



Northern Ireland Authority for Utility Regulation

Annual Report and Accounts

For the year ended 31 March 2024

NORTHERN IRELAND AUTHORITY FOR UTILITY REGULATION

ANNUAL REPORT AND ACCOUNTS 2023-24

For the year ended 31 March 2024

Laid before the Northern Ireland Assembly under section 10(4) of the Government

Resources and Accounts Act (Northern Ireland) 2001

by the Department of Finance

on 11 October 2024



© Crown copyright **2024**

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit: www.nationalarchives.gov.uk/doc/open-government-licence/version/3/

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at www.uregni.gov.uk.

Any enquiries regarding this publication should be sent to us at:

Utility Regulator, Queens House, 14 Queen Street, Belfast BT1 6ED, or e-mail: info@uregni.gov.uk or tel: (028) 90311575.

Annual Report and Accounts for the year ended 31 March 2024

Contents

Performance Report	1
Overview	2
Performance Analysis	18
Accountability Report	40
Corporate Governance Report	41
Statement of Accounting Officer's Responsibilities	44
Governance Statement	45
Remuneration and Staff Report	57
Remuneration Report	57
Staff Report	69
Assembly Accountability Report	75
Statement of Outturn Against Assembly Supply (audited)	75
The Certificate of The Comptroller and Auditor General to The Northern Ireland Assembly	86
Financial Statements	92
Statement of Comprehensive Net Expenditure	93
Statement of Financial Position	94
Statement of Cash Flows	96
Statement of Changes in Taxpayers' Equity	98
Notes to the Departmental Resource Accounts	99
The Report of The Comptroller and Auditor General to The Northern Ireland Assembly	114

Performance Report

Overview

The purpose of this overview is to provide a short summary of the Utility Regulator's (UR) structure, purpose, and performance during the year. It also sets out the key risks to the achievement of our objectives, providing sufficient information for readers to form a high-level understanding of our organisation and its performance.

Chair's Foreword

As Northern Ireland's utility regulator, we have a vital role to play in ensuring the delivery of important strategic agendas. We are at a time of profound challenges for the energy and water sectors, as they each address the impact of climate change.



While we made further progress towards delivering on Corporate Strategy 2019-2024, much of our focus during the last year has been on developing a new corporate strategy. 'Protecting Consumers on the way to Net Zero' is our new corporate strategy from 2024-2029 which was published in April 2024. This new strategy is our clear statement of intent to meet head on the challenge of decarbonisation and balancing this with a Just Transition. Just Transition seeks to ensure that the benefits of net zero are shared widely, while also supporting those who stand to lose economically. This Just Transition must be fair to all and must ensure the protection of both current and future consumers.

Our new strategy puts protecting consumers at its core. Energy and water consumers deserve the best from the companies that we regulate. A focus on ever better services by our regulated enterprises is key. We also expect that homes and businesses across Northern Ireland continue to enjoy a secure energy and water supply now and into the future. I am pleased that we published a comprehensive Consumer Protection Programme in March 2024. This aligns with our corporate strategy period and signals our determination to keep the consumer interest at the core of our work.

Consumers have started to see falling bills over the last year. We have been proactive in ensuring that reducing wholesale energy costs have been reflected in tariffs as soon as possible. Network costs make up a big proportion of consumer bills and our electricity network price control reached a significant stage when we published our proposals in October last year.

Just as developing our new corporate strategy has been enriched by our engagement with stakeholders, our regulation also benefits from close working with our stakeholders. We are grateful for the continued support of our stakeholders, particularly the Department for the Economy (DfE - for energy matters) and the Department for Infrastructure (DfI – for water matters). The restoration of devolution in February 2024 is welcome and we look forward to working with our elected representatives.

Along with a new strategic direction, the last year has also seen the evolution to a transformed organisation. The impressive progress made on delivering the transformed organisation will make UR better equipped to meet the challenges of the future.

Finally, I would like to thank my Board colleagues for their commitment and significant contributions during the last year. At a time of strategic change and in an organisation that is changing to meet the challenges of the future, we are indebted to the staff team for their ongoing dedication and commitment.

