical procedures to identify unusual or unexpected relationships or movements;

- testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
- assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
- investigating significant or unusual transactions made outside of the normal course of business.

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

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Outturn against Assembly Supply properly presents the outturn against voted Assembly control totals and that those totals have not been exceeded. The voted Assembly control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget and Net Cash Requirement. I am also required to obtain evidence sufficient to give reasonable assurance that the income and expenditure recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

My detailed observations are included in my report attached to these financial statements.

Dorinnia Carville
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
BELFAST
1 July 2026

Financial Statements

Consolidated Statement of Comprehensive Net Expenditure for the Year Ended 31 March 2026

This account summarises the expenditure and income generated and consumed on an accruals basis. It also includes other comprehensive income and expenditure, which include changes to the values of non-current assets and other financial instruments that cannot yet be recognised as income or expenditure.

	Note	2025-26 Core Department £'000	2025-26 Departmental Group £'000	2024-25 Core Department (Restated) £'000	2024-25 Departmental Group (Restated) £'000
Revenue from contracts with customers	5.1	(182,440)	(182,440)	(147,273)	(147,273)
Other operating income	5.2	(49,159)	(105,842)	(60,516)	(111,974)
Total Operating Income		**(231,599)**	**(288,282)**	(207,789)	(259,247)
Staff Costs	3,4	478,204	574,370	409,667	502,450
Purchase of goods and services	3,4	121,916	484,375	131,015	446,970
Depreciation and impairment charges	3,4	23,794	43,706	13,617	31,052
Provision expense	4	2,125	4,212	(40,400)	(40,281)
Grants and other benefit related expenditure	4	11,184,332	10,809,894	10,542,865	10,175,388
Total Operating Expenditure		**11,810,371**	**11,916,557**	11,056,764	11,115,579
Net Operating Expenditure		**11,578,772**	**11,628,275**	10,848,975	10,856,332
Finance income		(69)	(111)	(5)	(1,442)
Finance expense		-	583	-	316
Net Expenditure for the Year		**11,578,703**	**11,628,747**	10,848,970	10,855,206
Notional audit costs	3,4	299	467	340	502
Other notional costs	3	31,923	31,923	28,502	28,502
Total Notional Costs		**32,222**	**32,390**	28,842	29,004
Net Expenditure for the Year including Notional Costs		**11,610,925**	**11,661,137**	10,877,812	10,884,210
Other Comprehensive Net Expenditure					
Items that will not be reclassified to net operating expenditure:					
- Net gain/(loss) on revaluation of property, plant and equipment	6	10,694	21,746	1,931	5,971
- Net gain/(loss) on revaluation of intangible assets	7	18	37	143	242
- Net gain/(loss) on revaluation of heritage assets	8	229	301	-	19
- Net gain/(loss) on Pension	22	-	690	-	(34,804)
- Actuarial (Gain)/Loss - North South Language Body	22	-	(817)	-	-
- Adjustment to Deferred Pension Funding - North South Language Body	22	-	817	-	(375)
Items that may subsequently be reclassified to net operating expenditure:					
- Net gain/(loss) on revaluation of assets classified as held for sale	12	12	12	35	35
Comprehensive Net Expenditure for the Year		**11,599,972**	**11,638,351**	10,875,703	10,913,122

Consolidated Statement of Financial Position as at 31 March 2026

This statement presents the financial position of the Department for Communities. It comprises three main components: assets owned or controlled, liabilities owed to other bodies and equity, the remaining value of the entity.

		2025-26		2024-25	
		Core Department	Departmental Group	Core Department (Restated)	Departmental Group (Restated)
	Note	£'000	£'000	£'000	£'000
Non-current assets:					
Property, plant and equipment	6	189,622	338,788	180,160	329,078
Right-of-use assets	6	5,562	94,843	8,137	86,220
Intangible assets	7	8,853	13,892	12,417	17,082
Heritage assets	8	2,818	39,618	2,497	36,403
Trade and other receivables	15	282,123	285,167	298,162	306,781
Financial Assets	11	229,843	229,843	211,849	211,849
Total Non-Current Assets		718,821	1,002,151	713,222	987,413
Current assets:					
Assets classified as held for sale	12	240	270	251	281
Inventories	13	91	733	69	604
Trade and other receivables	15	214,252	253,457	170,623	210,403
Contract assets	15	32,886	32,886	38,168	38,168
Financial assets	11	10,614	10,614	8,051	8,051
Cash and cash equivalents	14	4,310	20,836	1,342	15,629
Total Current Assets		262,393	318,796	218,504	273,136
Total Assets		**981,214**	**1,320,947**	931,726	1,260,549
Current liabilities:					
Trade and other payables	16	(660,363)	(837,396)	(556,919)	(689,424)
Provisions	17	(8,743)	(11,674)	(6,896)	(7,963)
Total Current Liabilities		(669,106)	(849,070)	(563,815)	(697,387)
Total Assets less Current Liabilities		312,108	471,877	367,911	563,162
Non-current liabilities:					
Trade and other payables	16	(77,187)	(101,416)	(90,875)	(111,020)
Retirement benefit obligations	16	-	(3,103)	-	(5,368)
Provisions	17	(94,468)	(95,572)	(101,756)	(102,067)
Total Non-Current Liabilities		(171,655)	(200,091)	(192,631)	(218,455)
Total Assets less Total Liabilities		**140,453**	**271,786**	175,280	344,707
Taxpayers' equity & other reserves:					
General fund		36,894	27,768	79,589	116,750
Revaluation reserve		103,559	244,018	95,691	227,957
Total Equity		**140,453**	**271,786**	175,280	344,707

GRAINIA LONG
ACCOUNTING OFFICER
29 JUNE 2026

Consolidated Statement of Cash Flows for the Year Ended 31 March 2026

The Statement of Cash Flows shows the changes in cash and cash equivalents of the Department for Communities during the reporting period. The statement shows how the Department generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of service costs and the extent to which these operations are funded by way of income from the recipients of services provided by the Department. Investing activities represent the extent to which cash inflows and outflows have been made for resources which are intended to contribute to the Department's future public service delivery.

	Note	**2025-26** Core Department £'000	Departmental Group £'000	2024-25 Core Department (Restated) £'000	Departmental Group (Restated) £'000
Cash Flows From Operating Activities					
Net Expenditure including Notionals	CSoCNE	(11,610,925)	(11,661,137)	(10,877,812)	(10,884,210)
Adjustments to opening balances		-	(533)	-	(4,493)
Adjustments for non-cash transactions	3,4	84,875	107,186	31,880	49,594
(Increase)/Decrease in trade and other receivables	15	(22,308)	(16,158)	(13,085)	26,256
*less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure**	*15*	12,770	12,770	(12,086)	(12,086)
(Increase)/Decrease in inventories	13	(22)	(129)	7	555
Increase/(Decrease) in trade and other payables	16	91,764	142,322	89,231	89,672
*less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure**	*16*	(16,244)	(16,244)	11,513	11,513
Use of provisions	17	(7,566)	(7,722)	(10,583)	(10,727)
Net gain/(loss) on pension	CSoCNE	-	690	-	(34,804)
Actuarial gain/(loss) - North South Language Body	CSoCNE	-	(817)	-	-
Adjustment to Deferred Pension Funding - North South Language Body	CSoCNE	-	817	-	(375)
Adjustment to net operating profit		(14)	129	151	(1,402)
Net Cash Inflow/(Outflow) from Operating Activities		**(11,467,670)**	**(11,438,827)**	(10,780,784)	(10,770,508)
Cash flows from investing activities					
Purchase of non-financial assets	6,7,8	(6,620)	(29,051)	(3,444)	(11,845)
Proceeds of disposal of non-financial assets		88	126	664	1,279
Repayments/(Loans) to other bodies	11	(30,368)	(30,368)	(22,829)	(22,829)
Net Cash Inflow/(Outflow) from Investing Activities		**(36,900)**	**(59,293)**	(25,609)	(33,395)

Consolidated Statement of Cash Flows for the Year Ended 31 March 2026 (continued)

	Note	2025-26 Core Department £'000	2025-26 Departmental Group £'000	2024-25 Core Department £'000	2024-25 Departmental Group £'000
Cash flows from financing activities					
From the Consolidated Fund (Supply) - relating to the current year	SoCITE	7,378,800	7,378,800	6,937,338	6,937,338
From the Consolidated Fund (Supply) - relating to the prior year	15,16	(2,309)	(2,309)	10,692	10,692
Net financing from the National Insurance Fund	SoCITE	4,133,260	4,133,260	3,876,065	3,876,065
Capital element of payments in respect of leases and on-balance sheet (SoFP) PFI contracts		(2,008)	(6,219)	(2,345)	(5,733)
Net Financing		**11,507,743**	**11,503,532**	10,821,750	10,818,363
Net increase/(decrease) in cash and cash equivalents in the year before adjustment for receipts and payments to the Consolidated Fund		**3,173**	**5,412**	15,357	14,460
Payments of amounts due to the Consolidated Fund		(205)	(205)	(1,569)	(1,569)
Net increase/(decrease) in cash and cash equivalents in the year after adjustment for receipts and payments to the Consolidated Fund	14	**2,968**	**5,207**	13,788	12,891
Cash and Cash Equivalents at the Beginning of the Period	14	**1,342**	**15,629**	(12,446)	2,738
Cash and Cash Equivalents at the End of the Period	14	**4,310**	**20,836**	1,342	15,629

[Inflows = + / Outflows = -]

** Movements include: departmental balances with the Consolidated Fund, and receivables/payables linked to financing.*

Consolidated Statement of Changes in Taxpayers' Equity for the Year Ended 31 March 2026

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

		General Fund		Revaluation Reserve		Taxpayers Equity	
		Core Department	Departmental Group	Core Department	Departmental Group	Core Department	Departmental Group
		(Restated)	(Restated)			(Restated)	(Restated)
	Note	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2024		85,897	162,018	96,417	228,227	182,314	390,245
Adjustments to opening balances		-	(1,131)	-	(322)	-	(1,453)
Net Assembly funding - drawn down		6,937,338	6,937,338	-	-	6,937,338	6,937,338
Net funding from the National Insurance Fund in year		3,876,065	3,876,065	-	-	3,876,065	3,876,065
Supply (payable)/receivable adjustment	16	(2,309)	(2,309)	-	-	(2,309)	(2,309)
CFERs Income payable to the Consolidated Fund		(201)	(201)	-	-	(201)	(201)
Comprehensive Net Expenditure for the year	SoCNE	(10,877,812)	(10,884,210)	-	-	(10,877,812)	(10,884,210)
Non-Cash Adjustments:							
Non-cash charges - auditor's remuneration	3,4	340	502	-	-	340	502
Non-cash charges - other	3,4	58,232	58,232	-	-	58,232	58,232
Movement in National Insurance Fund		(945)	(945)	-	-	(945)	(945)
Movements in Reserves:							
Transfers between reserves		2,755	6,119	(2,755)	(6,119)	-	-
Movements in reserves		150	150	2,109	6,267	2,259	6,417
Net Gain/(Loss) on Pension		-	(34,804)	-	-	-	(34,804)
Adjustment to Deferred Pension Funding - North South Language Body		-	(375)	-	-	-	(375)
Other		79	301	(80)	(96)	(1)	205
Balance at 31 March 2025		**79,589**	**116,750**	**95,691**	**227,957**	**175,280**	**344,707**

Consolidated Statement of Changes in Taxpayers' Equity for the Year Ended 31 March 2026 (continued)

		General Fund		Revaluation Reserve		Taxpayers Equity	
		Core Department	Departmental Group	Core Department	Departmental Group	Core Department	Departmental Group
	Note	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments to opening balances		-	(1,304)	-	1,193	-	(111)
Net Assembly Funding - drawn down		7,378,800	7,378,800	-	-	7,378,800	7,378,800
Net funding from the National Insurance Fund in year		4,133,260	4,133,260	-	-	4,133,260	4,133,260
Supply (payable)/receivable adjustment	16	(18,552)	(18,552)	-	-	(18,552)	(18,552)
CFER Income payable to the Consolidated Fund	SoAS4	(208)	(208)	-	-	(208)	(208)
Comprehensive Net Expenditure for the year	SoCNE	(11,610,925)	(11,661,137)	-	-	(11,610,925)	(11,661,137)
Non-Cash Adjustments:							
Non-cash charges - auditor's remuneration	3,4	299	467	-	-	299	467
Non-cash charges - other	3,4	58,287	58,287	-	-	58,287	58,287
Movement in National Insurance Fund		13,260	13,260	-	-	13,260	13,260
Movements in Reserves:							
Transfers between reserves		3,084	7,227	(3,084)	(7,227)	-	-
Movements in reserves		-	6	10,953	22,096	10,953	22,102
Net Gain/(Loss) on Pension		-	690	-	-	-	690
Actuarial (Gain)/Loss - North South Language Body		-	817	-	-	-	817
Adjustment to Deferred Pension Funding - North South Language Body		-	(817)	-	-	-	(817)
Other		-	222	(1)	(1)	(1)	221
Balance at 31 March 2026		**36,894**	**27,768**	**103,559**	**244,018**	**140,453**	**271,786**

Notes to the Financial Statements for the Year Ended 31 March 2026

1 Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2025-26 Government Financial Reporting Manual (FReM) issued by the Department of Finance. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

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 Communities Group for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Department are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

In addition to the primary statements prepared under IFRS, the FReM also requires the Department to prepare one additional primary statement. The *Statement of Outturn against Assembly Supply (SoAS)* and supporting notes show Outturn against Estimate in terms of the net resource requirement and the net cash requirement.

1.1 Accounting Convention

These accounts have been prepared under the historical cost convention, modified to account for the revaluation of investment property, property, plant and equipment, inventories and certain financial assets and liabilities.

Social Benefits – change in accounting policy (effective from 1 April 2025)

From 2025-26, the FReM introduced updated guidance on the accounting for social benefits.

Social benefits are defined as current transfers received by households (including individuals) intended to provide for the needs that arise from certain events or circumstances, for example, sickness, unemployment, retirement, housing, education, or family circumstances.

Under the previous accounting policy, the Department recognised social benefit expenditure when a claimant's entitlement had been determined and the payment was legally due, in line with the relevant benefit legislation.

Under the revised FReM guidance, social benefit expenditure is recognised from the point at which a claimant meets the eligibility criteria for a benefit, including where entitlement has not yet been determined and payment is not legally due at the reporting date.

The revised guidance states that, payments due to eligible individuals for claims that have been received but not processed at year end, as well as claims expected to be received where the eligibility requirements were met prior to year end, will now be treated on an accruals basis.

This represents a change in accounting policy relating to the timing of recognition of social benefit expenditure and does not affect cash flows, voted limits or Assembly control totals. This has given rise to a prior period adjustment, details of which are in Note 1.35.

Other Changes

The Department has reviewed new accounting standards that have been issued but are not yet effective, nor adopted early for these accounts.

IFRS 18 will replace IAS 1 Presentation of Financial Statements and is effective for annual reporting periods beginning on or after the 1 January 2027 in the private sector. The impact of IFRS 18 on the Public Sector is still being assessed, and a decision has not yet been taken on an implementation date.

IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements and is effective for annual reporting periods beginning on or after the 1 January 2027 in the private sector. The impact of IFRS 19 on the public sector is still being assessed, and a decision has not yet been taken on an implementation date.

1.2 Basis of Consolidation

These accounts comprise a consolidation of the Core Department, its Executive NDPBs and other bodies listed in Note 26, which fall within the departmental boundary as defined in the FReM and make up the ‘Departmental Group’. Transactions between entities included in the consolidated accounts are eliminated. The consolidated bodies prepare accounts in accordance with either the FReM, the Companies Act 2006 (for limited companies), Charities SORP (FRS 102) or FRS 102. For those bodies that do not prepare accounts in accordance with the FReM, adjustments are made at consolidation, if necessary, where differences would have a significant effect on the accounts.

North/South Language body (Foras na Gaeilge & Ulster Scots Agency)

As permitted by *IFRS 10 Consolidated Financial Statements*, the results and the financial position of the North South Language body have been consolidated as at 31 December 2025, which is within three months of the Group’s year-end.

There have been no material transactions requiring adjustment to the Group accounts between 31 December 2025 and 31 March 2026.

Per DoF guidance the proportion of the Body’s Annual Accounts to be consolidated into the department’s accounts is determined by the relevant funding ratio. For Foras na Gaeilge this is 25% and for the Ulster Scots Agency this is 75%.

The Social Fund is consolidated within the primary statements and the cash grant to the Social Fund is included in the summary of resource outturn.

The National Insurance Fund is the responsibility of HM Revenue and Customs. This expenditure is for contributory benefits, all administration costs and their related assets and liabilities.

Separate White Paper Accounts are produced for the Social Fund and the National Insurance Fund.

A full list of bodies and funds consolidated within the accounts is given in Note 26.

1.3 Property, Plant and Equipment and Intangible Assets

The minimum level of capitalisation for expenditure on property, plant and equipment and intangible assets ranges between £250 and £5,000 across the Group.

Externally and internally developed computer software costing greater than the £5,000 capitalisation threshold is classified as non-current intangible assets. Internally developed computer software is capitalised if it meets the criteria in IAS 38 Intangible Assets. Where appropriate, costs are classified as assets under construction until the asset is available for use when the asset is then transferred to its relevant asset class.

The asset value on capitalisation is measured at cost plus all direct costs, such as installation, attributable to bringing them into working condition.

Land and buildings are carried at the last professional valuation, in accordance with the Appraisal and Valuation Manual produced jointly by the Royal Institute of Chartered Surveyors (RICS), the Incorporated Society of Valuers and Auctioneers (ISVA) and the Institute of Revenues Rating and Valuation (IRRV). Professional revaluations by Land and Property Services (LPS), of land and buildings are undertaken every five years.

They are revalued annually, between professional valuations, using indices provided by LPS, an executive agency within the Department of Finance. A full professional, five-year valuation has been carried out by LPS as at 1 April 2025. Indices have been used to provide the value at 31 March 2026.

Properties are valued on the basis of open market value existing use, unless there is no available market, in which case they are valued on the basis of depreciated replacement cost. Properties surplus to requirements are valued on the basis of open market value less any material directly attributable selling costs.

The new towns development lands in Craigavon, Antrim, Ballymena and Belfast have been on the books of the Department (and before it, the Department of the Environment) for in excess of 50 years and, although not the original intention, are currently held under a piecemeal programme of disposal, economic conditions permitting (so as not to adversely affect the property markets in those areas).

Infrastructure assets are costs associated with the Laganside weir and riverside walkways which consist of fees for design and investigation, certified construction costs and also compensation paid to landowners for loss of use of land and, in the case of the weir, the riverbed. These are valued annually in accordance with the Appraisal and Valuation Manual of the RICS by LPS. Properties which, due to their nature are rarely, if ever, sold on the open market for single occupation for a continuation of their existing use, have been valued on a depreciated replacement cost (DRC) basis.

Properties which are in operational use for the purposes of the Department's business have been valued on an existing use value (EUV) basis.

Twenty-six pieces of public art were transferred to the Department upon the winding up of the Laganside Corporation. The pieces include cast iron figures, sculptured brick monuments, tiled and fabric wall murals and bronze and stainless steel statues. They include works as diverse as the Big Fish at Donegall Quay and the Bottle Top at the railway bridge at Gasworks Link and can be viewed under ‘Laganside Art Trails’ on the Department’s website. They are managed by the Department’s Belfast Regeneration Directorate.

Due to the bespoke nature of these assets a reliable valuation approach is not available and these assets are therefore not included in the Statement of Financial Position.

Other property, plant and equipment are carried at fair value. December 2025 indices were applied.

From 1 April 2025, the option to measure intangible assets using the revaluation model has been withdrawn. Intangible assets will be measured at cost going forward. For existing intangible assets as at 1 April 2025, the assets carrying value at that date will be deemed to equate to its historical cost for transition purposes.

DfC uses Producer Price Indices (PPIs) published by the Office for National Statistics (ONS) in order to apply indexation to the value of non-property assets at year-end. In line with previous years, the December indices have been applied in 2025-26. In March 2025, ONS paused publication to review an issue with the chain-linking methodology affecting historical data from 2008 onwards. ONS recommenced publication of the indices in

October 2025, including revised historical series. In accordance with IAS 8 the fair value of assets is an accounting estimate and retrospective restatements are not required for changes in accounting estimates. As such, no adjustments have been made to the prior-year comparative figures as a result of the changes to PPIs, but the updated indices have been applied in determining the asset values for the current year end.