Bill Emery
Chairman

Chief Executive's Foreword

It has been a year when, internally and externally, we have faced considerable change.

Our draft corporate strategy, 'Protecting Consumers on the way to Net Zero', was published for consultation at the end of October 2023. It set out an ambitious vision for our work between 2024-2029. The response to our draft strategy was overwhelmingly positive, and we launched our final strategy in April 2024. It was particularly pleasing to see the strong endorsement of our approach to developing the strategy by stakeholders. Moreover, 88% of our stakeholders stated that their engagement with UR had been very good or good. With the return of the Northern Ireland Assembly, we have been engaging with local politicians on key energy and water issues.



A key aspect of our new strategy is the need for us to adopt a proactive, can-do approach to how we regulate the energy and water sectors. Our organisational transformation, *Shaping UR for the Future*, is critical to the vision for a future UR. We have grown the size of the organisation. We are now organised to make sure that we can play that pivotal role positively shaping the energy and water sectors in Northern Ireland.

Energy bills are now reducing after two years. Over the last year, our practical support to safeguard consumers continued. A code of practice for consumers in vulnerable circumstances was published. The Consumer Energy Charter was extended into a second year. We also published our Consumer Protection Programme. I was delighted that our work on the Consumer Energy Charter during 2022 was recognised at national level when we received the UK Collaboration Network's gold award in October 2023.

We continue to apply our expertise to ensure that the costs of our utilities are no higher than they need to be. Our proposals for the electricity network price control aim to strike the right balance between supporting investment in low carbon technology and cost. Our mid-term review of Northern Ireland Water's PC21 price control is an opportunity for us to assess the investment made to date. The performance evaluative framework that we put in place for System Operator of Northern Ireland (SONI), provides an incentive for the company to improve its overall performance.

We also worked with the DfE to implement the second year of the energy strategy action plan. Moreover, we engaged with other parts of Government to move forward work associated with the climate change action plan. We continued to focus on updating our

vires to equip us to meet the decarbonisation challenges. I was pleased that our support for low carbon technology led to the first injection of biomethane into the gas network. The Single Electricity Market (SEM) continues to facilitate a series of capacity auctions that are critical to our security of supply. The auctions also support renewable generation that can place downward pressure on wholesale market prices. During 2023, the proportion of generation from renewables reached 45.8%.

Finally, I would like to thank the Board and staff for their support during the year. The professionalism and positivity shown by the team in continuing to deliver, during the transition to a new organisational structure and in a growing organisation, has demonstrated a sense of pride, commitment, and dedication.

John French
Chief Executive

About the Utility Regulator

Our Role

UR is a non-ministerial government department responsible for regulating Northern Ireland's electricity, gas, water, and sewerage industries.

Our work is based on statutory duties set out in various pieces of legislation including the Energy (Northern Ireland) Order 2003, and the Water and Sewerage Services Order 2006. These statutory duties include:

Electricity

To protect the interests of electricity consumers in regards to price and quality of service, by promoting effective competition where appropriate.

Gas

To promote the development and maintenance of an efficient, economic, and co-ordinated gas industry.

Water

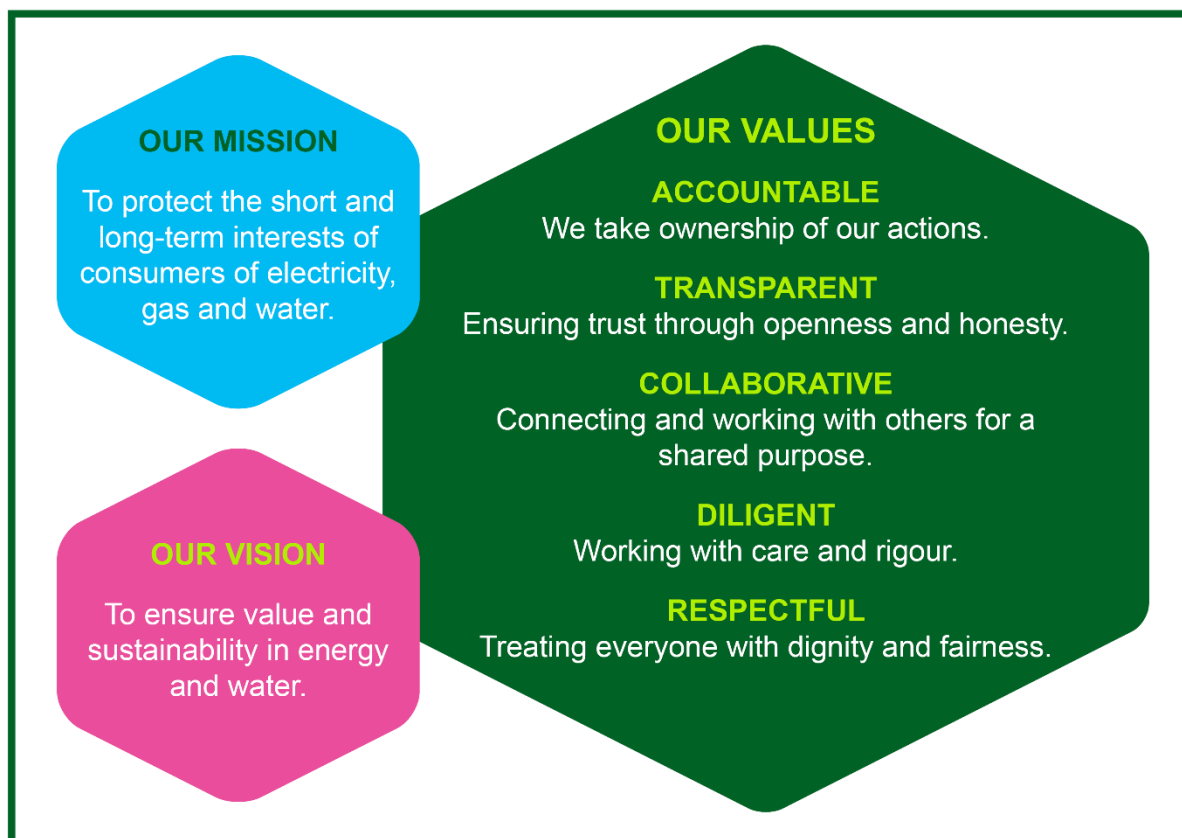
To protect the interests of water and sewerage consumers by promoting an efficient industry which delivers high quality services.

More details about our role and our statutory duties is provided in the Governance Statement.

Our Structure

We are governed by a publicly appointed Board. The Board comprises six non-executive members and one executive member (Chief Executive, John French), who is also the Accounting Officer. The Senior Leadership Team (SLT), who report to the Chief Executive, oversees the delivery of UR's functions and duties. Further detail on the membership of the Board and SLT is provided in the Governance Statement.

Our Vision, Mission and Values



As part of the development of our new Corporate Strategy 2024-2029 we have also reviewed our organisational values. We published these new values in April 2024.

Key Issues and Risks

During 2023-24 the key issues facing UR were:

Delivering on Decarbonisation and Ensuring the Just Transition

In June 2019, the UK Government passed legislation requiring the reduction of the UK's net emissions of greenhouse gases by 100% (relative to 1990 levels) by 2050. In 2022, the Northern Ireland Assembly passed the Climate Change Act (Northern Ireland) 2022, which set a target of an at least 100% reduction in net zero greenhouse gas emissions by 2050. To achieve these targets, a very significant increase in renewables, and low carbon electricity, will be needed. The principle of a Just Transition is a core element of the Climate Change Act (Northern Ireland) 2022 and underscores the need to promote fairness across all sections of society in the journey to net-zero. Our new Corporate Strategy 2024-2029 identifies Supporting the Just Transition to Net Zero as a strategic objective.

Addressing Affordability Concerns for Consumers

In recent years, Northern Ireland households and businesses, like those in the rest of the UK and the rest of Europe, have experienced significant increases in energy costs. While the headline rate of inflation has decreased recently, and energy prices have fallen from their peak, current prices remain at above trend levels. The need for regulators to support consumers to mitigate affordability concerns remains a key issue.