1.4 Depreciation and Amortisation

Property, plant and equipment and intangible assets are depreciated and amortised at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives.

No depreciation is provided on freehold land, infrastructure assets or antique collections since they have unlimited or very long-established useful lives. Items under construction are not depreciated until they are commissioned. Properties that are surplus to requirements and not in use are not depreciated. Capital expenditure on leasehold improvements is depreciated over the remaining term of the lease.

Asset lives are in the following ranges:

Asset Type	Asset Life
Freehold buildings	Up to 100 years
Leasehold property	Lease period remaining
Furniture and fittings	10 - 20 years
Infrastructure Assets	Up to 100 years
Computer equipment	3 - 10 years
Other equipment	3 - 25 years
Motor Vehicles	3 - 7 years

The majority of furniture and fittings within the Core Department are rented from the Department of Finance and have not been capitalised. Instead, this forms part of the notional accommodation costs included in the Statement of Comprehensive Net Expenditure.

Most of the buildings used by the Core Department are part of the government estate. As rents are not paid for these properties, notional accommodation costs are based on a capital charge for the properties. These costs have been charged to the Statement of Comprehensive Net Expenditure.

In some cases the Department has carried out improvement work to these properties. Where the amount exceeds the capitalisation threshold the expenditure is treated as capital.

1.5 Heritage Assets

All heritage assets are deemed to be held by the Department in pursuit of its overall objectives in relation to the maintenance of heritage. Non-operational heritage assets are those which are held solely for this purpose and have no other use.

On initial recognition the assets are recognised at cost and are not depreciated as they are considered to have an infinite useful life.

The majority of these assets are professionally revalued every five years.

Heritage assets include:

- Lands
- State Care monuments
- Art
- Folk Life & Agriculture
- Human History
- Natural Sciences
- Transport, Industry & Technology
- Book collections
- Other artefacts

Further information on specific heritage asset policies can be found in the accounts of the

Arts Council NI, National Museums NI, Libraries NI, Armagh Observatory and Planetarium and Ulster Scots Agency.

Heritage lands are subject to professional valuations and annual revaluations in accordance with the Appraisal and Valuation Manual produced jointly by the RICS, ISVA and the IRRV. Professional revaluations of heritage land are undertaken every five years. A professional valuation was undertaken on 1 April 2025. (An exception to this is some land at Dunluce Castle containing an archaeological site, which is not revalued and is on the departmental asset register at a value of £158,400).

Various State Care monuments throughout Northern Ireland are also the property of the Department. These monuments have been acquired by a variety of means, including inherited under the National Monuments Order 1880, properties previously vested in the county councils which were transferred to the Department under the Historic Monuments (Transfer) Order (NI)1973 and others are held in guardianship by the Department. The monuments are protected by the Department under the Historic Monument and Archaeological Objects (NI) Order 1995.

1.6 Non-Current Assets Held for Sale

The Department classifies a non-current asset as held for sale where its value is expected to be realised principally through a sale transaction rather than through continuing use. In order to meet this definition, IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* requires that the asset must be immediately available for sale in its current condition and that its sale is highly probable. A sale is regarded as highly probable where an active plan is in place to find a buyer for the asset through appropriate marketing at a reasonable price and the sale is considered likely to be concluded within one year. Non-current assets held for sale are valued on the basis of open market value less any material directly attributable selling costs.

1.7 Investment and Loans in other Public Sector Bodies

The loan stock is valued at cost, which is considered to be a close approximation of the market value (see Note 11).

1.8 Vesting of land

In certain instances, the Department will vest property with the intention of facilitating urban regeneration. In such circumstances the Department assumes ownership from the date when the vesting order becomes operative. The property is capitalised at its Land and Property Service valuation.

The estimated compensation payments payable to the owner of the vested property are provided for in the period in which the vesting order becomes operative.

1.9 Leases

IFRS 16 *Leases* replaced IAS 17 *Leases* and was implemented, as interpreted and adapted for the public sector, with effect from 1 April 2022. (All entities within the Departmental Group have applied IFRS 16 with the exception of NMNI.)

IFRS 16 specifies how to recognise, measure, present and disclose leases. The new standard removes the distinction between operating and finance leases for lessees. The main impact of IFRS 16 for the Department is the recognition of all future lease liabilities (unless the lease term is 12 months or less or the underlying asset has a low value) on the balance sheet. Corresponding right-of-use assets have also been recognised on the balance sheet representing the economic benefits of the Department's right to use the underlying leased assets. The interest element of the lease payment is charged to the Statement of Comprehensive Net Expenditure over the period of the lease at a constant rate in relation to the balance outstanding.

Further details are shown in Note 19.

1.10 Private Finance Initiative (PFI) Contracts and other Service Concession Arrangement Contracts

PFI and Service concession transactions have been accounted for in accordance with International Financial Reporting Interpretations Committee 12 (IFRIC 12) and IFRS 16 as required by the FReM.

This is only applicable to Libraries NI and further details can be found in their annual report and accounts.

1.11 Inventories

Inventories in the Public Record Office of Northern Ireland (PRONI) and the Historic Environment Division (HED) are valued for both interim and year-end accounts each year. They are typically stated at cost due to the nature of the stock held.

Other inventories consist mostly of houses purchased under the Special Purchase of Evacuated Dwellings (SPED) Scheme and are considered to be current assets as it is anticipated that they will be sold within 12 months of purchase. Shop stock, publications and farm stock are also included in other inventories.

1.12 Cash and Cash Equivalents

Core Department

Due to funding requirements it is departmental policy to hold and manage centrally all operational bank accounts. The total of the centrally held bank balances is disclosed in these accounts.

Cash in transit - the Central Payment System (CPS) processes benefit payments to customers' bank accounts through the Bank Automated Clearing System (BACS) and this process normally takes approximately three working days to complete.

The CPS accounts for the benefit expenditure on the first day of the BACS payment cycle i.e. BACS Day 1, although the payment amount does not transfer to the customer's bank account until BACS Day 3. The two day difference in the recording of the expenditure and the movement of the funds to make the payments creates a payables balance within CPS known as the 'Cash in Transit' balance. The Cash in Transit (CIT) balance represents purely a timing difference between the transactions that take place on BACS Day 1 and BACS Day 3. The CIT balance is included within Note 16 - Trade payables and Other Current Liabilities.

NDPBs

Cash and cash equivalents comprise cash on hand and deposits and other short-term liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

1.13 Operating Income

Operating income is income which relates directly to the operating activities of the Departmental Group. It principally comprises fees and charges for services provided on a full cost basis to external customers as well as public repayment work but also includes other income, such as that from investments. It includes income classified as accruing resources, as well as income due to the Consolidated Fund, which in accordance with the FReM, is treated as operating income. Operating income is stated net of VAT. It excludes accruing resources and Consolidated Fund Extra Receipts treated as capital. Receipts under EU Peace and Reconciliation Programme or other EU initiatives are also treated as operating income.

1.14 Administration and Programme Expenditure

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

Administration costs reflect the costs of running the Department. These include both those administrative costs and associated operating income. Income is analysed in the notes between that which, under the administrative cost control regime, is allowed to be offset against gross administrative costs in determining the outturn against the administration cost limit and that operating income which is not.

Programme costs reflect non-administration costs, including payments of grants and other disbursements by the Departmental Group, as well as certain staff costs where they relate directly to service delivery.

Social Security programme expenditure comprises statutory payments,as well as contributory benefit expenditure, which are funded from the National Insurance Fund. It also includes expenditure borne by the Social Fund. These are in addition to the programme expenditure which is within the supply process.

1.15 Pensions

The Department and its' NDPBs belong to a number of different pension schemes:

Northern Ireland Civil Service Pension Schemes

The following belong to the Northern Ireland Civil Service Pension Schemes:

- The Core Department
- Charities Commission for Northern Ireland
- Northern Ireland Commissioner for Children and Young People for Northern Ireland
- Commissioner for Older People for Northern Ireland
- National Museums and Galleries of Northern Ireland
- Northern Ireland Museums Council

Pension benefits are provided through the Northern Ireland Civil Service Pension Scheme which is administered by Civil Service Pensions (CSP). This comprises several schemes which are unfunded defined benefit schemes with varying contribution rules and rates. The Department recognises the expected cost of employers' contributions over the period during which it benefits from employees' services by payments to the Schemes of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the Schemes and not recognised in these accounts.

Northern Ireland Local Government Officers' Pension Fund (the Fund)

The following belong to the Fund:

- Arts Council of Northern Ireland
- Northern Ireland Library Authority
- Armagh Observatory and Planetarium
- Northern Ireland Housing Executive
- Northern Ireland Local Government Officers' Superannuation Committee
- Sports Council for Northern Ireland
- Local Government Staff Commission for Northern Ireland

The Fund is a funded defined benefit scheme. Benefits earned up to 31 March 2015 are linked to final salary. Benefits earned after 31 March 2015 are based on a Career Average Revalued Earnings scheme.

Further details about this Fund can be found at www.nilgosc.org.uk.

Other Schemes

Ulster Supported Employment Limited (USEL)
USEL staff belong to a dual pension provision with both a Defined Benefit scheme and a Defined Contribution scheme operated by NOW Pensions.

North/South Language body (NSLB)
NSLB operates a defined benefit pension scheme which is funded annually on a "pay as you go" basis from monies available to it. The scheme is administered by an external administrator. Pension costs reflect pension benefits earned by employees in the period. An amount corresponding to the pension charge is recognised as income to the extent that it is recoverable and offset by grants received in the year to discharge pension payments.

Actuarial gains or losses arising from changes in actuarial assumptions and from experience surpluses and deficits are recognised in the Statement of Comprehensive Income for the year in which they occur and a corresponding adjustment is recognised in the amount recoverable from the Department for Communities (DfC) and the Department of Rural and Community Development and the Gaeltacht (DRCDG). Pension liabilities represent the present value of future pension payments earned by staff to date. Deferred pension funding represents the corresponding asset to be recovered in future periods from DfC and DRCDG.

The valuation of pension liabilities is an area of estimate and judgement. The value of the Department's and ALB's defined benefit pension assets and liabilities have been assessed by qualified independent actuaries. In making these assessments, it is necessary for actuarial assumptions to be used which include future rates of inflation, salary growth, discount rates and mortality rates. Differences between those estimates used and the actual outcomes will be reflected in taxpayers' equity in future years.

The accounting for each of the Departmental Group's pension plans is dependent on its nature.

More details of individual schemes are available in the annual accounts of the bodies concerned.

1.16 Early Departure Costs

The Department is required to meet the additional cost of benefits beyond the normal Principal Civil Service Pension Scheme benefits in respect of employees who retire early. The Department provides in full for this cost when the early retirement programme has been announced and this is binding on the Department.

Details regarding NDPB schemes are available in the annual accounts of the bodies concerned.

1.17 Grants Payable

Grants payable are recorded as expenditure in the period in which the underlying event or activity giving entitlement to the grant occurs, in so far as it is practicable to do so. Grants in aid, deficit grants and payments to other public bodies which operate grant schemes are expensed in the period in which the payments are made. Grant expenditure incurred and claimed by recipients but unpaid by the Department by the year end is accrued, as is grant expenditure incurred by the recipient before the year end but not claimed until after the year end. An accrual is also made for grant expenditure incurred by the recipient before the year end where the Department has been notified of the amount of the claim but the claim has not yet been submitted. Any future amounts payable under European Union letters of offer are disclosed as commitments. Overpayments of grants are shown as trade receivables (Note 15).

Housing association grants may be repayable to the Department on the sale of housing properties and land. In addition, most grants provided by Communities Place & Local Government Group contain a provision within the letter of offer for claw back of the grant in particular circumstances. The amount of the repayment that is known with reasonable certainty is included within trade receivables.

1.18 Contingent Liabilities

In addition to contingent liabilities disclosed in accordance with International Accounting Standard (IAS) 37 *Provisions, Contingent Liabilities and Contingent Assets*, the Department discloses for Assembly 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 the Northern Ireland Assembly in accordance with the requirements of *Managing Public Money Northern Ireland*.

These comprise:

a. items over £300,000 (or lower, where required by specific statute) that do not arise in the normal course of business and which are reported to the Northern Ireland Assembly by departmental Minute prior to the Department entering into the arrangement; and
b. all items (whether or not they arise in the normal course of business) over £300,000 (or lower, where required by specific statute or where material in the context of resource accounts) which are required by the FReM to be noted in the resource accounts.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to the Northern Ireland Assembly separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to the Northern Ireland Assembly.

1.19 Provisions

The Department provides for legal or constructive obligations which are of uncertain timing or amount at the Statement of Financial Position date on the basis of the best estimate of the expenditure required to settle the obligation where this can be determined. This relates to early retirement costs, superannuation contributions, potential legal actions and provision for future liabilities in respect of contracts. Where the effect of the time value of money is significant the estimated risk-adjusted cash flows are discounted using the rates set by HM Treasury. HM Treasury issue nominal rates which do not take account of inflation, unlike real rates. Departments, are therefore required to separately inflate their cash flows. The relevant rates are:

Year	Nominal
1 - 5	3.64%
6 - 10	4.22%
11 – 40	5.32%
41 +	5.07%

Term	Inflation
Year 1	2.50%
Year 2	2.00%
Into Perpetuity	2.00%

1.20 Value Added Tax

Where output VAT is charged or input VAT is recoverable, the amounts are stated net of VAT. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. VAT is recoverable on a departmental basis in line with the provisions applicable to government bodies in NI.

1.21 Third Party Assets

Various funds are held on behalf of third parties. These balances are not recognised in the Statement of Financial Position but are disclosed in Note 25 to these Accounts.

1.22 National Insurance Fund (NIF)

Contributory benefits funded from the NIF and the costs to the Department of administering the NIF are included in the Statement of Comprehensive Net Expenditure. The NI NIF provides financing to the Department to cover this contributory benefit expenditure and the administration costs incurred by the Department. The financing from the NI NIF shown in the Consolidated Statement of Cash Flows is the net financing due to the Department. Any difference between the net financing due to the Department and the net financing received from the NI NIF will be reflected in the current account maintained between the Department and the NI NIF/HMRC (See Notes 15 and 16).

1.23 EU Income

All receipts from the EU are separately identified and shown as income in the Statement of Comprehensive Net Expenditure. A distinction is made between receipts earned by the Department on infrastructure development which are paid over to the Consolidated Fund and receipts in support of departmental grant schemes which are netted off the cost of the schemes. All EU income is treated by the Department as non-public expenditure and thereby reduces the burden on the UK Exchequer.

1.24 Funding from Assembly Vote

Vote funding is not treated as income on the face of the Statement of Comprehensive Net Expenditure, instead cash voted and drawn down is credited to the General Fund.

1.25 Provision of Agency Services

The Department provides agency services to the Department for Work and Pensions in administering the Belfast Child Maintenance Service Centre and the Belfast Benefit Delivery Centre. The direct cash costs incurred in operating these centres are recovered in full from the Department for Work and Pensions.

The expenditure in relation to these services is reported as programme costs in the Statement of Comprehensive Net Expenditure with the related accruing resources treated as revenue from contracts with customers within the income note.

1.26 Derivatives and Other 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.

Financial instruments are initially recognised at fair value unless otherwise stated. Fair value is the amount at which such an instrument could be exchanged in an arm's length transaction between informed and willing parties.

Financial instruments are subsequently carried at amortised cost using the effective interest method, with changes in value recognised in the Statement of Comprehensive Net Expenditure in the line which most appropriately reflects the nature of the item or transaction.

The following are the key accounting policies used to reflect the adoption of financial instruments under relevant Financial Reporting Standards (IAS 32 *Financial Instruments Presentation*, IFRS 9 *Financial Instruments*, IFRS 7 *Financial Instruments: Disclosures* and IFRS 13 *Fair Value Measurement*).

The Department and its NDPBs assess, at each Statement of Financial Position date, whether there is objective evidence that financial assets are impaired as a result of one or more loss events that occurred after the initial recognition of the asset and prior to the Statement of Financial Position date and whether such events have had an impact on the estimated future cash flows of the financial instrument and can be reliably estimated. For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar risk characteristics, taking into account the type of instrument and other relevant factors. These characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the counterparty's ability to pay all amounts due according to the terms of the asset being evaluated.

The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. Future cash flows for a group of financial instruments that are collectively evaluated for impairment are estimated on the basis of expected cash flows for the assets and historical loss experience for assets with credit risk characteristics similar to those in the group.

Interest determined, impairment losses and translation differences on monetary items are recognised in the Statement of Comprehensive Net Expenditure.

More detail on the Departmental Group's Financial Instruments is provided in Note 10.

1.27 Benefit Overpayment Receivables

Benefit overpayment receivables arise when a benefit overpayment occurs. The gross benefit receivable amount recognised is valued at the difference between the amount paid to the customer by the Department and the actual benefit entitlement due. The value of the recoverable overpayment is communicated to the customer in writing, either by letter or, if appropriate, via the customers' online journal. The communication to the customer includes advice on their right to appeal the Department's decision. The Department regards this notification as evidence to support the valuation and existence of the debt.

Legacy benefit overpayments arising as a result of customer fraud or error are recoverable. Legacy benefit overpayments arising as a result of official error have no statutory right of recovery. These are recognised and written off simultaneously.

Payments in excess of entitlement of Universal Credit, new style Jobseekers Allowance (JSA) and new style Employment and Support Allowance (ESA) are legally considered a recoverable overpayment. This includes official error overpayments and all benefit overpayments arising as a result of customer fraud and error.

Benefit overpayment receivables write off policy has been agreed with the Department of Finance (DoF), in line with Managing Public Money Northern Ireland.

The Department undertakes management reviews on the quality and consistency of write-off decisions through periodic management and quality assurance checks.

In accordance with the write-off policy, the Department may write off benefit overpayment receivables because:

- the debt is below the small payments limit, currently set at £65 and it is not considered cost effective to pursue;
- the case satisfies the criteria for waiver. There are a number of different reasons why the Department may consider waiver and not all need to be met for a waiver to be granted. These include, whether recovery of the debt is impacting the health and wellbeing of the debtor or their family, the debtors financial circumstances, how the overpayment arose, and whether the debtor took action to mitigate the overpayment or contact the Department. This may result in all or part of the overpayment being written off.
- the case satisfies the criteria for abandonment of recovery, where all options for recovery have been exhausted and where there is no reasonable expectation of recovery of the debt. This would result in the entire debt being written off.
- the debtor is deceased and there is insufficient estate to recover the debt;
- the debtor is subject to insolvency action and write-off is appropriate.

The Department continues to monitor performance against overpayment recovery targets.

The Benefit Overpayment Receivable balance is assessed at the end of each accounting period and reduced to its estimated recoverable amount through making an impairment adjustment based on forecast cash and benefit deduction recoveries. In addition, the Department includes impairment in respect of an element of benefit overpayment receivables that could be subject to challenge and consequently written off. A discount factor of 2.45% is also applied to the benefit receivables balance at the end of the accounting period to estimate the present value of cash flows (2024-25: 2.15%).

Housing Benefit for tenants in the public and private rented sectors is administered by the Northern Ireland Housing Executive. Similar policies and procedures to those used by the Department are used by the Housing Executive for the purposes of recovering Housing Benefit overpayments.

Housing Benefit for owner occupiers is equally administered by Land and Property Services and NIHE.

1.28 Tax Credits Receivables

In 2017-18, the Department started to take on debt associated with HM Revenue and Customs (HMRC) Personal Tax Credits for customers who have made a claim to Universal Credit (UC) and have existing Tax Credits debt or have migrated from Tax Credits to UC. This debt transfer has continued over recent years.

Building on this arrangement and with Treasury approval, the transfer of Non-UC Tax Credit debt to the Department for recovery began in June 2019 and continued until May 2022.

HMRC Tax Credit payments for all claimants ended on 5 April 2025. A grace period of 13 months following this was agreed to allow HMRC to continue to refer tax credit debt to the Department in certain circumstances, to allow for the full 13-month appeal period for previously disputed cases, and to allow the transfer of Tax Credit debt for those customers making a late claim to Universal Credit. The Department has continued to monitor the referral of Tax Credit Debts during this period.

The final phase of Move to UC began in May 2025, with the migration for people in receipt of Income Related Employment and Support Allowance (ESA) (including ESA combined with Housing Benefit).

The Department continues to work with HMRC and DWP to ensure access to Tax Credit overpayment information ahead of decommissioning of the HMRC Tax Credit system currently planned for 2026-27.