Energy and Water Policy and Strategy

We operate within a statutory remit to support the Northern Ireland Government's energy and water strategies. The Northern Ireland Executive published its Energy Strategy in 2021. This sets out a pathway for energy to 2030 and sets out a vision of net zero carbon and affordable energy by 2050. The Climate Change Act (Northern Ireland) 2022 sets a target of an at least 100% reduction in net zero greenhouse gas emissions by 2050. In water, DfI is working within its long-term strategy, *"Sustainable Water - A Long-Term Water Strategy for Northern Ireland (2015-2040)"*, to help achieve a vision of a sustainable water sector.

Securing Energy and Water Supply

The need for a secure and reliable supply remains a priority. It is one of the key principles of the Northern Ireland Executive's Energy Strategy. Decarbonisation presents a further challenge, as we will seek to facilitate the right mix of technologies to meet business and household demand, as older forms of generation are replaced by new technologies. In electricity, the capacity arrangements in the Single Electricity Market (SEM) help manage long-term security of supply risks. In gas, a reliable supply remains essential, and in water, the Long-Term Water Strategy's high-level aims are to provide sustainable, reliable water and sewerage services that meet customers' needs.

Protecting Consumers in Energy Markets

We continue to focus on our energy markets to ensure that businesses and households get a fair deal. As well as putting in place robust market monitoring regimes to protect consumers, we also act when required to address any market abuse. Protecting consumers also means that we take action to protect the most vulnerable when required. For instance, in November 2022, we worked in partnership with the Consumer Council for Northern Ireland (CCNI) and energy suppliers, to introduce the Consumer Energy Charter, which supported consumers through the winter 2022-23 and 2023-24.

Our Regulation

Given the amount of change that is underway to meet the net zero targets, we recognise that, as a regulator, we need to adapt and become more agile. Key to this is ensuring that our vires (or powers) are appropriate in light of the Northern Ireland Executive's Energy Strategy and the Climate Change (NI) Act 2022. The challenge will be to stay ahead of consumer expectations, and, more generally, to anticipate the changes that are required. We need to support the development of world-class efficient electricity, gas, and water companies, that are focussed on providing the best levels of service to households and businesses and are fully compliant with their licence conditions and codes of practice. We aim to be fully transparent, and accountable, for our work, and we will look to constantly improve our own performance, to maximise the benefits to energy and water consumers.

Organisational Transformation

Our new Corporate Strategy 2024-2029 identifies key enablers which are critical to the kind of organisation we aim to be. We have been implementing an organisational transformation programme, *Shaping UR for the Future*. This will see the size of our organisation grow, re-structure our organisation, and enable cross-organisational working. These changes will help us deliver on the ambition set out in our new corporate strategy.

During 2023-24 key risks facing UR were:

1. Having the vires to facilitate the implementation of existing and future energy and climate policies.
2. The efficient and secure delivery of key work streams to the benefit of consumers is adversely affected by an inability to implement the new organisational structure.
3. The delivery of the Northern Ireland's Energy Strategy and potential harm to consumers and potential reputational damage to UR that could result.
4. Successful legal challenge because of a failure to make regulatory decisions in line with UR's current statutory framework.
5. Electricity supply interruptions caused by insufficient generation adequacy/system services.
6. System Services competitive arrangements in the Single Electricity Market are poorly designed leading to inefficient cost allocation and/or non-delivery of renewables targets.
7. Volatility in energy prices and potential loss of confidence in UR's ability to regulate wholesale and retail markets effectively.
8. Underfunding of Northern Ireland Water's PC21 price control and the associated implications.

Performance Overview

Key developments 2023/2024


2023





April	<ul style="list-style-type: none"> • Launch of competition to recruit senior roles under our organisational transformation programme • Publication of domestic consumer tracker survey results on consumers' energy market experience
May	<ul style="list-style-type: none"> • Review of regulated electricity and gas tariffs commenced • Gas Transmission services cost and performance report published • Approach to NI Water's PC21 price control mid-term review announced
June	<ul style="list-style-type: none"> • Stakeholder workshops to help us develop a new corporate strategy • Consultation launched on a code of practice for consumers in vulnerable circumstances • Conclusion of regulated tariff reviews with price changes announced
July	<ul style="list-style-type: none"> • Call for evidence on electricity connection policy was launched with DfE
August	<ul style="list-style-type: none"> • A new review of regulated electricity and gas tariffs was announced • Consultation commenced on electricity guaranteed standards of service
September	<ul style="list-style-type: none"> • Regulated tariff reviews concluded with price changes announced • Cost and Performance 2021-2022 for NI Water published
October	<ul style="list-style-type: none"> • Protecting Consumers on the way to Net Zero, our draft Corporate Strategy, was published • The UK Collaboration Network awarded us their gold award for our Consumer Energy Charter initiative
November	<ul style="list-style-type: none"> • The first injection of biomethane into the natural gas network took place • Our electricity network price control (RP7) proposals were published for consultation • A new and enhanced Consumer Energy Charter was launched
December	<ul style="list-style-type: none"> • Call for evidence on our regulation of the non-domestic energy retail market commenced • Draft Consumer Protection Programme was published for consultation.

2024

January	<ul style="list-style-type: none"> • The SEM Committee held a workshop to consult stakeholders on future capacity auctions • Along with UKRN and CCNI, we held a workshop on protecting consumers in vulnerable circumstances
February	<ul style="list-style-type: none"> • Further regulated electricity and gas tariff reviews commenced • Changes to NIE Networks cluster methodology were announced • We held a stakeholder workshop on our draft Forward Work Programme
March	<ul style="list-style-type: none"> • Regulated tariff reviews concluded with price changes announced • Our Forward Work Programme 2024/2025 was published • The UR Board held its first meeting with a new SONI Board • Our final Consumer Protection Programme 2024-2029 was published

The year in summary

 Average gas bills in Greater Belfast area fell from £1,594 to £1,400. Average gas bills in the Ten Towns area fell from £1,475 to £1,363.			
 Average electricity bills fell from £1,092 to £1,015.	Average notional water bill rose from £455 to £519.		

 SEM capacity market auctions secured over 13,300 MWd of new generation capacity.	The proportion of generation from renewable sources was 45.8%.	
 90% of electricity interconnector flows were from the higher market price to lower market price.	The first biomethane injection into the natural gas network took place in November 2023.	

 Our domestic tracker survey showed high levels of consumer satisfaction with energy suppliers.	We published electricity network price control proposals identifying £2.21 billion expenditure over 2025-2031 period.	
 We produced a new Consumer Protection Programme 2024-2029.	A mandatory code of practice for consumers in vulnerable circumstances was published in March 2024.	

 We carried out an extensive stakeholder engagement to develop a new Corporate Strategy.	We received the UK Collaboration Network's Gold award for our Consumer Energy Charter.	
 We secured IIP Silver re-accreditation.	We delivered our organisational transformation programme.	

Corporate Strategy 2019-2024

During 2023-24, UR's work was guided by the overarching principle and strategic objectives outlined in its five-year Corporate Strategy 2019-2024. The corporate strategy sets out how we will aim to meet our strategic objectives, the outcomes that will be achieved and the key success measures. The corporate strategy was published in March 2019 and is available on UR's website [Corporate Strategy 2019-24 final for web.pdf \(uregni.gov.uk\)](https://www.uregni.gov.uk/uregni.gov.uk). A summary of progress against corporate strategy objectives is outlined below.



Strategic Objective 1: Promoting markets that deliver effective competition, informed choice and fair outcomes

Key Outcomes

- Increased customer satisfaction with their utility provider and consumer protection measures.
- Increased protection for vulnerable customers.
- New and enhanced energy market monitoring and reporting arrangements.
- SEM delivers increased efficiencies through market interconnection.
- SEM optimises market participation of all available services and technologies.

Key Achievements During 2023-24

- ✓ We increased the level of protection for consumers (including vulnerable consumers):
 - Our Consumer Energy Charter, providing practical help for vulnerable energy consumers, continued into winter 2023-24 with an enhanced level of support. Our collaboration with government departments, the Consumer Council for Northern Ireland and energy suppliers, to establish the first charter in the winter of 2022-23, was recognised by the UK Collaboration Network through a gold award for UR.
 - A new Consumer Protection Programme 2024-2029 was launched in March 2024, setting out a holistic programme of work to support vulnerable consumers, with 23 new projects identified for the first three years of the programme.
 - A mandatory code of practice for consumers in vulnerable circumstances was published in March 2024.