In line with the appropriate financial accounting guidance as issued by the Department of Finance this transfer has been treated as a donated asset capital grant in kind and disclosed as such throughout the financial statements.

The debt has been transferred at the estimated actual value which was calculated at the point of transfer by HMRC and applies the HMRC impairment rate to the gross debt.

Following the transfer to our Department the Tax Credit receivable balance is assessed at the end of each accounting period and reduced, where appropriate, to its estimated recoverable amount through making a fair value impairment adjustment based on forecast recoveries and write-off information. In addition a discount factor is also applied to the Tax Credit balance at the end of the accounting period to estimate the present value of cash flows, 2025-26: 2.45% (2024-25: 2.15%).

1.29 Estimation Techniques Fair Value Adjustment

(i) The fair value adjustment of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, in an arm's length transaction between knowledgeable willing parties. Where the classification of a financial instrument requires it to be stated at fair value, fair value is determined using expected cash flows discounted back to present value and an estimated impairment for the element of the receivable balance that could be written off.

(ii) The fair value adjustment for payments made to the Department in respect of the Compensation Recovery Scheme (CRS) is based on likely future write-offs and is calculated on a case by case basis.

The fair value adjustment is not disclosed within the trade receivables note. However, the fair value adjustment relating to financial instruments is detailed in Note 10.

Benefit Overpayment Receivables:

The estimation technique employed in the calculation of benefit overpayment receivables is disclosed in Note 1.27.

Employee Benefits:

Under the requirements of IAS 19 *Employee Benefits*, staff costs must be recorded as an expense as soon as the organisation is obligated to pay them.

This includes the cost of any untaken leave that has been earned at the year end.

The employee benefit accrual is based on information from the payroll systems. The accrual is calculated based on the actual leave amount outstanding per employee as at 31 March 2026, multiplied by the actual staff salary rate and adjusted for Employers' National Insurance and pension costs.

Details of the departmental pension schemes are provided in the Remuneration Report in the Annual Report.

Provisions:

The estimation technique employed in the calculation of provisions is disclosed in Note 1.19.

NHS Trusts' Balance:

An exercise is completed each year by the Department's Compensation Recovery Unit (CRU) to estimate the potential value of those claims awaiting settlement from the insurance companies and due to the Health Service Trusts (HST). The CRU collects the monies due from the insurance companies on behalf of the HST and those amounts are then forwarded to the Trusts themselves. The CRU estimate is based on the number of claims outstanding and the associated medical costs applicable to each claim.

1.30 Deferred Income

Deferred income of £1.351 million includes the cost of remediation work at Fort George army barracks (Note 16). The former Department for Social Development acquired the Fort George site from the Londonderry Port and Harbour Commissioners in 2004, having been on leasehold to the Ministry of Defence (MoD).

In 2010-11 the MoD made an offer to DSD for £3.2 million in exchange for the formal release and legal cancellation of the existing indemnities against the MoD. The Department accepted the offer. While decontamination work was completed in 2019-20, and all retention amounts have now been released, the Department intends to use the remaining monies for further works in order to redevelop the Fort George site.

1.31 Northern Ireland Housing Executive

From 1 April 2014, following a review by the Office for National Statistics, the budgetary classification of the NIHE changed from solely being a Public Corporation. As a result, from this date, there are separate budgetary control and reporting requirements for Landlord Services and Strategic Housing Authority. The Strategic Housing Authority element is consolidated within these Group accounts.

1.32 Reserves

Individual NDPBs may have differing types of reserves e.g. pension but as these are not judged to be material to the Departmental Group they have been included under the heading of General Fund within these accounts.

1.33 Lottery Accounts

The Arts Council NI and Sport NI are also distributing bodies of National Lottery funding and so produce both an exchequer and lottery distribution account. The National Lottery is listed as a 'reserved matter' in the Northern Ireland Act 1998, and the Annual Reports and Accounts of the two NI Distributing Bodies are laid in Westminster and not in the Northern Ireland Assembly.

Per DoF and HMT guidance the lottery distribution accounts are not included within the Departmental Group figures.

1.34 Adjustments to NDPBs Opening Balance

As the Departmental Group Accounts are certified and laid prior to the majority of its NDPB accounts being finalised there may be immaterial differences between what is reported in these accounts for the NDPBs and their individual final accounts. These differences are not deemed to be material and are reflected in the current year as opening balance adjustments.

1.35 Prior Period Adjustment

From 2025–26, the FReM incorporated updated guidance on the accounting for social benefits. This is the Financial Reporting Accounting Board (FRAB) Paper 152 (05), Accounting for Social Benefits Application Guidance.

Under the revised FReM guidance, social benefit expenditure is now recognised from the point at which a claimant meets the eligibility criteria for a benefit. This includes cases where the claim has not been submitted, reviewed or approved. If the claim can be backdated to the reporting period, then it must be accrued for.

The transition to the accounting treatment set out in the FRAB guidance constitutes a change in accounting policy, and the requirements of IAS 8 are to be applied. Financial statements for prior periods are adjusted as if the new policy had always been applied, unless impracticable.

Application of the revised policy

The FReM now specifies that the obligating event for recognising a liability for social benefits is the point at which a claimant meets the eligibility criteria for the benefit. It is necessary to recognise liabilities at the reporting date for cases where eligibility conditions were met prior to year-end. This liability will now include claims that have not yet been received or processed.

The Department has therefore applied estimation techniques to measure the resulting liability. These estimation techniques have involved –

- Reviewing the relationship between backdated payments in the April following the financial year-end, and the total back dated payments which occurred over the twelve months period after year-end.
- it can be assumed that backdated payments after the twelve months would be immaterial. In general, the maximum period for a backdated claim payment is up to three months. The exception is State Pension which can be back dated to twelve months.
- analysis from the system reports highlighted that approximately 83% of backdated payments that occur over the twelve-month period occur in period one, that is April.
- The Department has then also included an additional estimated value for claims

relevant to the financial year, that arise from backdated claims for the period 2-12 in the new financial year.

Additional assumptions and judgements have been applied in determining the appropriate scope and measurement of the social benefit accrual. In particular:

- The estimation approach for backdated future claims focuses on three material benefit streams. These benefits are State Pension (SP), Universal Credit (UC) and Personal Independence Payment (PIP). These benefits represent a significant proportion of the annual benefit expenditure, and they account for the majority of backdated payments. As at March 2026 these benefits accounted for 87% of the total social benefit accrual.
- The other benefit categories are not material individually, nor in aggregate to the financial statements.

The methodology used for estimating the social benefit accrual will be subject to ongoing review and validation against emerging outturn data to ensure that it continues to provide a reasonable estimate of the underlying obligation.

Presentation and comparability

The social benefit accrual estimate is based on the best available information at this current time and includes assumptions and calculations which will be subject to further ongoing review. In addition, specific data required for the accrual estimation from previous years is limited.

In accordance with the FReM guidance, the requirements of IAS 8 are to be applied to financial statements as if the new policy had always been applied, unless impracticable.

Management has assessed the impact of the retrospective adjustment on the presentation of the 2025-26 accounts and the understanding of the Department’s overall financial position and performance. This included consideration of the following points:

- The social benefit accrual represents a timing difference in the recognition of expenditure, rather than a change in the Department’s underlying obligations; and

- It is confined to trade and other payables, balances that are inherently subject to year-end timing effects.

The Department considers that the social benefit adjustments while quantitatively material, are not material to the users' understanding of the Department's overall financial position or performance.

The policy change has been implemented in the 2025-26 accounts and comparability has been maintained through the restatement of the prior year, 2024-25 figures. There is clear disclosure of the nature and the impact of the policy change in the financial statements and notes to the accounts, and the comparative figures for 2024–25 have been restated accordingly.

The Statement of Financial Position at the beginning of the preceding period has not been presented because:

- it is considered impractical to do so. The necessary data required for prior years is not easily accessible and hence the accounting treatment has only been applied to the last year (2024-25);
- this would not provide additional, decision-useful information to users of the accounts.

The application of the revised policy in the comparative year resulted in adjustments totalling £41.359 million, the details of which are below:

Core Department	Note	2024-25 £'000's	2024-25 Restated £'000's	Prior Period Adjustment £'000's
SoCNE				
Grants and other benefit related expenditure		10,501,405	10,542,865	41,359
SoFP				
Current Liabilities: Trade and Other Payables		(515,560)	(556,919)	(41,359)
CSoCF				
Net expenditure including notionals		(10,836,453)	(10,877,812)	(41,359)
Increase in trade and other Payables		47,872	89,231	41,359
SoCiTE				
Comprehensive net expenditure for the year		(10,836,453)	(10,877,812)	(41,359)
Details:				
Gross Expenditure OD/WHG	2	9,684,764	9,726,123	41,359
Universal Credit	4a	1,853,959	1,871,390	17,431
Personal Independence Payment	4a	1,649,382	1,664,643	15,261
State Pension	4b	3,486,521	3,495,188	8,667
Benefit Accruals	16	302,740	344,099	41,359

2 Statement of Operating Expenditure by Operating Segment

		2025-26							2024-25 (Restated)						
	Note	CSG	HSG	CPLGG	ECG	OD/WHG	NDPBs	Total	CSG	HSG	CPLGG	ECG	OD/WHG	NDPBs	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gross Expenditure		188,666	431,888	163,947	33,130	10,509,842	589,667	11,917,140	162,963	526,379	146,528	29,331	9,726,123	524,571	11,115,895
Income		(81)	(37,706)	(2,192)	(1,541)	(190,148)	(56,725)	(288,393)	(158)	(39,195)	(1,087)	(1,155)	(166,199)	(52,895)	(260,689)
Net Expenditure	CSoCNE	**188,585**	**394,182**	**161,755**	**31,589**	**10,319,694**	**532,942**	**11,628,747**	162,805	487,184	145,441	28,176	9,559,924	471,676	10,855,206
Net Assets		**(106,562)**	**239,674**	**90,035**	**54,379**	**(137,073)**	**131,334**	**271,786**	(114,239)	219,924	93,195	50,565	(74,165)	169,427	344,707

2.1 Reconciliation between Operating Segments and SoCNE

	2025-26							2024-25 (Restated)						
	CSG	HSG	CPLGG	ECG	OD/WHG	NDPBs	Total	CSG	HSG	CPLGG	ECG	OD/WHG	NDPBs	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Total net expenditure reported for operating segments	188,585	394,182	161,755	31,589	10,319,694	532,942	11,628,747	162,805	487,184	145,441	28,176	9,559,924	471,676	10,855,206
Notional costs	32,222	-	-	-	-	168	32,390	28,842	-	-	-	-	162	29,004
Total Net Expenditure including Notionals per the Consolidated Statement of Comprehensive Net Expenditure	**220,807**	**394,182**	**161,755**	**31,589**	**10,319,694**	**533,110**	**11,661,137**	191,647	487,184	145,441	28,176	9,559,924	471,838	10,884,210

2 Statement of Operating Expenditure by Operating Segment (continued)

In accordance with IFRS 8: *Operating Segments* (IFRS 8), the Department has considered the need to analyse its income and expenditure relating to operating segments. The Department's operating costs are analysed into 5 operating segments. The Department does not consider that assets and liabilities can be meaningfully allocated to segments and manages and reports on assets and liabilities as a single block. Therefore, in accordance with IFRS 8, net assets by segment only are reported and not split between assets and liabilities.

Corporate Services Group (CSG)

The Corporate Services Group is responsible for a range of governance and professional functions including finance, contract management, business planning, risk management, governance, property, statistical, economist and analytical services.

Housing & Sustainability Group (HSG)

Housing and Sustainability Group plays a key role in the delivery of the Department's common purpose of supporting people, building communities and shaping places.

Communities, Place & Local Government Group (CPLGG)

The Communities, Place & Local Government Group's key role is to tackle area based deprivation and to create urban centres which help bring divided communities together.

Engaged Communities Group (ECG)

The Engaged Communities Group is centrally placed to help deliver the overall vision of the Department in supporting people and helping to deliver substantial and lasting change across all communities.

Operational Delivery and Work & Health Group (OD/WHG)

The Group is responsible for Pensions, Disability & Carers Service, Child Maintenance Service (NI and GB), Benefit Uptake, Debt Management, Fraud & Error and Digital, Security & IT Services and for the delivery of services under a Service Level Agreement for the Department for Work and Pensions. It also aims to deliver an accessible, supportive social security system and the promotion of work, wellbeing and fairness.

2 Statement of Operating Expenditure by Operating Segment (continued)

Non Departmental Public Bodies (NDPBs)

Armagh Observatory & Planetarium
Arts Council Northern Ireland - Exchequer
Charity Commission Northern Ireland
Commissioner for Older People Northern Ireland
Libraries Northern Ireland
Local Government Staff Commission
National Museums Northern Ireland
Northern Ireland Commissioner for Children & Young People
Northern Ireland Housing Executive - Strategic Housing Authority
Northern Ireland Local Government Officers' Superannuation Committee
Northern Ireland Museums Council
North/South Language Body
Sport Northern Ireland - Exchequer
Ulster Supported Employment Ltd

Any transactions between the reportable segments are eliminated upon consolidation of the accounts.

The activities of the reportable segments are reported both individually and collectively to senior management.

None of the reportable segments has any reliance on major customers.

3 Other Administration Expenditure

		2025-26		2024-25	
		Core Department	Departmental Group	Core Department	Departmental Group
	Note	£'000	£'000	£'000	£'000
Staff Costs[1]:					
Wages and salaries		36,735	36,735	26,494	26,494
Social security costs		4,578	4,578	2,632	2,632
Other pension costs		11,782	11,782	11,514	11,514
Contracted services		10,455	10,455	9,241	9,241
Accommodation costs		885	885	796	796
Early Departure costs		119	119	130	130
Travel and subsistence		255	255	266	266
Management consultancy		450	450	278	278
Telecommunications		280	280	268	268
Legal and other professional costs		1,920	1,920	1,160	1,160
Computer and office running costs		254	254	353	353
Other expenditure		1,866	1,866	1,236	1,236
Non-cash items:					
Depreciation	6	239	239	263	263
Amortisation	7	2	2	2	2
(Profit)/Loss on disposal of administration property, plant and equipment		1	1	-	-
Notional costs:					
Accommodation costs		17,019	17,019	14,019	14,019
Other indirect charges and services		14,904	14,904	14,483	14,483
Auditor's remuneration and expenses	3a	299	299	340	340
Total		**102,043**	**102,043**	83,475	83,475

[1] Further analysis of staff costs is located in the Staff Report on page 111.

There was £0.001 million paid this year for the National Fraud Initiative exercise.

3a Notional Audit Costs

The audit fee represents the cost for the audit of the Departmental Group Annual Report and Accounts carried out by the Comptroller & Auditor General.

	2025-26	2024-25
	£'000	£'000
Core Department	299	340
Total	**299**	340

4 Programme Expenditure

		2025-26		2024-25	
		Core Department	**Departmental Group**	Core Department (Restated)	Departmental Group (Restated)
	Note	**£'000**	**£'000**	£'000	£'000
Staff Costs[1]:					
Wages and salaries		329,434	405,009	289,460	362,145
Social security costs		26,138	34,505	17,477	23,509
Other pension costs		69,537	81,761	62,090	76,156
Grants & other voted expenditure	4a	6,793,472	6,419,034	6,437,773	6,070,295
Non voted benefit expenditure	4b	4,131,639	4,131,639	3,898,231	3,898,231
Statutory maternity, parental, adoption and sick pay		113,700	113,700	99,100	99,100
Social Fund expenditure		61,340	61,340	19,392	19,392
Supplementary payments		28,288	28,288	28,543	28,543
Discretionary payments		29,529	29,529	30,096	30,096
Contracted services		59,583	67,049	61,183	68,005
Accommodation costs		10,583	18,090	9,523	17,281
Computer and office running costs		6,372	13,090	4,767	11,848
Managed Services		7,205	11,941	3,465	8,854
Medical adjudication		3,647	3,669	3,515	3,536
Legal and other professional costs		6,139	7,788	6,253	7,358
Postage		3,047	3,076	2,543	2,570
Travel and subsistence		622	1,305	553	1,162
Library lending stock		-	3,518	-	3,506
Telecommunications		523	701	553	743
Management consultancy		1,466	1,462	1,170	1,187
Lease Interest Charges		209	692	291	502
PFI and other service concession arrangements charges		-	482	-	539
Auditors' remuneration and expenses		-	330	-	346
Other programme costs		5,666	334,306	23,380	305,717
Non-cash items:					
Depreciation	6	7,304	24,473	7,350	23,208
Amortisation	7	4,375	5,982	2,304	3,641
Impairment/Revaluation of programme property, plant and equipment		1,573	2,709	(451)	(211)
Discounting/Impairment on Financial Transactions Capital Funding & loans		9,811	9,811	3,700	3,700
Other Discounting/Impairment		490	490	449	449
(Profit)/Loss on disposal of programme property, plant and equipment		369	391	91	89
Movement in programme provisions	17	2,125	4,212	(40,400)	(40,281)
Housing Benefit Owner Occupiers		26,364	26,364	29,730	29,730
Notional audit costs		-	168	-	162
Total		**11,740,550**	**11,846,904**	11,002,131	11,061,108

[1] Further analysis of staff costs is located in the Staff Report on page 111.

4a Grants & Other Voted Expenditure

	2025-26		2024-25	
	Core Department £'000	Departmental Group £'000	Core Department (Restated) £'000	Departmental Group (Restated) £'000
Grant in Aid to NDPB's	479,263	-	461,863	-
Other grants	173,686	278,511	157,018	251,403
Housing Benefit Rent Rebate funding	101,986	101,986	141,203	141,203
Housing Benefit Rent Allowance funding	206,727	206,727	262,776	262,776
Housing Benefit Rates (tenants) funding	38,803	38,803	52,751	52,751
Discretionary Housing payment	2,957	2,957	2,041	2,041
Universal Credit	2,413,556	2,413,556	1,871,390	1,871,390
Personal Independence Payment	1,757,803	1,757,803	1,664,643	1,664,643
Disability Living Allowance	475,084	475,084	471,039	471,039
Employment Support Allowance	222,391	222,391	441,537	441,537
Pension Credit	283,560	283,560	273,451	273,451
Attendance Allowance	334,099	334,099	307,282	307,282
Carers Allowance	202,851	202,851	211,782	211,782
Income Support	3,578	3,578	50,513	50,513
Jobseeker's Allowance	4,406	4,406	17,593	17,593
Industrial injuries benefits	33,660	33,660	33,024	33,024
Benefit fair value	28,194	28,194	(11,014)	(11,014)
Other	30,868	30,868	28,881	28,881
Total	**6,793,472**	**6,419,034**	6,437,773	6,070,295

4b Non Voted Expenditure

	2025-26		2024-25	
	Core Department £'000	Departmental Group £'000	Core Department (Restated) £'000	Departmental Group (Restated) £'000
State Pension	3,740,307	3,740,307	3,495,188	3,495,188
Employment and Support Allowance	359,163	359,163	369,749	369,749
Bereavement benefits	10,803	10,803	11,313	11,313
Maternity Allowance	9,911	9,911	10,417	10,417
Jobseekers Allowance	4,686	4,686	4,297	4,297
Other	6,769	6,769	7,267	7,267
Total	**4,131,639**	**4,131,639**	3,898,231	3,898,231

4c Notional Audit Costs

The non-cash auditors' remuneration for the year represents costs incurred by the Department's NDPBs for the audit of their individual accounts as shown in the breakdown below. Further details for NDPBs can be found in their individual accounts.

	2025-26 £'000	2024-25 £'000
Charity Commission for Northern Ireland	45	42
Libraries Northern Ireland	42	40
Local Government Staff Commission	11	10
Sport Northern Ireland	70	70
Total	**168**	162

NB: Some NDPBs are hard charged for their audit costs, and these costs are included in the departmental group figure for audit costs in Note 4.

5 Income

5.1 Revenue from Contracts with Customers

	2025-26 Core Department £'000	2025-26 Departmental Group £'000	2024-25 Core Department £'000	2024-25 Departmental Group £'000
Recoveries from DWP	182,440	182,440	147,273	147,273
Total	**182,440**	**182,440**	147,273	147,273

This income represents full cost recovery of the Department's costs in relation to the administration and delivery of benefit processing services on behalf of the Department for Work & Pensions. This income is recognised regularly on an "Over time" basis.

The performance obligation of DfC is the processing, administration and delivery of benefits on behalf of DWP and the Department recognises the full cost of providing these services to DWP on a monthly basis.

The assets/liabilities recognised as a result of this contract are disclosed separately in notes 15 and 16 under the "contract assets/liabilities" heading.

5.2 Other Operating Income

	2025-26 Core Department £'000	2025-26 Departmental Group £'000	2024-25 Core Department £'000	2024-25 Departmental Group £'000
NIHE House sales	14,378	14,378	13,235	13,235
Interest Reimbursement from NIHE	9,969	9,969	10,973	10,973
Housing Association Grant recoverable	12,275	12,275	10,373	10,373
Tax Credit debt	4,380	4,380	16,454	16,454
Recreation income - admission charges	928	2,716	870	2,786
2012 Child Maintenance Service	1,674	1,674	1,326	1,326
Recoveries of secondees' costs	81	226	158	289
EU receipts	2,195	2,260	3,375	3,375
Consolidated Fund Extra Receipts	139	139	196	196
Other	3,140	57,825	3,556	52,967
Total	**49,159**	**105,842**	60,516	111,974

6 Property, Plant and Equipment

2025-26	Land £'000	Buildings £'000	Network Assets £'000	Information Technology £'000	Plant & Machinery £'000	Furniture & Fittings £'000	Transport Equipment £'000	Payments on A/c & Assets under Construction £'000	Total £'000
Cost or valuation									
At 1 April 2025	158,630	207,437	69,212	13,021	6,858	29,699	5,044	13,279	503,180
Adjustments to opening balances	(1,098)	58	24	(33)	2	(23)	(11)	(27)	(1,108)
Additions	4,372	15,640	528	650	361	1,024	775	3,719	27,069
Donations	-	-	-	-	-	-	13	-	13
Disposals	(21)	(536)	-	(4,034)	(48)	(4,482)	(441)	(1)	(9,563)
Reclassifications*	(3,471)	622	-	820	-	(1,191)	-	(1,989)	(5,209)
Impairments/Impairment reversal	69	(3,231)	-	-	-	(2)	-	-	(3,164)
Revaluations	337	(16,248)	(805)	182	139	354	262	-	(15,779)
At 31 March 2026	**158,818**	**203,742**	**68,959**	**10,606**	**7,312**	**25,379**	**5,642**	**14,981**	**495,439**
Depreciation									
At 1 April 2025	2,470	31,303	15,930	8,352	5,127	21,285	3,415	-	87,882
Adjustments to opening balances	(2,443)	(38)	6	(36)	1	(78)	1	-	(2,587)
Charged in year**	2,530	14,874	2,487	1,740	403	2,214	464	-	24,712
Disposals	-	(430)	-	(3,988)	(44)	(4,437)	(417)	-	(9,316)
Reclassifications	-	-	-	(8)	-	(895)	-	-	(903)
Impairments/Impairment reversal	-	(919)	-	-	-	(2)	-	-	(921)
Revaluations	(2,507)	(25,089)	(9,235)	70	86	(473)	89	-	(37,059)
At 31 March 2026	**50**	**19,701**	**9,188**	**6,130**	**5,573**	**17,614**	**3,552**	**-**	**61,808**
Carrying amount at 31 March 2026	**158,768**	**184,041**	**59,771**	**4,476**	**1,739**	**7,765**	**2,090**	**14,981**	**433,631**
Carrying amount at 31 March 2025	156,160	176,134	53,282	4,669	1,731	8,414	1,629	13,279	415,298

*The balance of reclassification across PPE and intangible assets of £2.966 million (2024-25 £0.654 million) is the transfer of land between NIHE - Landlord Services and the NIHE - Strategic Housing Authority.
** Land depreciation relates to leased assets.

6 Property, Plant and Equipment (continued)

Asset Financing:	Land £'000	Buildings £'000	Network Assets £'000	Information Technology £'000	Plant & Machinery £'000	Furniture & Fittings £'000	Transport Equipment £'000	Payments on A/c & Assets under Construction £'000	Total £'000
Owned***	83,568	160,025	59,771	4,476	1,739	7,765	2,090	14,981	334,415
Right-Of-Use	74,850	19,993	-	-	-	-	-	-	94,843
On-Balance Sheet PFI contracts and other service concession arrangements***	350	4,023	-	-	-	-	-	-	4,373
Carrying amount at 31 March 2026	**158,768**	**184,041**	**59,771**	**4,476**	**1,739**	**7,765**	**2,090**	**14,981**	**433,631**
***PPE Non-Leased	83,918	164,048	59,771	4,476	1,739	7,765	2,090	14,981	338,788
Of the total:									
Core Department	67,321	56,416	50,899	708	704	3,354	1,308	14,474	195,184
Other Designated Bodies	91,447	127,625	8,872	3,768	1,035	4,411	782	507	238,447
Carrying amount at 31 March 2026	**158,768**	**184,041**	**59,771**	**4,476**	**1,739**	**7,765**	**2,090**	**14,981**	**433,631**

6 Property, Plant and Equipment (continued)

2024-25	Land £'000	Buildings £'000	Network Assets £'000	Information Technology £'000	Plant & Machinery £'000	Furniture & Fittings £'000	Transport Equipment £'000	Payments on A/c & Assets under Construction £'000	Total £'000
Cost or valuation									
At 1 April 2024	159,026	205,170	69,083	13,520	6,727	30,542	4,955	14,395	503,418
Adjustments to opening balances	(2)	(80)	(27)	702	(1)	(1,471)	13	6	(860)
Additions	1,373	3,503	5	957	242	412	245	1,763	8,500
Disposals	(1,214)	(6,415)	(9)	(2,407)	(252)	(933)	(295)	-	(11,525)
Reclassifications	(654)	2,146	-	-	-	8	(8)	(2,885)	(1,393)
Impairments/Impairment reversal	(285)	68	-	-	(1)	-	-	-	(218)
Revaluations	386	3,045	160	249	143	1,141	134	-	5,258
At 31 March 2025	**158,630**	**207,437**	**69,212**	**13,021**	**6,858**	**29,699**	**5,044**	**13,279**	**503,180**
Depreciation									
At 1 April 2024	15	26,246	13,491	7,807	4,798	20,455	3,213	-	76,025
Adjustments to opening balances	5	(35)	(44)	635	1	(895)	6	-	(327)
Charged in year	2,450	13,265	2,492	2,103	491	2,214	456	-	23,471
Disposals	-	(6,410)	(9)	(2,300)	(235)	(919)	(272)	-	(10,145)
Impairments/Impairment reversal	-	16	-	-	-	-	-	-	16
Revaluations	-	(1,779)	-	107	72	430	12	-	(1,158)
At 31 March 2025	**2,470**	**31,303**	**15,930**	**8,352**	**5,127**	**21,285**	**3,415**	**-**	**87,882**
Carrying amount at 31 March 2025	**156,160**	**176,134**	**53,282**	**4,669**	**1,731**	**8,414**	**1,629**	**13,279**	**415,298**
Carrying amount at 31 March 2024	159,011	178,924	55,592	5,713	1,929	10,087	1,742	14,395	427,393

6 Property, Plant and Equipment (continued)

Asset Financing:	Land	Buildings	Network Assets	Information Technology	Plant & Machinery	Furniture & Fittings	Transport Equipment	Payments on A/c & Assets under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Owned***	81,726	160,069	53,282	4,669	1,731	8,414	1,629	13,279	324,799
Right-Of-Use	74,084	12,136	-	-	-	-	-	-	86,220
On-Balance Sheet PFI contracts and other service concession arrangements***	350	3,929	-	-	-	-	-	-	4,279
Carrying amount at 31 March 2025	**156,160**	**176,134**	**53,282**	**4,669**	**1,731**	**8,414**	**1,629**	**13,279**	**415,298**
***PPE Non-Leased	82,076	163,998	53,282	4,669	1,731	8,414	1,629	13,279	329,078
Of the total:									
Core Department	67,173	59,844	44,432	930	480	3,787	571	11,080	188,297
Other Designated Bodies	88,987	116,290	8,850	3,739	1,251	4,627	1,058	2,199	227,001
Carrying amount at 31 March 2025	156,160	176,134	53,282	4,669	1,731	8,414	1,629	13,279	415,298

7 Intangible Assets

2025-26	Information Technology £'000	Other £'000	Total £'000
Cost or valuation			
At 1 April 2025	28,552	983	29,535
Adjustments to opening balances	(16)	2	(14)
Additions	1,611	135	1,746
Disposals	(2,202)	-	(2,202)
Reclassifications	(1,568)	3,808	2,240
Revaluations	48	2	50
At 31 March 2026	**26,425**	**4,930**	**31,355**
Amortisation			
At 1 April 2025	11,829	624	12,453
Adjustments to opening balances	65	14	79
Charged in year	5,265	719	5,984
Disposals	(1,969)	-	(1,969)
Reclassifications	449	454	903
Revaluations	11	2	13
At 31 March 2026	**15,650**	**1,813**	**17,463**
Carrying amount at 31 March 2026	**10,775**	**3,117**	**13,892**
Carrying amount at 31 March 2025	16,723	359	17,082

Asset Financing:

	Information Technology £'000	Other £'000	Total £'000
Owned	10,775	3,117	13,892
Carrying amount at 31 March 2026	**10,775**	**3,117**	**13,892**

Of the total:

Core Department	8,851	2	8,853
Other Designated Bodies	1,924	3,115	5,039
Carrying amount at 31 March 2026	**10,775**	**3,117**	**13,892**

7 Intangible Assets (continued)

2024-25	Information Technology £'000	Other £'000	Total £'000
Cost or valuation			
At 1 April 2024	27,403	983	28,386
Adjustments to opening balances	(87)	-	(87)
Additions	3,085	-	3,085
Donations	(12)	-	(12)
Disposals	(3,027)	-	(3,027)
Reclassifications	709	-	709
Revaluations	481	-	481
At 31 March 2025	28,552	983	29,535
Amortisation			
At 1 April 2024	10,843	475	11,318
Adjustments to opening balances	273	18	291
Charged in year	3,512	131	3,643
Disposals	(3,038)	-	(3,038)
Revaluations	239	-	239
At 31 March 2025	11,829	624	12,453
Carrying amount at 31 March 2025	**16,723**	**359**	**17,082**
Carrying amount at 31 March 2024	16,560	508	17,068

Asset Financing:	Information Technology £'000	Other £'000	Total £'000
Owned	16,723	359	17,082
Carrying amount at 31 March 2025	16,723	359	17,082
Of the total:			
Core Department	12,415	2	12,417
Other Designated Bodies	4,308	357	4,665
Carrying amount at 31 March 2025	16,723	359	17,082

8 Heritage Assets

2025-26	Land £'000	Buildings £'000	Other £'000	Total £'000
Cost or valuation				
At 1 April 2025	591	38	35,774	36,403
Adjustments to opening balances	-	-	(446)	(446)
Additions	-	-	246	246
Donations	-	-	3,130	3,130
Disposals	-	-	(16)	(16)
Revaluations	229	-	72	301
At 31 March 2026	**820**	**38**	**38,760**	**39,618**
Amortisation				
At 1 April 2025	-	-	-	-
Charged in year	-	-	-	-
At 31 March 2026	**-**	**-**	**-**	**-**
Carrying amount at 31 March 2026	**820**	**38**	**38,760**	**39,618**
Carrying amount at 31 March 2025	591	38	35,774	36,403

Asset Financing:				
Owned	820	38	38,760	39,618
Carrying amount at 31 March 2026	**820**	**38**	**38,760**	**39,618**

The majority of other heritage assets relate to sites within National Museums NI and fine books in Libraries NI.

Of the total:				
Core Department	820	38	1,960	2,818
Other Designated Bodies	-	-	36,800	36,800
Carrying amount at 31 March 2026	**820**	**38**	**38,760**	**39,618**

8 Heritage Assets (continued)

2024-25	Land £'000	Buildings £'000	Other £'000	Total £'000
Cost or valuation				
At 1 April 2024	591	38	31,569	32,198
Adjustments to opening balances	-	-	1,325	1,325
Additions	-	-	260	260
Donations	-	-	2,601	2,601
Revaluations	-	-	19	19
At 31 March 2025	591	38	35,774	36,403
Amortisation				
At 1 April 2024	-	-	-	-
Charged in year	-	-	-	-
At 31 March 2025	-	-	-	-
Carrying amount at 31 March 2025	591	38	35,774	36,403
Carrying amount at 31 March 2024	591	38	31,569	32,198
Asset Financing:				
Owned	591	38	35,774	36,403
Carrying amount at 31 March 2025	**591**	**38**	**35,774**	**36,403**
Of the total:				
Core Department	591	38	1,868	2,497
Other Designated Bodies	-	-	33,906	33,906
Carrying amount at 31 March 2025	591	38	35,774	36,403

9 Impairments

	2025-26		2024-25	
	Core Department	**Departmental Group**	Core Department	Departmental Group
	£'000	**£'000**	£'000	£'000
Amount charged to the Statement of Comprehensive Net Expenditure	1,107	2,243	(6)	234
Amount taken through the revaluation reserve	-	-	-	-
Total Impairment charge for the year	**1,107**	**2,243**	(6)	234

10 Financial Instruments

As the cash requirements of the Department are met through the estimates process, financial instruments play a more limited role in creating risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts to buy non-financial items in line with the Department's expected purchase and usage requirements and the Department is therefore exposed to little credit, liquidity or market risk.

Credit Risk

The Department manages its exposure to credit risk via credit risk management policies. Credit policies cover exposures generated from benefit overpayment receivables and Social Fund loans and are embedded within regulations governing Social Security benefits.

The maximum exposure to credit risk is represented by the carrying amounts of the financial assets in the Statement of Financial Position. For benefit overpayment receivables and Discretionary and Social Fund loans the exposure to credit risk is the amount of debt or loan not recovered from benefit customers.

For benefit overpayment receivable, Discretionary and Social Fund Loans, the exposure is limited to the extent that the receivable can be recovered from cash recoveries and deductions from benefit payments e.g. from State Pension Benefit and even from the estate on death. Some risk still remains as the level that can be recovered from each benefit payment is restricted to avoid causing hardship, and customers do not always have sufficient funds in their estate to cover the receivable. However, the Department has an active recovery process in place, in order to maximise the amounts recovered.

Liquidity Risk

The Department's resource requirements are financed by resources voted by the Assembly and Parliament. Its capital expenditure is voted by the Assembly only. It is not, therefore, exposed to significant liquidity risks.

The Department has a statutory obligation to issue Discretionary and Social Fund loans and seek repayments in line with legislation. The Department is not permitted to withhold loans on the basis of poor credit rating nor is it able to seek collateral. The Department is therefore exposed to the risk that some Discretionary and Social Fund loans will not be repaid.

Interest Rate Risk

Interest rate risk primarily occurs when there are changes in the market interest rates. The Department has discounted the forecast future cash flows for estimated recoveries and write offs for benefit overpayment receivables and Discretionary and Social Fund loans. The discount factor for 2025-26 was 2.45%, (2024-25: 2.15%).

The Department categorises the following account balances to be financial instruments:

(i) Cash and cash equivalents

- Assembly Funding
- NIF receivable
- Cash in Transit

Cash and cash equivalents comprise cash in hand and current balances with banks and similar institutions which are readily convertible to known amounts of cash and which are subject to insignificant changes in value. It also comprises funding voted by the Northern Ireland Assembly to meet the Department's resource requirements, the NI National Insurance Fund receivable and cash in transit. The NI National Insurance Fund (NIF) receivable represents the balance at the year end of the funding provided to the Department by His Majesty's Revenue and Customs (HMRC) for the payment of contributory benefits.

The fair value for these approximates to the current value stated in the Statement of Financial Position owing to the short maturity of this instrument.

(ii) Loans and Receivables

- Benefit overpayment receivables (including Housing Benefit)
- Discretionary and Social Fund Loans
- NIHE loan receivables
- Housing Association loans
- FTC Funding
- Local Authority loans
- Get Britain Building loans
- Loan to Acquire Move on Accommodation (LAMA) loans
- Sundry Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted on an active market and which are not classified as available for sale. Loans and receivables are assessed at the end of each accounting period and reduced, where appropriate to their estimated recoverable amount through making an impairment based on forecast cash and benefit deduction recoveries and write off information. In addition, the Department applies a discount factor to estimate the present value of the cash flows. The discount factor for 2025-26 was 2.45%, (2024-25: 2.15%).

Financial instruments are carried at amortised cost using the effective interest method, with changes in value between 1 April 2025 and 31 March 2026 recognised in the Statement of Comprehensive Net Expenditure in the line which most appropriately reflects the nature of the item or transaction.

Given the nature of the NIHE, local authority and housing association loan receivables, the reason for their existence and the Department's policy towards them, the fair value is not materially different from the book value.

The amounts included in the 2025-26 accounts are:

Statement of Financial Position	Gross Receivables £'000	Impairment & Discounting Debt £'000	Net Receivables £'000
Loans & Receivables (amounts falling due less than one year):			
NIHE Loans	11,746	-	11,746
NICHA FTC Funding	9,719	(139)	9,580
Community Finance Ireland FTC Funding	867	(22)	845
Get Britain Building Loans	100	(2)	98
Housing Association Loans	10	-	10
Housing Benefit	2,005	-	2,005
Non-contributory Benefits	31,959	(5,286)	26,673
Discretionary Loans	7,226	(66)	7,160
Contributory Benefits	3,999	(1,847)	2,152
CRU Receivable	1,769	(435)	1,334
Salary Overpayments	123	(28)	95
Tax Credit Receivable	11,585	(264)	11,321
Funeral Loans	3,439	(3,190)	249
Other Loans	45,079	(1,196)	43,883
Loans & Receivables (amounts falling due more than one year):			
NIHE Loans	73,822	-	73,822
NICHA FTC Funding	259,578	(53,146)	206,432
Community Finance Ireland FTC Funding	11,266	(1,950)	9,316
Get Britain Building Loans	11,500	(1,480)	10,020
Housing Association Loans	23	-	23
Housing Benefit	13,178	(2,385)	10,793
Non-contributory Benefits	176,490	(75,040)	101,450
Contributory Benefits	14,752	(5,550)	9,202
Tax Credit Receivable	57,812	(15,304)	42,508
Funeral Loans	3,106	(3,065)	41
Other Loans	59,744	(14,895)	44,849
Total	**810,897**	**(185,290)**	**625,607**

(iii) Other Liabilities

- Contractual payables and accruals are non-derivative financial instruments. These amounts are due within one year and have no impairment indicators
- The Department has reviewed all contracts including service level agreements and letters of offer with third parties for any embedded derivatives. The review concluded that any embedded derivatives which exist are outside the scope of IFRS 9.

11 Investments and Loans

	Loans £'000	Total £'000
Balance at 1 April 2024	200,771	200,771
Additions	32,031	32,031
Disposals	(3,698)	(3,698)
Repayments and redemptions	(5,504)	(5,504)
Revaluations	245	245
Impairments	(3,945)	(3,945)
Balance at 31 March 2025	219,900	219,900
Additions	44,583	44,583
Repayments and redemptions	(14,215)	(14,215)
Revaluations	655	655
Impairments	(10,466)	(10,466)
Balance at 31 March 2026	**240,457**	**240,457**

Analysis of investments:

The balance of investments comprises:

Core Department	**2026**	**240,457**	**240,457**
NDPBs	**2026**	**-**	**-**
Core Department	2025	219,900	219,900
NDPBs	2025	-	-

Analysis by period:

	£'000
Not later than one year	10,614
Later than one year and not later than five years	60,491
Later than five years	169,352
Balance at 31 March 2026	**240,457**

12 Assets Classified as Held for Sale

	Total £'000
Balance at 1 April 2024	216
Reclassifications	30
Revaluations	35
Balance at 31 March 2025	281
Disposals	(23)
Revaluations	12
Balance at 31 March 2026	**270**

Asset Financing:	
Owned	270
Balance at 31 March 2026	**270**

Of the total:	
Core Department	240
Other Designated Bodies	30
Balance at 31 March 2026	270

In accordance with the FReM assets which the Department has identified as surplus to requirement and held pending disposal have been written down to their recoverable amount and included as current assets.

Assets held for resale comprise some of the assets falling within the New Town Lands of Craigavon, Antrim, Ballymena and Belfast. The properties are being offered for sale in anticipation of disposals being confirmed in 2026-27.