- ✓ Levels of customer satisfaction with utility providers and consumer protection measures are high, with some further improvement since UR's first consumer insight tracker survey (2021). The most recent tracker survey (conducted in October/ November 2023) showed that consumer satisfaction with their electricity supplier was 84% - slightly down on a high of 87% in 2021. Satisfaction with gas suppliers was at 82% - the joint highest level since 2021. Awareness of energy supplier consumer protection obligations was at its highest level in 2023 with 54% of consumers stating they had some level of awareness. Experience of switching electricity supplier was at its most positive level (83%) since data had been collected on this issue.
- ✓ We carried out eight regulated tariff reviews during 2023-2024 (which is higher than normal and only one less than the previous year, which was the highest number of completed tariff reviews in one year). Regulated electricity and gas tariffs were lower at the end of March 2024 than at the same time in 2023.
- ✓ A consultation to help us understand how we could enhance our regulation of the non-domestic energy retail market was launched.
- ✓ The SEM continued to optimise market participation and deliver increased efficiencies:
 - 83% of all trading volumes in the SEM were in the day-ahead market (compared to 86% last year).
 - 90% of electricity flows across interconnectors were from the higher market price to lower market price (compared to 76% last year).



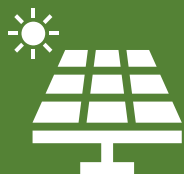
Strategic Objective 2: Enabling 21st century networks

Key Outcomes

- Future facing network utilities that plan and manage asset systems to deliver optimal service and the appropriate level of resilience.
- Improvement in network utilities costs versus comparators.
- Improvement in overall network utilities performance versus comparators.
- Network utilities that innovate to benefit consumers.
- Greater customer focus for all network utilities.

Key Achievements During 2023-24

- ✓ We published our proposals for the next electricity network price control, RP7. Our proposals set out a total expenditure of £2.21 billion over the price control period from 2025-2031, which is a 13% reduction on Northern Ireland Electricity Networks' request of £2.55 billion.
- ✓ We progressed our mid-term review of the Northern Ireland Water (PC21) price control to review progress against the company's investment proposals.
- ✓ Our focus on benchmarking our network companies saw the publication of the cost and performance report for Northern Ireland Water in September 2023, which showed that the company has broadly delivered against its targets in challenging circumstances.
- ✓ We also launched our proposals on reporting requirements for gas transmission operators in February 2024, which will allow us to collect accurate and consistent information from the gas distribution network operators.
- ✓ A consultation was launched on electricity Guaranteed Standards of Service (GSS) and the Overall Standards of Performance (OSP). The consultation will propose service levels which individual consumers can expect from electricity companies, including compensatory payment requirements when the company has failed to adhere to the standards.
- ✓ We continued to work within the innovative evaluative performance framework arrangements for SONI, that we introduced last year.



Strategic Objective 3: Enabling security of supply and a low carbon future

Key Outcomes

- The SEM facilitates a reliable power supply to homes and businesses.
- Secure continued access to GB gas supplies.
- Our PC21 price control review ensures delivery of Northern Ireland Water's contribution to the Long-Term Water Strategy.
- Efficient investment supporting government decarbonisation targets.
- The electricity network can efficiently accommodate more renewable generation.

- The promotion of energy efficiency and renewable technologies arising from the Clean Energy package.