13 Inventories

	2025-26		2024-25	
	Core Department £'000	**Departmental Group £'000**	Core Department £'000	Departmental Group £'000
PRONI	36	36	41	41
Other	55	697	28	563
Total	**91**	**733**	69	604

14 Cash and Cash Equivalents

	2025-26		2024-25	
	Core Department £'000	Departmental Group £'000	Core Department £'000	Departmental Group £'000
Balance at 1 April	1,342	15,629	(12,446)	2,738
Net change in cash and cash equivalent balances	2,968	5,207	13,788	12,891
Balance at 31 March	**4,310**	**20,836**	1,342	15,629

The following balances at 31 March are held at:

	2025-26		2024-25	
	Core Department £'000	Departmental Group £'000	Core Department £'000	Departmental Group £'000
Northern Ireland banking pool	4,303	4,303	1,335	1,335
Commercial banks and cash in hand	7	16,533	7	14,294
Balance at 31 March	**4,310**	**20,836**	1,342	15,629

14.1 Reconciliation of Liabilities arising from Financing Activities

The Department has two main sources of financing - funding from the Assembly Vote and from the NI National Insurance Fund.

Any liability arising from the Assembly Vote funding is settled with the Department of Finance on an annual basis and so the year end liability shown in Note 16 is the difference between the Assembly drawdown shown in the Statement of Taxpayers Equity and the Net Cash Requirement detailed in SoAS Note 3.

HMRC provides financing to the Department through the NI National Insurance Fund to cover contributory benefit expenditure and the costs incurred by the Department in the administration of these benefits. The funding (on a cash basis) from the NI National Insurance Fund is shown in the SoCITE and the benefit expenditure (calculated on an accruals basis) is shown in Note 4b. The Department maintains several accounts with the NI National Insurance Fund and the balance on these are reflected in Note 15.

15 Trade Receivables, Financial and Other Assets

(The figures quoted below are net of any impairment or discount. Gross amounts are shown at Note 10).

15.1 Amounts falling due within one year:

	2025-26		2024-25	
	Core Department	**Departmental Group**	Core Department	Departmental Group
	£'000	**£'000**	£'000	£'000
Benefit overpayments	28,825	28,825	25,918	25,918
Benefit overpayments - Housing Benefit	2,005	2,005	2,600	2,600
Benefit prepayments	60,581	60,581	24,986	24,986
Social Fund loans	9,495	9,495	11,471	11,471
NIHE receivable	11,746	11,746	11,639	11,639
Grant repayable by NICHA	6,226	6,226	5,224	5,224
NIF receivable	14,361	14,361	1,101	1,101
Tax Credit debts	11,321	11,321	12,067	12,067
UC Advances	32,892	32,892	30,998	30,998
VAT	9,068	10,103	7,062	8,134
EU receivable	4,634	4,699	12,517	12,517
PFI contracts and other service concession arrangements prepayment	-	90	-	90
Other receivables	15,586	32,149	16,521	16,753
Housing Benefit Rent and Rates prepayment	4,386	4,386	6,479	6,479
Prepayments and accrued income	3,126	24,578	2,040	40,426
Contract assets	32,886	32,886	38,168	38,168
Total amounts falling due within one year	**247,138**	**286,343**	208,791	248,571

15.2 Amounts falling due after more than one year:

	2025-26		2024-25	
	Core Department	**Departmental Group**	Core Department	Departmental Group
	£'000	**£'000**	£'000	£'000
Benefit overpayments	110,652	110,652	105,749	105,749
Benefit overpayments - Housing Benefit	10,793	10,793	12,128	12,128
Social Fund loans	3,291	3,291	7,190	7,190
NIHE receivable	73,822	73,822	85,352	85,352
Tax Credit debts	42,508	42,508	48,953	48,953
UC Advances	22,328	22,328	19,664	19,664
PFI contracts and other service concession arrangements prepayment	-	330	-	600
Other receivables	18,729	21,443	19,126	27,145
Total amounts falling due after more than one year	**282,123**	**285,167**	298,162	306,781
Total Trade Receivables and Other Current Assets	**529,261**	**571,510**	506,953	555,352

16 Trade Payables, Financial and Other Liabilities

16.1 Amounts falling due within one year:

	2025-26		2024-25	
	Core Department £'000	**Departmental Group £'000**	Core Department (Restated) £'000	Departmental Group (Restated) £'000
Other taxation and social security	-	809	-	590
Trade payables:				
- Non-capital	88	1,552	189	2,720
- Capital	-	235	-	27
Benefit accruals	312,634	312,634	344,099	344,099
Cash in transit	185,586	185,586	62,243	62,243
NIHE payable	11,746	11,961	11,639	11,838
Vested Land payable	2,113	2,113	2,142	2,142
PFI contracts and other service concession arrangements accrual	-	417	-	344
Current part of leases	2,159	7,933	2,427	3,808
Other payables	16,666	29,525	20,478	25,981
Grants accrual	45,026	166,272	40,024	130,178
Housing Benefit accrual	11,825	21,537	15,520	27,727
Financial Assistance Scheme accrual	7,116	7,116	6,922	6,922
Deferred grant income	1,351	2,708	1,351	1,663
Other accruals and deferred income	45,339	68,284	47,415	66,672
Amounts issued from the Consolidated Fund for supply but not spent at year end	18,552	18,552	2,309	2,309
Consolidated Fund extra receipts due to be paid to the Consolidated Fund:				
- Received	118	118	134	134
- Receivable	44	44	27	27
Total amounts falling due within one year	**660,363**	**837,396**	556,919	689,424

16.2 Amounts falling due after more than one year:

	2025-26		2024-25	
	Core Department £'000	**Departmental Group £'000**	Core Department (Restated) £'000	Departmental Group (Restated) £'000
NIHE payable	73,822	73,822	85,352	85,352
Retirement Benefit Obligations	-	3,103	-	5,368
PFI contracts and other service concession arrangements accrual	-	1,744	-	2,114
Leases	3,365	12,810	5,523	8,686
Other programme payables	-	13,040	-	14,868
Total amounts falling due after more than one year	**77,187**	**104,519**	90,875	116,388
Total Payables and Other Current Liabilities	**737,550**	**941,915**	647,794	805,812

17 Provisions for Liabilities and Charges

		2025-26						2024-25					
		Core Department			Departmental Group			Core Department			Departmental Group		
		Financial Assistance Scheme	Other Programme	Total	Financial Assistance Scheme	Other Programme	Total	Financial Assistance Scheme	Other Programme	Total	Financial Assistance Scheme	Other Programme	Total
	Note	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April		95,526	13,126	108,652	95,526	14,504	110,030	100,509	59,126	159,635	100,509	62,978	163,487
Adjustments to opening balances		-	-	-	-	640	640	-	-	-	-	(2,627)	(2,627)
Provided in the year	4	-	741	741	-	3,023	3,023	-	398	398	-	648	648
Provisions not required written back	4	(2,702)	(468)	(3,170)	(2,702)	(674)	(3,376)	(2,655)	(42,836)	(45,491)	(2,655)	(42,967)	(45,622)
Provisions utilised in the year		(7,116)	(450)	(7,566)	(7,116)	(606)	(7,722)	(6,966)	(3,617)	(10,583)	(6,966)	(3,761)	(10,727)
Borrowing Costs (Unwinding of discount)	4	4,472	82	4,554	4,472	103	4,575	4,638	55	4,693	4,638	55	4,693
Other		-	-	-	-	76	76	-	-	-	-	178	178
Balance at 31 March		**90,180**	**13,031**	**103,211**	**90,180**	**17,066**	**107,246**	95,526	13,126	108,652	95,526	14,504	110,030

Analysis of expected timing of discounted flows

	2025-26						2024-25					
	Core Department			Departmental Group			Core Department			Departmental Group		
	Financial Assistance Scheme	Other Programme	Total	Financial Assistance Scheme	Other Programme	Total	Financial Assistance Scheme	Other Programme	Total	Financial Assistance Scheme	Other Programme	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Not later than one year	6,308	2,435	8,743	6,308	5,366	11,674	6,191	705	6,896	6,191	1,772	7,963
Later than one year and not later than five years	24,118	9,267	33,385	24,118	10,014	34,132	23,725	10,702	34,427	23,725	11,008	34,733
Later than five years	59,754	1,329	61,083	59,754	1,686	61,440	65,610	1,719	67,329	65,610	1,724	67,334
Balance at 31 March	**90,180**	**13,031**	**103,211**	**90,180**	**17,066**	**107,246**	95,526	13,126	108,652	95,526	14,504	110,030

17 Provisions for Liabilities and Charges (continued)

Financial Assistance Scheme

The Financial Assistance Scheme provides financial assistance to members of certain occupational pension schemes who have lost part or all of their pensions as a consequence of their scheme ending without having enough money to pay full pensions benefits. The Department for Work and Pensions calculate the provision on behalf of the whole of the UK, including Northern Ireland, using statistical models. As some employees were quite young when their pension scheme ended the Department for Work and Pensions model has forecast payments up until 2100. The provision is calculated using a discount rate of 3.64% for short-term, 4.22% for medium-term and 5.32% for long-term provisions.

See DWP Annual Report & Accounts for more details https://www.gov.uk/government/organisations/department-for-work-pensions.

Other Programme provisions mainly consist of:

Personal Independence Payment (PIP) Correction Exercise

As a result of a Tribunal Judgement impacting Personal Independence Payment (PIP) benefit, the Department commenced an Administrative Exercise in September 2021. The Administrative Exercise (AE) will review approximately 25,000 cases to reassess eligibility and identify any potential underpayments of PIP. A provision amount of £11.3 million was included in the 2021-22 DfC accounts relating to this exercise. Work to review and correct PIP underpayment cases continued throughout the 2025-26 financial year, during which approximately £0.06 million was paid to customers where arrears were due. This activity is expected to continue in future financial years.

The provision estimate is based on the best available information at present and incorporates assumptions and calculations regarding the number of potential PIP cases impacted and the average underpayment arrears award. The current provision included in these accounts is £8.9 million. While the estimate is kept under ongoing review and is refined as further information becomes available, it remains subject to a high level of uncertainty.

18 Contingent liabilities disclosed under IAS 37

The Department has entered into the following contingent liabilities:

Potential Changes to Current Benefit Legislation

The Department is aware that there may be changes to current benefit legislation. It is not possible to provide a financial impact or further clarification at this time. The Department maintains close contact with DWP to monitor ongoing developments in this area.

Legal Cases

The ongoing legal cases (judicial reviews and appeals) through the courts may lead to possible obligations where the Department is facing legal challenge to the policy behind the legislation and the outcomes depend on the court rulings. In some early-stage cases the legal challenges include numerous arguments that require a decision to be made by the Courts. In these cases, until further rulings are received, a reliable estimate is not always possible. Further disclosure of the details of the cases or the ranges is not provided as, in accordance with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets), the Department considers that the disclosure of values for any legal contingent liabilities could be expected to seriously prejudice ongoing litigation.

Financial Assistance Scheme - Bauer Judgement

While the United Kingdom was a member of the European Union, the Court of Justice of the European Union (CJEU) ruled in the Bauer case that reductions to occupational pension benefits following employer insolvency may be unlawful where they result in members receiving income below the Eurostat at risk of poverty threshold.

The Retained EU Law (Revocation and Reform) Act, effective from 1 January 2024, removes the requirement for the Pension Protection Fund (PPF) and Financial Assistance Scheme (FAS) to apply the Bauer judgment to schemes entering insolvency from that date. However, it remains unclear whether this also removes any obligation to provide Bauer-related uplifts in respect of members of schemes that had already transferred to the PPF or FAS, or were in an assessment period, prior to 1 January 2024.

Accordingly, there is uncertainty regarding the potential scope and number of cases that may be affected, and it is not practicable to estimate the financial effect. An allowance for this risk was included in the FAS provision in prior years (31 March 2020 to 31 March 2024).

Financial Assistance Scheme - Virgin Media Ltd v NTL Pension Trustees II Ltd

A High Court ruling was made in the Virgin Media Ltd v NTL Pension Trustees II Ltd case in June 2023, which could have material consequences for some Defined Benefit pension schemes. The government is expected to introduce legislation through the Pension Schemes Bill 2025 to address issues arising from this case, where schemes that have already entered the FAS by the time the Bill receives Royal Assent (which is all FAS schemes) will be treated as having met the necessary requirements from their original effective date. As uncertainty around the impact of the judgement persists, no allowance has been made in the projected cashflows for the potential impact of this ruling to date.

Public Sector Pensions - Injury to Feelings Claims

The Department of Finance (DoF) is a named Respondent in a class action affecting employers across the public sector and is managing claims on behalf of the Northern Ireland Civil Service (NICS) Departments. This is an extremely complex case with potential implications for the NICS and wider public sector. However, given the complexities, the cases are still at an early stage of proceedings and until there is further clarity on potential scope and impact, a reliable estimate of liability cannot be provided.

Discount rate for special damages awards in personal injury cases

A discount rate is applied by courts to a lump-sum award of damages for future financial loss in a personal injury case, to take account of the return that can be earned from investment. The rate is currently 0.5% as set, with effect from 27 September 2024, by the Government Actuary under the Damages Act 1996 (as amended by the Damages (Return on Investment) Act (Northern Ireland) 2022).

Financial Guarantees, Indemnities and Letter of Comfort

The Department has entered into the following quantifiable indemnities. None of these are a contingent liability within the meaning of IAS 37 since the likelihood of a transfer of economic benefit in settlement is too remote. They therefore fall to be measured following the requirements of IFRS 9. Managing Public Money Northern Ireland requires that the full potential costs of such contracts be reported to the Assembly.

Statutory Guarantees

The Department has entered into a Guarantee Agreement with the Northern Ireland Local Government Officers' Superannuation Committee in respect of the Governors of the Armagh Observatory and Planetarium, Arts Council of Northern Ireland, Sports Council of Northern Ireland and the Northern Ireland Library Authority. The Department has guaranteed any and all obligations in respect of pension liabilities if any of these NDPBs ceases to exist or is otherwise unable to discharge its liabilities under the Local Government Pension Scheme Regulations (Northern Ireland) 2002.

Statutory Indemnities

Indemnities to cover local museums borrowing objects for exhibitions to the value of £2.26 million at 31 March 2026.

19 Leases and PFI & Other Service Concession Arrangement Contracts

19.1 Quantitative disclosures around right of use assets

Consolidated		2025-26		
		Land £'000	Buildings £'000	Total * £'000
Cost or valuation				
As at 1 April	2025	76,554	21,074	97,628
Adjustments to opening balances		(1,099)	(1)	(1,100)
Additions - new leases		769	14,614	15,383
Disposals		-	(32)	(32)
Revaluations		(1,340)	(142)	(1,482)
As at 31 March	**2026**	**74,884**	**35,513**	**110,397**
Depreciation				
As at 1 April	2025	2,470	8,938	11,408
Adjustments to opening balances		(2,443)	(1)	(2,444)
Charged in year		2,530	6,768	9,298
Disposals		-	(32)	(32)
Revaluations		(2,523)	(153)	(2,676)
As at 31 March	**2026**	**34**	**15,520**	**15,554**
Net Book Value at 31 March	**2026**	**74,850**	**19,993**	**94,843**
Net Book Value at 31 March	2025	74,084	12,136	86,220

** Includes National Museums NI Land & Buildings Long Leasehold (Peppercorn) Net Book Value of 2025-26 £74.1million (2024-25: £74.7million).*

19.2 Quantitative disclosures around lease liabilities

Maturity Analysis	2025-26		2024-25	
	Core Department £'000	Departmental Group £'000	Core Department £'000	Departmental Group £'000
Buildings:				
Not later than one year	2,284	8,528	2,633	4,081
Later than one year and not later than five years	2,122	10,742	3,876	5,827
Later than five years	1,591	1,684	2,122	2,195
Total	**5,997**	**20,954**	8,631	12,103
Less interest element	(490)	(1,483)	(701)	(892)
Present Value of Obligations	**5,507**	**19,471**	7,930	11,211
Other:				
Not later than one year	3	44	3	50
Later than one year and not later than five years	11	171	12	189
Later than five years	8	38,001	12	37,975
Total	**22**	**38,216**	27	38,214
Less interest element	(5)	(36,931)	(7)	(36,931)
Present Value of Obligations	**17**	**1,285**	20	1,283
Total Present Value of Obligations	**5,524**	**20,756**	7,950	12,494
Current Portion	**2,159**	**7,933**	2,427	3,808
Non - Current portion	**3,365**	**12,810**	5,523	8,686

19 Leases and PFI & Other Service Concession Arrangement Contracts (continued)

19.3 Quantitative disclosures around lease elements in the Statement of Comprehensive Net Expenditure

	2025-26		2024-25	
	Core Department £'000	**Departmental Group £'000**	Core Department £'000	Departmental Group £'000
Variable lease payments not included in lease liabilities	1,221	1,221	1,299	1,299
Expense related to short-term leases	4	13	5	13
Expense related to low-value asset leases (excluding short-term leases)	19	19	21	22
Total	**1,244**	**1,253**	1,325	1,334

19.4 Quantitative disclosures around cash outflow for leases

	2025-26		2024-25	
	Core Department £'000	**Departmental Group £'000**	Core Department £'000	Departmental Group £'000
Capital Element of lease payment	2,008	5,837	2,345	5,433
Interest Element of lease payment	209	759	291	498
Total Cash Outflow for lease	**2,217**	**6,596**	2,636	5,931

19 Leases and PFI & Other Service Concession Arrangement Contracts (continued)

19.5 Commitments Under PFI Contracts and other service concession arrangement contracts

Libraries NI had one PFI contract in operation during the period under review, relating to Lisburn City Library, which was on-SoFP under IFRIC 12.

On 1 October 2022 Libraries NI entered into a service concession contract for the supply of a managed ICT service for an initial period of seven years, with an option to extend for three years to 30 September 2032.

On 11 November 2021, Libraries NI entered into a contract to become users of the Public Sector Shared Network Contract (PSSN). The PSSN is a contract between DoF NI and BT for the provision of network services to the public sector in Northern Ireland. The contract will provide Libraries NI with network and related services until 30 September 2030.

	2025-26		2024-25	
	Core Department	**Departmental Group**	Core Department	Departmental Group
	£'000	**£'000**	£'000	£'000
Capital elements due in future periods:				
Buildings:				
Not later than one year	-	477	-	413
Later than one year and not later than five years	-	1,861	-	1,908
Later than five years	-	-	-	379
Total	-	**2,338**	-	2,700
Less interest element	-	(177)	-	(242)
Present Value of Obligations	-	**2,161**	-	2,458
Service elements due in future periods:				
Services due within one year	-	220	-	254
Services due later than one year and not later than five years	-	655	-	711
Services due later than five years	-	-	-	64
Total service elements due in future periods:	-	**875**	-	1,029
Total Commitments	**-**	**3,036**	-	3,487

19 Leases and PFI & Other Service Concession Arrangement Contracts (continued)

19.6 Charge to the Statement of Comprehensive Net Expenditure and Future Commitments in relation to PFI Contracts and other service concession arrangement contracts

The total amount charged to the Statement of Comprehensive Net Expenditure in respect of the service element of on-SoFP PFI and other service concession arrangements transactions was £4.82 million (2024-25 £4.98 million) and the payments to which Libraries NI is committed were as follows:

	2025-26		2024-25	
	Core Department £'000	**Departmental Group £'000**	Core Department £'000	Departmental Group £'000
Not later than one year	-	4,466	-	4,888
Later than one year and not later than five years	-	12,236	-	17,831
Later than five years	-	-	-	465
Total Present Value of Obligations	**-**	**16,702**	-	23,184

19.7 Quantitative disclosures around cash outflow for PFI & other service concession arrangement contracts

	2025-26		2024-25	
	Core Department £'000	**Departmental Group £'000**	Core Department £'000	Departmental Group £'000
Service Charge Element of payment	-	268	-	316
Capital Element of payment	-	382	-	300
Interest Element of payment	-	70	-	76
Total Cash Outflow for lease	**-**	**720**	-	692

20 Capital and Other Commitments

20.1 Capital commitments

	2025-26		2024-25	
	Core Department	**Departmental Group**	Core Department	Departmental Group
	£'000	**£'000**	£'000	£'000
Contracted capital commitments at 31 March not otherwise included in these financial statements:				
Other	-	845	-	682
Total	**-**	**845**	-	682

20.2 Other Financial Commitments

The Department has entered into non-cancellable contracts (which are not leases or PFI contracts or other service concession arrangements) for the services outlined below. The payments to which the Department is committed are as follows:

	2025-26		2024-25	
	Core Department	**Departmental Group**	Core Department	Departmental Group
	£'000	**£'000**	£'000	£'000
Not later than one year	50,749	52,803	36,888	39,800
Later than one year and not later than five years	55,328	57,119	68,691	71,467
Later than five years	1,323	1,651	1,369	1,406
Total	**107,400**	**111,573**	106,948	112,673

Included within Other Financial Commitments are:	**Core Department £'000**	**Departmental Group £'000**
Functional Assessment Service	90,794	90,794
DWP IT Service Recharges	13,360	13,360
PRONI Specialist Storage	2,433	2,433
Sport NI	-	4,028
Other	813	958
Total	**107,400**	**111,573**

21 Government Grant Commitments

	2025-26		2024-25	
	Core Department	**Departmental Group**	Core Department	Departmental Group
	£'000	**£'000**	£'000	£'000
Government grant commitments at 31 March for which no provision has been made:				
Implementation of Regional Stadium Development Programme	50,702	50,702	51,631	51,631
Other	33,831	212,752	25,696	188,739
Total	**84,533**	**263,454**	77,327	240,370

22 Retirement Benefit Obligations

This note details the Retirement Benefit Obligations of those bodies within the Departmental Group that do not belong to the Northern Ireland Civil Service Pension Scheme.

Further details about the NICS Scheme can be found at the website www.finance-ni.gov.uk/landing-pages/civil-service-pensions-ni.

The disclosures below relate to the funded liabilities within the following Funds:

Northern Ireland Local Government Officers' Pension Fund (the "Fund")

The following NDPB's belong to the Fund:

- Arts Council Northern Ireland
- Libraries Northern Ireland
- Armagh Observatory and Planetarium
- Northern Ireland Housing Executive - Strategic Housing Authority
- Northern Ireland Local Government Officers' Superannuation Committee
- Sport Northern Ireland
- Local Government Staff Commission

Other Schemes

USEL - delivers a dual pension provision with both a Defined Benefit scheme and a Defined Contribution scheme operated by NOW Pensions.

North/South Language body - operates a defined benefit pension scheme which is funded annually on a "pay as you go" basis from monies available to it. The scheme is administered by an external administrator.

More details on the individual NDPB's pensions and actuarial assumptions can be found in their individual annual report and accounts through the links at Note 26.

22 Retirement Benefit Obligations (continued)

Analysis of total pension liability recognised in the Consolidated Statement of Financial Position

	2025-26 £'000 Total
Opening Defined Benefit Obligation	**(376,193)**
Current service cost	(6,662)
Members contributions	(2,767)
Unfunded benefits paid	311
Benefits paid from plan	21,232
Past service cost	(14)
Interest expense	(13,204)
Finance expense	(7,802)
Actuarial movement	(21,617)
North/South Language Body other movement	(511)
Closing Defined Benefit Obligation	**(407,227)**
Opening Fair Value of Employer Assets	**473,779**
Reversal of prior year North/South Language Body deferred pension funding balance	(7,796)
Employer contributions	8,445
Members contributions	2,767
Unfunded benefits paid	(311)
Benefits paid from plan	(20,927)
Other operating income and interest income of assets	5,009
Other finance income	21,524
Actuarial movement	50,925
North/South Language Body deferred pension funding balance	7,532
Closing Fair Value of Employer Assets	**540,947**
Impact of Asset Ceiling	**(136,823)**
Net Liability	**(3,103)**

22 Retirement Benefit Obligations (continued)

	2024-25 £'000 Total
Opening Defined Benefit Obligation	**(434,531)**
Current service cost	(8,934)
Members contributions	(2,690)
Unfunded benefits paid	318
Benefits paid from plan	17,006
Past service cost	(5)
Interest expense	(2,913)
Finance expense	(17,128)
Actuarial movement	72,610
North/South Language Body other movement	73
Closing Defined Benefit Obligation	**(376,193)**
Opening Fair Value of Employer Assets	**471,669**
Reversal of prior year North/South Language Body deferred pension funding balance	(8,077)
Employer contributions	8,792
Members contributions	2,690
Unfunded benefits paid	(318)
Benefits paid from plan	(16,818)
Other operating income and interest income of assets	2,726
Other finance income	18,249
Actuarial movement	(12,302)
North/South Language Body deferred pension funding balance	7,796
Other	(628)
Closing Fair Value of Employer Assets	**473,779**
Impact of Asset Ceiling	**(102,954)**
Net Liability	**(5,368)**

22 Retirement Benefit Obligations (continued)

Analysis of total pension cost recognised in the Consolidated Statement of Comprehensive Net Expenditure

	2025-26 £'000 Total
Net Expenditure Items included in the SOCNE:	
Operating cost expense/(income)	(2,116)
Finance expense/(income)	541
Movement in Net Expenditure	**(1,575)**
Other Comprehensive Net Expenditure Items that will not be reclassified to net operating expenditure:	
Actuarial (gain)/loss	(28,491)
Adjustment loss/(gain) due to restriction of surplus	27,801
Net Gain/(Loss) on Pension	**(690)**
Actuarial Gain/(Loss) - North South Language Body	(817)
Adjustment to Deferred Pension Funding - North South Language Body	817
Total Movement in Comprehensive Net Expenditure	**(2,265)**

	2024-25 £'000 Total
Net Expenditure Items included in the SOCNE:	
Operating cost expense/(income)	(22)
Finance expense/(income)	(1,121)
Movement in Net Expenditure	**(1,143)**
Other Comprehensive Net Expenditure Items that will not be reclassified to net operating expenditure:	
Actuarial (gain)/loss	(59,933)
Adjustment loss/(gain) due to restriction of surplus	95,112
Net Gain/(Loss) on Pension	**35,179**
Actuarial Gain/(Loss) - North South Language Body	(375)
Adjustment to Deferred Pension Funding - North South Language Body	375
Total Movement in Comprehensive Net Expenditure	34,036

23 Related-party transactions

The Department for Communities sponsors those bodies listed in Note 26. All these bodies are regarded as related parties with which the Department has had material transactions during the year.

In addition, the Department has had a number of transactions with other government departments and other central government bodies. Most of these transactions have been with the Department for Work and Pensions GB and the Northern Ireland Housing Executive.

No Minister, board member, key manager or other related parties has undertaken any material transactions with the Department during the year.

24 Payment Accuracy

This note provides detail on the area of Payment Accuracy (benefit fraud and error), and the relevant estimated amounts of overpayments and underpayments across all Department for Communities benefits and Housing Benefit.

Department for Communities ('the Department')

Social Security legislation lays out the basis on which the Department calculates and pays benefits. However, the complexity of the benefit systems and inherent risks associated with the award and payment of benefits can result in inaccurate payments being made in a proportion of the awards made. The Department has well developed mechanisms in place to tackle incorrectness and measure results. The focus is on the prevention, detection, and correction of fraud and error, with investigation and prosecution where appropriate. Further information on the range and detail of the Department's counter fraud and error activities is set out in Part B - Strategy to Reduce Social Security Benefit Fraud and Error.

During the calendar year 2025 the Department continued its regular monitoring and measurement of the levels of fraud and error. The figures are calculated on a rolling annual basis and the figures do not vary significantly between quarters. The calendar year figures are processed and produced by the end of March of the following year, to facilitate production and publication of the Department's accounts. This calendar year approach to measurement has been in place for many years. Essentially this involves two main activities:

- **(i) Financial Accuracy Monitoring**
- **(ii) Benefit Reviews**

An estimate of total fraud and error is derived by combining the results from Financial Accuracy Monitoring, which provides a measure of Official Error, with results from the Benefit Reviews which provide a measure of Customer Fraud and Customer Error.

The tables in this section show estimates for Customer Fraud, Customer Error and Official Error in terms of overpayments and underpayments. For clarity tables have also been included within the 2025 Payment Accuracy note to show the totals of estimated overpayments and underpayments for the previous calendar year.

Notes to the Tables for Official Error, Customer Error and Customer Fraud

Roundings: In tables throughout the report figures may have been calculated to more decimal places than shown and have been rounded for presentational purposes. This means where a breakdown of a total is given the rounded individual parts may not sum to the rounded total.

Confidence Intervals around the statistical estimates are provided in the tables. The Department reviews a sample of claims; this is a sampling approach as it would be impractical to assess every case and therefore requires a level of statistical certainty to underpin the estimates. This level of certainty is quantified with **confidence intervals** or tolerances within which the central estimates are produced. These give the range in which the Department has a **confidence level** of 95%. This means the Department can be 95% certain the true value lies between each of the estimates presented. The results still maintain a 95% confidence level. Each of the following tables shows the central monetary value of error (MVE) and the MVE as a percentage of expenditure. The associated 'range' or 'lower' and 'upper 'confidence intervals are also provided. The figures also account for additional uncertainty that has been introduced into the overall estimates by the introduction of data from previous years.

While central estimates can be summed across each individual benefit to produce a "total" central estimate, the same cannot be done with confidence intervals. Due to the statistical methodology used, the upper and lower confidence limits presented in the tables in this report will not sum to the confidence limits around the "total" estimates.

Estimating Unreviewed Benefits

During 2025, the Department measured fraud and error within the following benefits:

- Universal Credit
- Carers Allowance
- Employment Support Allowance
- Pension Credit
- Personal Independence Payment
- State Pension (Official Error only)
- Housing Benefit – Tenants (NIHE)
- Housing Benefit – Owner Occupier

For other benefits which are no longer measured, estimates have been calculated using the results of historical exercises as shown in Table 1.

For benefits which have never been measured, proxy measures are assigned using current or historical estimates for other benefits.

Table 2 shows the unreviewed benefits and the benefits used to provide an estimate for these benefits. These are known as Proxy Benefits as they provide an approximate estimate for the unreviewed benefits.

Table 3 shows the individual elements of the Other Expenditure element and the benefits used to provide an estimate for these elements. The Proxy Benefits used are in line with the Department for Work and Pensions (DWP).

Table 1: Previously Reviewed Benefits and their Historical Exercise

Benefit	Financial Accuracy Period	Benefit Review Period
Jobseeker's Allowance	Jan 19 – Dec 19	Jan 19 – Dec 19
Income Support	Jan 16 – Dec 16	Jan 16 – Dec 16
Disability Living Allowance	Jan 15 – Dec 15	Jan 08 – Dec 08
State Pension	current	Jan 23 – Dec 23

Table2: Unreviewed Benefits and their Proxy Measures

Benefit	Financial Accuracy Period/Proxy	Benefit Review Period/Proxy
Attendance Allowance	Jan 14 - Dec 14	DLA (2008) Proxy
Widow's Benefit	Jan 12 - Dec 12	JSA (2019) Proxy
Bereavement Benefit	Jan 14 - Dec 14	JSA (2019) Proxy
Maternity Allowance	Jan 14 - Dec 14	ESA (2025) Proxy
Industrial Injuries Disablement Benefit	Jan 14 - Dec 14	DLA (2008) Proxy
Christmas Bonus (Contributory)	Overall Results[1]	Overall Results[1]

Table 3: Other Expenditure Elements and their Proxy Measures

Other Expenditure Item	Financial Accuracy Proxy	Benefit Review Proxy
Christmas Bonus (Non-contributory)	Overall Results[1]	Overall Results[1]
Retirement Pension (Non-contributory)	State Pension (2025)	State Pension (2023)
Severe Disablement Allowance	ESA (2025)	ESA (2025)
Winter Fuel Payments	State Pension (2025)	State Pension (2023)
Cold Weather Payments	JSA (2019)	JSA (2019)

[1]The “overall” proxy measure is based on a combination of all benefits, excluding Housing Benefit and Social Fund.

Social Fund Fraud and Error Proxies (Benefit Review)

Social Fund expenditure encompasses Budgeting Loans, Funeral Payments, Sure Start Maternity Grants and Child Funeral Fund payments. The underlying customer group for these benefits is quite varied and diverse, and not exclusively, or even primarily, working age jobseekers. To provide a better reflection of fraud and error rates within Social Fund expenditure, the Department therefore uses different proxies for the different customer groups and this breakdown is shown in Table 4.

Table 4: Proxy Measures per Customer Group

Customer Group	Proxy Measure	Benefit Review Period
Pensioners	PC	Jan 25 – Dec 25
Unemployed	JSA	Jan 19 – Dec 19
Disabled	DLA	Jan 08 – Dec 08
Lone Parent	IS	Jan 12 – Dec 12
Others	Overall	Jan 25 – Dec 25

Social Security Benefits

Official Error: The official error estimates for Employment Support Allowance, Pension Credit, State Pension, Carer's Allowance, Personal Independence Payment, and Universal Credit in 2025 are based on the results of the Department's Financial Accuracy Exercises completed in 2025. These are the same benefits reviewed for Official Error in 2024.

Estimates for unreviewed benefits are derived from proxy exercises as detailed in the tables above.

Customer Error and Customer Fraud: Customer Fraud and Customer Error are measured by a Benefit Review Exercise. In 2025, Benefit Reviews were carried out on Employment Support Allowance, Pension Credit, Carer's Allowance, Personal Independence Payment and Universal Credit.

Estimates for benefits not subject to Benefit Review in 2025 are derived from proxy exercise as detailed in the tables above.

Benefit Expenditure: In summary the expenditure stated for 2025 includes expenditure on 16 benefits, a total of £9,742 million, plus an amount of £70.7 million on other benefit expenditure in year. Total annual expenditure is £9,813 million.

Within the overall benefit expenditure totals in the tables below other benefit expenditure for the calendar year 2025 includes Retirement Pension £6.7 million, Severe Disablement Allowance £2.7 million, Winter Fuel Payments £57.4 million, Christmas Bonus (Non-contributory) £2.2 million, and Cold Weather Payments £1.6 million.

Accounting Adjustments: The expenditure for Incapacity Benefit is £0, but separate accounting adjustments related to the benefit has resulted in a negative expenditure figure of (£14,437). The expenditure figure reflects the annual adjustments required to account for Incapacity Benefit debt balances including the Fair Value accounting adjustments for this debt. No fraud and error rate can be applied to a negative expenditure.

Deemed Errors: A deemed error arises for a number of reasons, including where a check has been left outstanding awaiting retrieval of a missing case paper or requiring further information/evidence/documentation from the customer or the business unit. At times benefit branches may have to gather renewed evidence as the original documentation is no longer held. In some cases however it is impractical or disproportionate to gather or restore sufficient levels of evidence required to satisfy the check – for example where original papers are dating back some years, or where new system requirements or information retention rules mean papers are no longer kept. Rather than assuming as incorrect and potentially overstating the level of error, and equally to assume as correct and potentially understating the level of error, the Department has excluded such cases from the figures (reporting year 2019 onwards) to ensure the estimates are as accurate as possible with the removal of uncertainty.

Housing Benefit

1. **For tenants**
2. **For owner occupiers**

1. Housing Benefit – for tenants: is administered by the Northern Ireland Housing Executive on behalf of the Department. From 2009 Housing Benefit monitoring and review processes are consistent with the measurement approach adopted for all other social security benefits. The Financial Accuracy Exercise measures Official Error and Benefit Review measures Customer Fraud and Customer Error. The results provide estimates of fraud and error in Housing Benefit for tenants. The 2025 benefit expenditure on Housing Benefit for tenants was £386.5 million.

It is estimated there was a total amount of approximately £13.0 million overpaid through fraud and error in Housing Benefit for tenants for the year 2025. This represents approximately 3.4% of the related expenditure for the calendar year, of which £10.0 million (2.6%) is Customer Fraud, £1.9 million (0.5%) is Customer Error and £1.2 million (0.3%) is Official Error. The overall percentage has decreased from 4.6% in 2024 to 3.4% in 2025.

2025 Official Error estimates for Housing Benefit for tenants are based on the results of Financial Accuracy Exercise in 2025. Customer Error and Customer Fraud estimates for Housing Benefit for tenants are based on the results of Benefit Review in 2025.

2. Housing Benefit – for owner occupiers: by legislation this benefit is administered by the Department of Finance (DoF). Operationally, this function is carried out by the Northern Ireland Housing Executive. Housing Benefit for owner occupiers has been included in the Resource Accounts of the Department from 2006-07. The 2025 benefit expenditure on Housing Benefit for owner occupiers was £26.5 million.

It is estimated there was a total amount of approximately £2.8 million overpaid through fraud and error in Housing Benefit for owner occupiers for the year 2025. This represents approximately 10.6% of the related expenditure for the financial year, of which £2.0 million

(7.5%) is Customer Fraud, £0.5 million (1.9%) is Customer Error and £0.3 million (1.3%) is Official Error. The overall percentage has decreased from 13.0% in 2024 to 10.6% in 2025.

2025 Official Error estimates for Housing Benefit for owner occupiers are based on the results of Financial Accuracy Exercise in 2025. Customer Error and Customer Fraud estimates for Housing Benefit for owner occupiers are based on the results of Benefit Review in 2025.

Total Departmental Benefit Expenditure (all social security benefits including Housing Benefit)

Total Departmental benefit expenditure has increased from £9,447 million in 2024, to £10,226 million in 2025.

A: Overpayments

Benefit Overpayments

The table below shows the Department's total estimates of benefit overpayments for the last two years, 2025 and 2024 (all social security benefits including Housing Benefit).

Estimates of benefit overpayments for 2025 and 2024

2025	Expenditure £	Monetary Value of Error £	Lower Confidence Limit £	Upper Confidence Limit £	Monetary Value of Error as % of expenditure	Lower Confidence Limit %	Upper Confidence Limit %
Official Error	10,225,780,440	36,426,558	20,699,416	57,559,673	0.4%	0.2%	0.6%
Customer Error	10,225,780,440	86,864,192	56,050,773	124,208,024	0.8%	0.5%	1.2%
Customer Fraud	10,225,780,440	170,906,933	132,780,600	214,570,282	1.7%	1.3%	2.1%
Total Overpayments[1]	**10,225,780,440**	**294,197,684**	**242,715,385**	**355,415,805**	**2.9%**	**2.4%**	**3.5%**

2024	Expenditure £	Monetary Value of Error £	Lower Confidence Limit £	Upper Confidence Limit £	Monetary Value of Error as % of expenditure	Lower Confidence Limit %	Upper Confidence Limit %
Official Error	9,446,695,397	42,500,636	28,796,493	60,708,534	0.4%	0.3%	0.6%
Customer Error	9,446,695,397	74,854,536	53,302,227	102,196,473	0.8%	0.6%	1.1%
Customer Fraud	9,446,695,397	232,982,051	184,641,625	287,318,681	2.5%	2.0%	3.0%
Total Overpayments[1]	**9,446,695,397**	**350,337,224**	**295,664,540**	**413,831,936**	**3.7%**	**3.1%**	**4.4%**

[1] Confidence intervals for each individual benefit are calculated using a bootstrapping technique. The confidence interval for the overall figure is calculated using the sum of squares method of combining the confidence intervals from all the individual samples. The central estimates sum because they are an estimate of a true value. If we knew this true value for each benefit, it is logical that summing it over all individual benefits would equal the overall total. The confidence intervals are a measure of uncertainty around these values. When we combine the individual benefits, a new interval needs to be created around this summed estimate. Summing the old confidence limits does not work because it focuses on the absolute value of the limits rather than the uncertainty around the central estimates that they represent. The sum of squares method is a way of combining this uncertainty across samples.

The Department estimates approximately £294.2 million was overpaid through fraud and error in social security benefits (including Housing Benefit) for 2025. This represents approximately 2.9% of the total benefit expenditure of which £170.9 million (1.7%) is Customer Fraud, £86.9 million (0.8%) is Customer Error and £36.4 million (0.4%) is Official Error.

The comparative estimate for 2024 is approximately £350.3 million overpaid through fraud and error in social security benefits (including Housing Benefit). This represents approximately 3.7% of the total benefit expenditure of which £233.0 million (2.5%) is Customer Fraud, £74.9 million (0.8%) is Customer Error and £42.5 million (0.4%) is Official Error.

Social Security Benefits (excluding Housing Benefit): From the total £294.2 million overpayments, the 2025 estimate for overpayment through fraud and error which is attributable to social security benefits (excluding Housing Benefit) is £278.3 million. This represents approximately 2.8% of the total social security benefit expenditure for 2025, of which £158.9 million (1.6%) is Customer Fraud, £84.5 million (0.9%) is Customer Error and £34.9 million (0.4%) is Official Error. In summary, loss in 2025 decreased from 3.6% of expenditure to 2.8%.

A detailed breakdown of the total overpayment amount for 2025 of £294.2 million, which includes Housing Benefit, is disclosed in the following tables. The tables are produced to depict the individual totals arising from the three main elements of benefit overpayments, i.e. Official Error, Customer Error and Customer Fraud. In addition, tables are also included at Part C that disclose the estimated amount of underpayments that have arisen from both Official and Customer Error in 2025.

Official Error - Overpayments

Official Error occurs where benefit awards are miscalculated as a result of an official not applying the benefit specific rules correctly, not taking into account all the circumstances applicable to an individual, or a system error. The table below sets out the estimate of Official Error in 2025.

Estimates of official error overpayments across all benefits in 2025

Benefit	Expenditure (£)	Monetary Value of Error (£)	Lower Confidence Limit (£)	Upper Confidence Limit (£)	Monetary Value of Error (%)	Lower Confidence Limit (%)	Upper Confidence Limit (%)
Disability Living Allowance	475,741,960	622,441	0	2,674,877	0.1%	0.0%	0.6%
Employment and Support Allowance	673,622,802	1,905,364	0	5,808,435	0.3%	0.0%	0.9%
Income Support	11,363,273	68,907	0	200,114	0.6%	0.0%	1.8%
Jobseeker's Allowance	13,039,712	133,740	0	333,700	1.0%	0.0%	2.6%
State Pension	3,675,082,282	826,375	360,043	1,418,513	0.0%	0.0%	0.0%
Pension Credit	282,470,321	1,616,446	292,475	3,287,060	0.6%	0.1%	1.2%
Attendance Allowance	330,247,409	0	0	0	0.0%	0.0%	0.0%
Bereavement Benefit	10,582,401	32,760	0	148,400	0.3%	0.0%	1.4%
Carer's Allowance	206,497,538	318,166	0	954,843	0.2%	0.0%	0.5%
Industrial Injuries Disablement Benefit	33,636,506	0	0	0	0.0%	0.0%	0.0%
Maternity Allowance	9,873,917	0	0	0	0.0%	0.0%	0.0%
Social Fund	16,466,742	163,537	1,043	363,033	1.0%	0.0%	2.2%
Widow's Benefit	356,096	908	0	2,873	0.3%	0.0%	0.8%
Incapacity Benefit	(14,437)						
Personal Independence Payment	1,735,198,538	19,172,938	4,962,817	38,260,510	1.1%	0.3%	2.2%
Universal Credit	2,264,144,573	9,966,900	3,896,050	17,409,856	0.4%	0.2%	0.8%
Other Expenditure (Non-NIF)	70,707,963	46,740	9,432	99,407	0.1%	0.0%	0.1%
Christmas Bonus (Contributory Only)	3,764,443	13,423	7,349	21,571	0.4%	0.2%	0.6%
Social Security Benefits	**9,812,782,037**	**34,888,645**	**-**	**-**	**0.4%**	**-**	**-**

Housing Benefit Tenants (NIHE)	386,478,807	1,200,363	105,396	3,125,270	0.3%	0.0%	0.8%
Housing Benefit Owner Occupier (LPS)	26,519,595	337,550	134,582	589,853	1.3%	0.5%	2.2%
Total [1]	**10,225,780,440**	**36,426,558**	**20,699,416**	**57,559,673**	**0.4%**	**0.2%**	**0.6%**

1 See footnote 1

Customer Error - Overpayments

Customer error occurs where there has been a failure by the customer to notify a reportable change that affects the benefit in payment but there is no suspicion of fraud/fraudulent intent. The table below sets out the estimate of Customer Error overpayments in 2025.

Estimates of customer error overpayments across all benefits in 2025

Benefit	Expenditure (£)	Monetary Value of Error (£)	Lower Confidence Limit (£)	Upper Confidence Limit (£)	Monetary Value of Error (%)	Lower Confidence Limit (%)	Upper Confidence Limit (%)
Disability Living Allowance	475,741,960	0	0	0	0.0%	0.0%	0.0%
Employment and Support Allowance	673,622,802	1,212,153	266,461	2,441,401	0.2%	0.0%	0.4%
Income Support	11,363,273	49,841	0	121,826	0.4%	0.0%	1.1%
Jobseeker's Allowance	13,039,712	11,915	0	48,375	0.1%	0.0%	0.4%
State Pension	3,675,082,282	0	0	0	0.0%	0.0%	0.0%
Pension Credit	282,470,321	14,991,665	11,140,280	19,239,372	5.3%	3.9%	6.8%
Attendance Allowance	330,247,409	0	0	0	0.0%	0.0%	0.0%
Bereavement Benefit	10,582,401	9,669	0	54,054	0.1%	0.0%	0.5%
Carer's Allowance	206,497,538	1,354,776	334,434	2,720,231	0.7%	0.2%	1.3%
Industrial Injuries Disablement Benefit	33,636,506	0	0	0	0.0%	0.0%	0.0%
Maternity Allowance	9,873,917	17,768	0	53,804	0.2%	0.0%	0.5%
Social Fund	16,466,742	124,299	0	443,638	0.8%	0.0%	2.7%
Widow's Benefit	356,096	325	0	1,819	0.1%	0.0%	0.5%
Incapacity Benefit	(14,437)						
Personal Independence Payment	1,735,198,538	48,239,451	18,963,040	83,709,658	2.8%	1.1%	4.8%
Universal Credit	2,264,144,573	18,434,581	9,939,485	28,796,805	0.8%	0.4%	1.3%
Other Expenditure (Non-NIF)	70,707,963	25,475	14,227	40,173	0.0%	0.0%	0.1%
Christmas Bonus (Contributory Only)	3,764,443	32,651	20,741	47,071	0.9%	0.6%	1.3%
Social Security Benefits	**9,812,782,037**	**84,504,568**	**-**	**-**	**0.9%**	**-**	**-**

Housing Benefit Tenants (NIHE)	386,478,807	1,865,067	45,327	4,588,222	0.5%	0.0%	1.2%
Housing Benefit Owner Occupier (LPS)	26,519,595	494,557	224,236	817,274	1.9%	0.8%	3.1%
Total 1	**10,225,780,440**	**86,864,192**	**56,050,773**	**124,208,024**	**0.8%**	**0.5%**	**1.2%**

1 See footnote 1

Customer Fraud – overpayments

Customer Fraud occurs where the basic conditions of entitlement have not been met, where the customer could reasonably be expected to be aware of the effect on entitlement to benefit and the customer has deliberately not reported relevant information. The table below sets out the estimate of Customer Fraud in 2025.

Estimates of customer fraud overpayments across all benefits in 2025

Benefit	Expenditure (£)	Monetary Value of Error (£)	Lower Confidence Limit (£)	Upper Confidence Limit (£)	Monetary Value of Error (%)	Lower Confidence Limit (%)	Upper Confidence Limit (%)
Disability Living Allowance	475,741,960	0	0	0	0.0%	0.0%	0.0%
Employment and Support Allowance	673,622,802	14,538,844	5,793,923	25,267,111	2.2%	0.9%	3.8%
Income Support	11,363,273	82,773	0	205,346	0.7%	0.0%	1.8%
Jobseeker's Allowance	13,039,712	598,326	143,407	1,121,974	4.6%	1.1%	8.6%
State Pension	3,675,082,282	0	0	0	0.0%	0.0%	0.0%
Pension Credit	282.470.321	7.824.783	3.989.612	12.211.936	2.8%	1.4%	4.3%
Attendance Allowance	330,247,409	0	0	0	0.0%	0.0%	0.0%
Bereavement Benefit	10,582,401	485,572	0	1,123,023	4.6%	0.0%	10.6%
Carer's Allowance	206,497,538	1,014,653	0	2,364,694	0.5%	0.0%	1.1%
Industrial Injuries Disablement Benefit	33,636,506	0	0	0	0.0%	0.0%	0.0%
Maternity Allowance	9,873,917	213,109	0	527,618	2.2%	0.0%	5.3%
Social Fund	16,466,742	383,413	0	912,519	2.3%	0.0%	5.5%
Widow's Benefit	356,096	16,339	0	37,790	4.6%	0.0%	10.6%
Incapacity Benefit	(14,437)						
Personal Independence Payments	1,735,198,538	27,683,109	8,834,078	50,145,640	1.6%	0.5%	2.9%
Universal Credit	2,264,144,573	105,863,045	74,671,794	140,723,362	4.7%	3.3%	6.2%
Other Expenditure (Non-NIF)	70,707,963	169,470	58,284	300,879	0.2%	0.1%	0.4%
Christmas Bonus (Contributory Only)	3,764,443	61,304	46,708	77,989	1.6%	1.2%	2.1%
Social Security Benefits	**9,812,782,037**	**158,934,742**	**-**	**-**	**1.6%**	**-**	**-**

Housing Benefit Tenants (NIHE)	386,478,807	9,982,079	4,322,894	16,974,855	2.6%	1.1%	4.4%
Housing Benefit Owner Occupier (LPS)	26,519,595	1,990,112	1,369,331	2,714,142	7.5%	5.2%	10.2%
Total [1]	**10,225,780,440**	**170,906,933**	**132,780,600**	**214,570,282**	**1.7%**	**1.3%**	**2.1%**

[1] See footnote 1

B: Strategy to Reduce Social Security Benefit Fraud and Error

The Department for Communities administers an annual benefit expenditure of over £10.2billion and while the vast majority of these payments are correct, a small percentage are subject to fraud and error, leading to benefit over and underpayments for customers and putting pressure on the public purse. The Department's Benefit Security Division takes the lead in driving activity to minimise fraud and error. The Benefit Fraud, Error, and Debt Strategy 2024–2027 outlines at a high level the work undertaken to achieve this. The Strategy recognises what we currently do well whilst remaining aware of areas in which we need to respond in a rapidly changing environment.

The biggest influence for this Strategy is the continuing move from legacy benefits to Universal Credit. The vast majority of Universal Credit claimants will self-serve online, offering opportunities to make the customer journey easier and deploy analytical methods to identify system vulnerabilities and remove the potential for some fraud and error. This is important as technical capabilities for data sharing and analytics are evolving quickly, both ours and those who seek to defraud us.

The Strategy sets out five strategic objectives designed to minimise loss to the public purse. Our aim is to prevent fraud and error from occurring where we can and, if we are unable to, detect it early and take corrective action. Throughout the lifespan of this Strategy, we will achieve this aim through the delivery of the five strategic objectives.

Benefit Security Board

The Department's counter-fraud activities are overseen by the Benefit Security Board. This Board's membership comprises a wide selection of internal stakeholders and guides the Department's priorities to address the areas of highest risk. Ultimately responsible to the Departmental Management Board, they share the wider Departmental aim of providing assurance of effective counter fraud and error activities. Mitigating the losses from fraud and error is one of the Department's key priorities.

Official Error Activities

For 2025, overall financial accuracy was 99.4%. The Department's Error Reduction Teams located in operational benefit branches are dedicated to performing checking on cases which, through statistical analysis, are considered to be at the greatest risk of error. This work aims to reduce staff error and ensure strong levels of accuracy. Funding for staff is allocated on the basis of risk and takes into consideration the monetary value of error in each benefit alongside factors such as the deployment of resources and priorities within the Department.

Improving financial accuracy is as much about detecting and correcting underpayments as it is about overpayments. Addressing overpayments and underpayments is key to error reduction activity. During 2025-26, this amounted to almost 19,000 actions, leading to the adjustment of benefit in 3,234 cases, with a total monetary value of almost £24.3 million.

The Department is committed to the reduction of staff error and has a wide range of control mechanisms built into benefit administration to ensure high levels of financial accuracy. These mechanisms include extensive training and consolidation; the application of benchmark standards for staff; a programme of regular checks and controls to prevent potential incorrectness; and the measurement and reporting on Department performance within this area.

Customer Fraud and Error

The Department's Benefit Security Division has lead responsibility for counter fraud & error activities; using information from diverse sources, Benefit Security Division identifies and focuses on areas of greatest risk. Cases are managed through a number of risk-based approaches – case intervention, customer compliance, and criminal fraud investigation, to detect and correct fraud and error and apply penalties where appropriate to deter further abuse.

Criminal Investigation: During 2025-26, 675 fraud investigations were completed leading to 69 penalties, formal cautions, or convictions. In 2025-26 the monetary value of adjustments arising from the discovery of fraud was estimated to be £9.1 million.

Customer Compliance: Compliance interviews have continued to generate very positive outcomes in the correction and prevention of customer error. During 2025-26, Customer Compliance Officers within Benefit Security Division carried out 3,433 robust and challenging Compliance Interviews, resulting in changes in 20% of cases and £8.7 million in benefit adjustments.

Intervention activity: aims to remove error from the benefits system by carrying out checks on Universal Credit and Employment Support Allowance cases. Universal Credit checks are carried out on outputs from high-risk scans. These are high volume “nudge” calls designed to encourage benefit customers to declare their true circumstances. Employment Support Allowance checks are carried out using HMRC Real Time Information.

Case Intervention activity in 2025-26 led to monetary value of adjustments totalling £27.3 million, examining over 33,000 cases. This includes work carried out by the NI Housing Executive and the Department’s Pension Credit branch who use General Matching Scans to target error within their respective benefits. It also includes work undertaken by the Benefit Security Division Enhanced Review Team who conduct prevent and detect activity based on known and emerging risks.

Universal Credit Reviews: Based within Universal Credit Operations, this team carries out detailed reviews to address error by validating a claimant’s circumstances against those declared. In 2025-26, this team completed 1,939 cases leading to £4.7 million in savings by way of benefit overpayments and future overpayments prevented

Financial Investigation Unit: For higher value fraud convictions, Benefit Security Division’s Financial Investigation Unit (FIU) use powers granted under the Proceeds of Crime Act 2002 to recover monies. The table below presents the results of the FIU for 1 April 2025 to 31 March 2026.

	2025-26 £’000’s
Value of Confiscation Orders granted	85.7
Voluntary Payments received	82.7
* Payments received in respect of Confiscation Orders	31.7

* These payments relate to all outstanding Confiscation Orders.

Real Time Information

The Department directs resources towards the Real Time Information matching systems that utilise HM Revenue & Customs information in respect of earnings and non-state pension income. Verify Earnings and Pensions is used within Pension Credit and Housing Benefit and Carers Allowance. This provides the Department with the ability to detect undeclared or changes to earnings/non-state pension income at the point of claim and ensure the claim is correct before it is put into payment. This process is now well embedded and is a vital tool to prevent fraud and error.

Benefit Security Division Initiatives

Established in early 2025, the **Benefit Fraud & Error Task and Finish Group** critically examined all aspects of benefit fraud and error; findings were shared by Minister during a statement to the Assembly on 9 February 2026. The recommendations focused on four key areas:

1. Enhance and expand current fraud and error activities

2. Strengthen the specialist training and support for staff to double-down on fraud and error, including mistakes made by officials

3. Maximise technology solutions in conjunction with DWP and other Departments, at Westminster and locally, to aid investigative efforts

4. Increase public understanding of benefit fraud, and raise awareness of our zero-tolerance approach

The implementation of many of the recommendations is subject to additional funding. A business case has been submitted to HM Treasury making the case for a proportion of savings generated through work to tackle fraud and error, to be returned to the Executive. Guided by the Strategic Objectives, the Department continues to explore initiatives to strengthen counter fraud and error activities and maintain readiness for future risks. These include:

1. **Engagement with DWP –** Benefit Security Division engage regularly with counterparts in the Department for Work and Pensions at a strategic and an operational level to monitor developments in fraud and error prevention and detection to inform best practice.

2. **Optimum Use of Resources** – Align resources to risk with a greater shift to early claim interventions and prevent activity. This allows Fraud Investigators to focus on high-risk, high-value fraud cases.

3. **Data Analytics** – Work with Departmental statisticians to examine our own data and analyse customer behaviour to assess and understand fraud risks, identify patterns and trends, and ultimately guide policy decisions and operational priorities.

C: Underpayments

Benefit Underpayments

The table below shows the Department's total estimates of benefit underpayments for the last two years, 2025 and 2024 (all social security benefits including Housing Benefit).

Overall, the figure for estimated amounts of underpayments is £90.9 million, or 0.9% of expenditure in 2025 compared to £100.6 million (1.1%) in 2024.

Estimates of underpayments across all benefits for 2025 and 2024

2025	Expenditure £	Monetary Value of Error £	Lower Confidence Limit £	Upper Confidence Limit £	Monetary Value of Error as % of expenditure	Lower Confidence Limit %	Upper Confidence Limit %
Official Error	10,225,780,440	20,444,165	13,777,558	29,829,021	0.2%	0.1%	0.3%
Customer Error	10,225,780,440	70,451,779	52,141,735	91,477,167	0.7%	0.5%	0.9%
Customer Fraud	10,225,780,440	0	0	0	0.0%	0.0%	0.0%
Total Underpayments[1]	**10,225,780,440**	**90,895,944**	**71,410,017**	**113,920,767**	**0.9%**	**0.7%**	**1.1%**

2024	Expenditure £	Monetary Value of Error £	Lower Confidence Limit £	Upper Confidence Limit £	Monetary Value of Error as % of expenditure	Lower Confidence Limit %	Upper Confidence Limit %
Official Error	9,446,695,397	26,878,818	17,677,253	39,263,254	0.3%	0.2%	0.4%
Customer Error	9,446,695,397	73,629,720	53,865,874	96,863,539	0.8%	0.6%	1.0%
Customer Fraud	9,446,695,397	100,936	-	315,132	0.0%	0.0%	0.0%
Total Underpayments[1]	**9,446,695,397**	**100,609,474**	**78,808,360**	**126,938,745**	**1.1%**	**0.8%**	**1.3%**

[1]See footnote 1

The Department monitors and estimates the level of underpayments arising from Official and Customer Error. Identifying those cases not receiving their full entitlement and correcting benefit payments is an integral part of the Department's strategy.

Official Error – Underpayments

The table below sets out the estimate of benefit underpayments due to Official Error in 2025.

Estimates of official error underpayments across all benefits in 2025

Benefit	Expenditure (£)	Monetary Value of Error (£)	Lower Confidence Limit (£)	Upper Confidence Limit (£)	Monetary Value of Error (%)	Lower Confidence Limit (%)	Upper Confidence Limit (%)
Disability Living Allowance	475,741,960	193,823	0	985,974	0.0%	0.0%	0.2%
Employment and Support Allowance	673,622,802	5,282,030	1,204,286	10,608,520	0.8%	0.2%	1.6%
Income Support	11,363,273	24,456	0	93,571	0.2%	0.0%	0.8%
Jobseeker's Allowance	13,039,712	151,427	0	386,546	1.2%	0.0%	3.0%
State Pension	3,675,082,282	3,552,319	1,584,109	6,269,767	0.1%	0.0%	0.2%
Pension Credit	282,470,321	1,992,704	323,015	4,201,103	0.7%	0.1%	1.5%
Attendance Allowance	330,247,409	652,985	0	3,364,830	0.2%	0.0%	1.0%
Bereavement Benefit	10,582,401	35,991	0	152,738	0.3%	0.0%	1.4%
Carer's Allowance	206,497,538	0	0	0	0.0%	0.0%	0.0%
Industrial Injuries Disablement Benefit	33,636,506	70,198	0	384,554	0.2%	0.0%	1.1%
Maternity Allowance	9,873,917	19,005	0	78,192	0.2%	0.0%	0.8%
Social Fund	16,466,742	36,346	0	152,637	0.2%	0.0%	0.9%
Widow's Benefit	356,096	6,439	0	21,708	1.8%	0.0%	6.1%
Incapacity Benefit	(14,437)						
Personal Independence Payment	1,735,198,538	1,748,089	0	5,333,334	0.1%	0.0%	0.3%
Universal Credit	2,264,144,573	5,863,668	1,884,578	10,941,166	0.3%	0.1%	0.5%
Other Expenditure (Non-NIF)	70,707,963	106,708	28,047	212,109	0.2%	0.0%	0.3%
Christmas Bonus (Contributory Only)	3,764,443	7,587	5,015	11,207	0.2%	0.1%	0.3%
Social Security Benefits	**9,812,782,037**	**19,743,775**	**-**	**-**	**0.2%**	**-**	**-**
Housing Benefit Tenants (NIHE)	386,478,807	655,473	77,794	1,442,702	0.2%	0.0%	0.4%
Housing Benefit Owner Occupier (LPS)	26,519,595	44,917	0	117,513	0.2%	0.0%	0.4%
Total [1]	**10,225,780,440**	**20,444,165**	**13,777,558**	**29,829,021**	**0.2%**	**0.1%**	**0.3%**

1 See footnote 1

Customer Error - Underpayments

The table below sets out the estimate of benefit underpayments due to Customer Error in 2025.

Estimates of customer error underpayments across all benefits in 2025

Benefit	Expenditure (£)	Monetary Value of Error (£)	Lower Confidence Limit (£)	Upper Confidence Limit (£)	Monetary Value of Error (%)	Lower Confidence Limit (%)	Upper Confidence Limit (%)
Disability Living Allowance	475,741,960	0	0	0	0.0%	0.0%	0.0%
Employment and Support Allowance	673,622,802	8,793,441	3,890,313	14,600,928	1.3%	0.6%	2.2%
Income Support	11,363,273	8,138	0	41,951	0.1%	0.0%	0.4%
Jobseeker's Allowance	13,039,712	53,665	0	190,456	0.4%	0.0%	1.5%
State Pension	3,675,082,282	0	0	0	0.0%	0.0%	0.0%
Pension Credit	282,470,321	4,128,353	1,888,447	7,032,919	1.5%	0.7%	2.5%
Attendance Allowance	330,247,409	0	0	0	0.0%	0.0%	0.0%
Bereavement Benefit	10,582,401	43,552	0	210,071	0.4%	0.0%	2.0%
Carer's Allowance	206,497,538	0	0	0	0.0%	0.0%	0.0%
Industrial Injuries Disablement Benefit	33,636,506	0	0	0	0.0%	0.0%	0.0%
Maternity Allowance	9,873,917	128,894	0	299,145	1.3%	0.0%	3.0%
Social Fund	16,466,742	83,765	48,368	350,439	0.5%	0.3%	2.1%
Widow's Benefit	356,096	1,466	0	7,069	0.4%	0.0%	2.0%
Incapacity Benefit	(14,437)						
Personal Independence Payment	1,735,198,538	31,567,421	16,942,004	48,403,498	1.8%	1.0%	2.8%
Universal Credit	2,264,144,573	23,825,465	14,269,641	34,543,276	1.1%	0.6%	1.5%
Other Expenditure (Non-NIF)	70,707,963	57,615	14,226	111,151	0.1%	0.0%	0.2%
Christmas Bonus (Contributory Only)	3,764,443	26,544	19,464	34,671	0.7%	0.5%	0.9%
Social Security Benefits	**9,812,782,037**	**68,718,319**	**-**	**-**	**0.7%**	**-**	**-**

Housing Benefit Tenants (NIHE)	386,478,807	1,701,274	733,510	2,895,565	0.4%	0.2%	0.7%
Housing Benefit Owner Occupier (LPS)	26,519,595	32,186	4,660	71,969	0.1%	0.0%	0.3%
Total [1]	**10,225,780,440**	**70,451,779**	**52,141,735**	**91,477,167**	**0.7%**	**0.5%**	**0.9%**

1 See footnote 1

D: Disability Living Allowance (DLA) - 'Change in Customers' Circumstances' cases

The 2006 DLA Benefit Review identified cases where the change in customers' needs had been so gradual that it would have been unreasonable to expect the customer to know at which point their entitlement to DLA might have changed. These cases do not result in a recoverable overpayment as the Department cannot quantify or define when the customer's change occurred. Under the specific terms of benefit legislation (to establish a recoverable overpayment) it is necessary for the Department to prove that entitlement to DLA is incorrect. Cases in this sub-category are therefore technically and legally correct but are reassessed after review activity (for further clarification on this issue see regulation 7(2)(c)(ii) of the Social Security and Child Support (Decisions and Appeals) Regulations (Northern Ireland) 1999 (S.R. 1999 No. 162); regulation 7(2)(c)(ii) was substituted by regulation 2(5) of S.R. 1999 No. 267).

The difference between what claimants in these 'change in customers' circumstances' cases are receiving in excess of DLA entitlement and, what they would potentially receive if their benefit was reassessed, was estimated to be £38.0 million or 5.7% of DLA expenditure in 2008. Since there was no DLA Benefit Review in 2025, the 2025 estimate for DLA 'change in customer circumstances' overpayments is estimated by applying the 2008 percentage. The 2025 estimate is £27.0 million or 5.7% of expenditure. These figures are not included in the total figures in the respective tables above.

The difference between what claimants in the DLA 'change in customers' circumstances' cases are receiving below their DLA entitlement and what they would potentially have been due to receive if their benefit was reassessed was estimated to be £19.4 million, 2.9% of expenditure in 2008. Since there was no DLA Benefit Review in 2025, the 2025 estimate for DLA 'change in customers' circumstances' underpayments is estimated by applying the 2008 percentage. The 2025 estimate is £13.8 million or 2.9% of expenditure. These figures are not included in the total figures in the respective tables above.

E: Personal Independence Payment (PIP) - 'Change in Customers' Circumstances' cases

A decision on the award of PIP made on the ground of a change of circumstances takes effect on the date on which the relevant change of circumstances occurs or is expected to occur. This does not apply, however where a customer could not reasonably be expected to know at which point their entitlement to PIP might have changed. These cases do not result in a recoverable overpayment as the Department cannot quantify or define when the customer's change occurred.

Under the specific terms of benefit legislation (to establish a recoverable overpayment) it is necessary for the Department to prove that entitlement to PIP is incorrect. Cases in this sub-category are therefore technically and legally correct but are reassessed after review activity. This is in line with the DWP approach and similar to the methodology previously used for DLA. Note that due to differences in legislation, a “gradual change in customer circumstances” underpayment can exist for Disability Living Allowance but cannot exist for Personal Independence Payment.

For further clarification on this issue see The Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Decisions and Appeals) Regulations (Northern Ireland) 2016 (S.R. No 221) Schedule 1, Part 2.

The 2025 estimate is £41.9 million, or 2.4% of expenditure. This figure is not included in the total figures in the respective tables above.

Most PIP awards are for fixed terms with a review point built in; this provides the Department with a regular opportunity to reassess a customer’s circumstances and reduce the accumulation of overpayments in these cases.

25 Third Party Assets

Child Maintenance Client Funds

The Department is responsible for the collection and payment of client funds relating to the Collect and Pay service of the statutory child maintenance scheme operated through the Northern Ireland (NI) Child Maintenance Service (CMS).

Historically, the NI CMS prepared an annual CMS Client Funds Account and published this in an annex to the Department's Annual Report and Accounts (ARA). The Client Funds account comprised a Receipts and Payments Account, and a Statement of Cash Balances.

Noting the approach taken by the GB Department for Work and Pensions (DWP) Child Maintenance Service (CMS) and HM Treasury (HMT), a new NI CMS Accounts Direction for 2025-26 was issued by the Department of Finance (DoF) in January 2026. The Department and DoF agreed, in line with GB, a specific NI CMS Client Funds account would no longer be prepared and instead key financial information would be presented in the Department's ARA. The new Accounts Direction requires the overall cash position for the NI CMS child maintenance scheme, together with the total cash received and paid out for the scheme in the financial year to be reported within this note.

In relation to the Collect and Pay service of the statutory child maintenance scheme the Department acts in a custodian role in respect of the client funds, collecting payments from Paying Parents and issuing maintenance payments to Receiving Parents. These funds are held in designated bank accounts and their related transactions are not recognised as assets or liabilities in the Department's consolidated accounts.

The table below presents the total client cash funds associated with the Collect & Pay service for the year ended 31st March 2026 and for the previous financial year.

	2025-26 £'000	2024-25 £'000
Cash held at 1 April	149	91
Total client funds cash received during the year	8,430	6,844
Total client funds cash paid during the year	(8,440)	(6,786)
Cash held at 31 March	**139**	**149**

The amounts stated above represent the total cash received, total cash paid and total cash held for the current 2012 CMS Collect & Pay scheme, and the Legacy Schemes (the previous CMS 1993 and 2003 schemes used for the collection and payment of child maintenance. The Legacy schemes were closed in 2020 and the receipts and payments for these arrears only balances continue to decline each year).

The information on the outstanding child maintenance arrears for the CMS scheme for the financial year ended 31 March 2026 is included in the Performance Section within the Department's Annual Report.

Northern Ireland Central Investment Fund for Charities

The Department administers a Central Investment Fund for Charities (NICIFC) into which Northern Ireland charities can invest funds. In addition, the Department administers a number of charitable donations and bequests which are also invested in the NICIFC. These are not departmental funds and are not consolidated within the departmental accounts. The value of the NICIFC at 31 March 2026 was £57.9 million.

26 Entities within the departmental boundary

The entities within the boundary during 2025-26 were as follows:

Non-Departmental Public Bodies

Organisation	Acronym	Website
Armagh Observatory & Planetarium	AOP	www.armagh.space
Arts Council Northern Ireland – Exchequer	ACNI	www.artscouncil-ni.org
Charity Commission Northern Ireland	CCNI	www.charitycommissionni.org.uk
Commissioner for Older People Northern Ireland	COPNI	www.copni.org
Libraries Northern Ireland	LNI	www.librariesni.org.uk
Local Government Staff Commission	LGSC	www.lgsc.org.uk
National Museums Northern Ireland	NMNI	www.nationalmuseumsni.org
Northern Ireland Commissioner for Children & Young People	NICCY	www.niccy.org
Northern Ireland Housing Executive – Strategic Housing Authority	NIHE	MyHousingExecutive (nihe.gov.uk)
Northern Ireland Local Government Officers' Superannuation Committee	NILGOSC	www.nilgosc.org.uk
Northern Ireland Museums Council	NIMC	www.nimc.co.uk
North/South Language body	NS Language Body	www.northsouthministerialcouncil.org
Sport Northern Ireland – Exchequer	SNI	www.sportni.net
Ulster Supported Employment Ltd	USEL	www.usel.co.uk

Independent Statutory Bodies

Office of the Discretionary Support Commissioner

Advisory Non-Departmental Public Bodies

Historic Building Council

Historic Monuments Council

Charities Advisory Committee

Ministerial Advisory Group on Architecture and Built Environment

Other Entities

Rent Assessment Panel

27 Events after the Reporting Period

There were no adjusting events between the end of the reporting period and the date the financial statements were authorised for issue.

The Accounting Officer authorised the issue of these financial statements on 1 July 2026.

Report of the Comptroller and Auditor General

Report by the Comptroller and Auditor General to the Northern Ireland Assembly

Introduction

1. The Department for Communities (the Department) is responsible for housing, urban regeneration, community development, social security and child maintenance. The annual gross expenditure included in the 2025-26 financial statements for the Department is £12 billion, of which approximately £10.2 billion is spent on benefits.

2. This Report reviews the results of my 2025-26 audit of the Department's accounts and sets out the reasons and context for my qualified regularity audit opinion in relation to the material level of estimated fraud and error in benefit expenditure.

Qualification of the Comptroller and Auditor General's audit opinion on the regularity of benefit expenditure (excluding State Pension)

3. **I have qualified my opinion on the regularity of the Department's financial statements due to the material level of estimated fraud and error in benefit expenditure,** except for expenditure on State Pension where the estimate is significantly lower.

4. I am required under the Government Resources and Accounts Act (Northern Ireland) 2001 to report my opinion as to whether the financial statements give a true and fair view and also on the regularity of expenditure. In relation to my regularity opinion this means whether, in all material respects, the expenditure has been applied to the purposes intended by the Northern Ireland Assembly (the Assembly) and the financial transactions conform to the authorities which govern them.

5. Legislation specifies the entitlement criteria for each benefit, and the method to be used to calculate the amount to be paid. Where fraud or error results in the payment of a benefit to an individual who is not entitled to that benefit; or a benefit is paid at a rate that differs from the amount specified in legislation, the

over or under payment does not conform to the Assembly's intention and is irregular.

6. In my opinion, the estimated value of overpayments and underpayments due to fraud and error in benefits, other than State Pension, remains material and the qualification of my audit opinion reflects this. This is a longstanding qualification on the Department's Accounts and is due to material levels of overpayments and underpayments in benefit expenditure. The nature and reasons for these levels of fraud and error vary each year.

Measuring fraud and error

7. Benefit payments are susceptible to intentional error by claimants (customer fraud) and, also to unintended error by claimants (customer error) and the Department (official error). The Department is reliant on claimants' accurate and timely notification of changes of circumstances which together with the complexity of benefits can cause confusion and genuine error, especially for those with means-tested entitlements.

8. The Department selects random samples from the total benefit caseload to test their financial accuracy and provide a measure of official error and conducts benefit reviews that provide a measure of customer fraud and error. The Department estimates total fraud and error, set out in Note 24 to the accounts, by combining the results from these reviews. The fraud and error figures that are quoted are statistically determined central estimates (or mid-points) within a range. The Department's methodology for estimating fraud and error has been reviewed and tested as part of my audit work.

9. To facilitate the timetable for producing the accounts, the Department's testing of financial accuracy is reported quarterly on a rolling 12-month basis. The latest figures available are for the 12 months to December 2025 and it is these figures that are reported in Note 24 to the accounts. This is consistent with previous years, and I am satisfied that this approach is reasonable and that the results produced are a reliable estimate of the total fraud and error in the benefits system.

10. Note 24 to the Accounts sets out which benefits were measured for financial accuracy and subject to benefit review this year. The level of fraud and error for the remaining benefits has been estimated using either the results of previous financial accuracy or benefit review exercises or by proxy values.

The estimated level of fraud and error in benefit expenditure

11. **Table 1** shows the overpayment and underpayment rates as a percentage of calendar year benefit expenditure since 2021. These are the total overpayment and underpayment rates which are included in note 24. They include State Pension benefit over and underpayments and customer error underpayments, which C&AG has excluded from her qualified opinion.

Table 1: Trends in over and underpayments due to estimated fraud and error as a percentage of relevant benefit expenditure for the last 5 years

	2021	2022	2023	2024	2025
Overpayments due to:	**£m**	**£m**	**£m**	**£m**	**£m**
Calendar year spend	**7,133.5**	**7,472.6**	**8,361.8**	**9,446.7**	**10,225.8**
Customer Fraud	138.4	119.4	163.2	233.0	170.9
Customer Error	36.0	30.0	50.8	74.8	86.9
Official Error	37.1	24.7	26.3	42.5	36.4
Total overpayments	**211.5**	**174.1**	**240.3**	**350.3**	**294.2**
	%	**%**	**%**	**%**	**%**
Overpayments as a percentage of the benefit expenditure	**3.0**	**2.3**	**2.9**	**3.7**	**2.9**
Underpayments due to:	**£m**	**£m**	**£m**	**£m**	**£m**
Customer Fraud	nil	0.7	5.2	0.1	nil
Customer Error	25.8	23.4	57.5	73.6	70.5
Official Error	27.1	30.0	29.4	26.9	20.4
Total Underpayments	**52.9**	**54.1**	**92.1**	**100.6**	**90.9**
	%	**%**	**%**	**%**	**%**
Underpayments as a percentage of the benefit expenditure	**0.7**	**0.7**	**1.1**	**1.1**	**0.9**

Source: Department for Communities Resource Accounts 2021-22 to 2025-26

Overpayments

12. In my report last year, I expressed my concern that the level of estimated overpayments due to fraud and error had risen so significantly particularly in relation to Customer Fraud, which had increased by 43% in the previous two years. I had asked that the Department continue to pursue all available methods to curb the rise in benefit fraud and error and to consider how it could learn from work currently being done by DWP, particularly in relation to Universal Credit, and if some of DWP's work could be implemented in Northern Ireland.

13. I am encouraged to see that the level of fraud and error in 2025 overpayments is estimated by the Department to be £294 million (2.9 per cent of total benefit payments) compared to £350 million in 2024 (3.7 per cent). This is a return to the 2023 levels in percentage terms; a decrease in overpayments of £56 million on the previous year. The majority of the decrease is due to a fall in customer fraud mainly in Universal Credit (UC).

14. Universal Credit: Estimated customer fraud overpayments decreased from £153 million in 2024 to £106 million in 2025. This is a decrease of £47 million. The estimated level of customer fraud as a percentage of Universal Credit spend has decreased from 9.1% to 4.7%. The Department told me this demonstrates the value of large-scale counter fraud and error activity and that it continues to progress actions from the Benefit Fraud, Error and Debt Strategy Action Plan in conjunction with those recommendations from the Benefit Fraud & Error Task & Finish Group report.

15. I also note that the level of customer error overpayments has gone up by £12 million overall between the two years, remaining static at 0.8% of the total benefit expenditure. Within the various figures making up this total is an increase in customer error due to Personal Independence Payments (PIP). The level of customer error in 2024 was £19 million but in 2025 this had increased to £48 million. An increase of 152%. The Department told me overpayments due to customer error increased from 1.2% to 2.8% of PIP benefit spend and, over the same period, PIP expenditure increased by over £129 million. During a recent advertising campaign customers were encouraged to report changes of circumstances.

Underpayments

16. In terms of underpayments in Table 1, I am pleased to note that this has also decreased and has dipped to just below that recorded in 2023. A review of the figures show that this is mainly due to a decrease in underpayments in PIP (a decrease of £16 million). The Department told me it has a comprehensive checking regime to identify potential over and under payments and correct them before they accumulate. Where errors are identified, the details are fed back to the benefit branch to facilitate learning and allow processes to be evaluated to minimise further errors.

The Department for Communities' response to fraud and error

17. The Department told me expenditure on benefits rose by £0.8 billion between 2024 and 2025 and despite this, total overpayments fell from 3.7% to 2.9%. As noted above this was mainly due to a decrease in customer fraud in Universal Credit which fell from 9.1% in 2024 to 4.7% in 2025. The Department said that the reduction in customer fraud in 2025 indicates the positive impact its measures were having and that existing controls are operating effectively. Although significant improvement has been made the Department recognises Universal Credit still represents the biggest risk, with the benefit accounting for 62% of the total monetary loss due to customer fraud whilst only accounting for 22% of total expenditure. The Department will continue to strengthen controls to sustain and build on this improvement.

18. The Department told me it continues to operate within a constrained budget. To ensure existing resources are being utilised effectively, a Benefit Fraud & Error Task and Finish Group was established in early 2025. The Group critically examined all aspects of benefit fraud and error and a report was presented to the Minister who accepted all recommendations, subject to funding. Findings were shared by Minister during a Statement to the Assembly on 9 February 2026. The Department said that work is ongoing to implement the Group's recommendations. These recommendations centre on:

- Enhancing and expanding current fraud and error activities.

- Strengthening the specialist training and support for staff.
- Maximising technology solutions in conjunction with DWP and other Departments, to aid investigative efforts.
- Increasing public understanding of benefit fraud and raise awareness of its zero-tolerance approach.

19. The Department's Benefit Security Division takes the lead in driving activity to minimise fraud and error and it undertakes a range of counter fraud activities including criminal investigations, compliance telephone reviews, and high-volume telephone calls. This work complements the risk-based activity carried out by individual benefit branches.

20. The Department told me it continues to analyse types of fraud and error to ensure the focus and priorities remain directed towards the areas of highest risk. Findings from this analysis are used to refine processes and reinforce the focus on preventing fraud and error before an over or under payment can occur.

Engagement with Department for Work and Pensions (DWP)

21. As a digital benefit, the Department told me that the fraud and error picture within UC remains challenging and is influenced by a number of factors for example, customer behaviour, both opportunistic and organised fraudulent activity. Ongoing system development and enhanced checking activity of UC claims continue to be some of the additional measures adopted to reduce fraud and error. The Department also pointed to its close engagement with DWP to ensure it is fully sighted on the longer-term strategy for Universal Credit fraud and error. The Department told me it is important to highlight that its ability to keep pace with DWP's investment to tackle fraud and error and to reduce incorrectness by investing in the scaling up of Universal Credit reviews has been impacted by budget restrictions. It has submitted a Business Case to HM Treasury for an Invest to Save activity with a forecasted return on investment of 5:1. Discussions are ongoing between the Department, the Department of Finance and HM Treasury.

22. For many years the estimated overpayments due to fraud and error in benefit payments have been lower in Northern Ireland compared to those reported by the Department for Work and Pensions (DWP) in Great Britain. Last year however, as set out in the table below, for the first time in many years the DfC fraud and error overpayment figure was higher than that reported by the DWP. Having looked at the figures for 2025, it is good to see that once again, the DfC percentage fraud and error figures are below those of DWP and have gone back to those recorded in 2023.

Table 2: Estimated overpayments due to fraud and error

Year	2021 %	2022 %	2023 %	2024 %	2025 %
DfC	3.0	2.3	2.9	3.7	2.9
DWP	4.0	3.6	3.6	3.3	3.2

23. Whilst it is encouraging that the level of fraud and error in benefit payments has reduced in percentage terms to that of 2023, the total value of the fraud and error is still concerningly very high. I note the range of activities being undertaken by the Department to identify and reduce the level of both over and underpayments. I further note the close liaison that it has with DWP and the opportunities this provides. I will continue to monitor developments in this area.

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1 July 2026

Available in alternative formats.

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