Key Achievements During 2023-24

- ✓ 45.8% of energy was generated from renewables during the calendar year 2023 (down from the all-time high of 51% in 2022).
- ✓ The first biomethane injection into the natural gas network in Northern Ireland took place in November 2023.
- ✓ We contributed to the implementation of DfE's Energy Strategy, assisting the Department on the delivery of its action plan for the second year and engaged on the development of sectoral plans in the Northern Ireland Climate Action Plan.
- ✓ We published, following the call for evidence, stakeholder feedback on protecting consumers during energy decarbonisation.
- ✓ Three capacity auctions took place during the 2023 calendar year which secured capacity for three separate capacity years: 638MW for capacity year 2023-24, 7,204MW for capacity year 2026-27 and 5,470MW for capacity year 2027-28. The total cost for the three auctions was just under €1.4 billion. In contrast, during 2022 two auctions delivered 1,182 MW for the capacity year 2024-25 and 6,174 MW for 2025-26. The total cost was circa €493 million.
- ✓ More widely, we continued to keep under review and work with others on security of supply arrangements across the energy system.

A Board workshop on progress against the Corporate Strategy 2019-2024 took place in September 2022 to commence the process for the development a new corporate strategy. The Board concluded that while most of the key strategy indicators were either complete or on track, most of the remaining indicators were expected to be addressed through delivery of 2023-24 Forward Work Programme (FWP) projects.

During 2023-24 a proposed new Corporate Strategy 2024-2029 was launched for public consultation. The Corporate Strategy 2024-2029 was published in April 2024.

Forward Work Programme 2023-24

The Forward Work Programme (FWP) is UR's annual business plan. The FWP sets out the non-routine projects that we intend to undertake in each year covered by the corporate strategy. The requirement to publish the FWP, before 1 April in each year, is set out in Article 6 of the Energy Order, and Article 4 of the Water and Sewerage Order. Article 6 (4) of the Water and Sewerage Order specifically enables UR to prepare a combined FWP covering its energy and water and sewerage functions. The FWP also includes an estimate of the overall expenditure, which UR expects to incur during the year.

The FWP for 2023-24 was consulted on and published and can be accessed from our website at:

[Forward Work Programme 2023-24 | UR \(uregni.gov.uk\)](https://www.uregni.gov.uk/forward-work-programme-2023-24)

In total, 93% of the non-routine projects in the FWP 2023-24 were either achieved or partially achieved, with five of the nine partially achieved being multi-year projects which are in progress.



62% Completed

31% Partially achieved

7% Not achieved

Further detail of performance against the corporate strategy indicators, and FWP targets is provided in the following Performance Analysis section.

Organisational Performance Overview

Other key organisational performance elements during the year included:

- ✓ The development of a new Corporate Strategy 2024-2029, called '*Protecting Consumers on the way to Net Zero*'. A key aspect of the strategy development was a deliberative engagement approach with external and internal stakeholders. The success of this engagement approach was recognised by the support expressed in consultation comments on the draft strategy.
- ✓ The delivery of an organisational transformation programme, *Shaping UR for the Future*, which involved the re-structuring of the organisation and an increase in the number of staff.
- ✓ Silver award Investors in People re-accreditation in February 2024.
- ✓ Best Companies, "Ones to Watch" accreditation.

Financial Performance

In terms of financial performance, in 2023-24 UR reported a net resource outturn position of £273k (2022-23 £308k). The net expenditure includes a small amount of public expenditure funding to cover the cost of administering the Renewable Energy Guarantee of Origin scheme (REGO) and depreciation costs, as the majority of income comes from electricity, gas, and water licence holders. In terms of gross expenditure in 2023-24, UR outturn was within the Department of Finance (DoF) and Northern Ireland Assembly approved budget position.

UR has incurred an Excess Vote (spending above the voted control totals) of £464k in relation to the Net Cash Requirement. Further details are included in the accountability report on Page 83.

Further detail on financial performance is contained within the Financial Review section of the Performance Analysis.

Performance Analysis

This section provides an analysis of how performance is monitored and measured within UR and gives a detailed assessment of performance during 2023-24.

Monitoring Organisational Performance

An organisational framework is in place to monitor UR performance.

At the strategic level, progress against corporate strategy objectives is assessed through reporting on key performance indicators. The FWP contributes to the achievement of corporate strategy objectives and progress against each FWP project is also monitored and reported. Financial and operational performance is monitored at directorate level, by the SLT, by the Audit and Risk Committee (ARC) and by UR Board.

Reporting Against Performance

Performance is also assessed on an ongoing basis throughout the year. Specifically, performance is monitored regularly and reported through finance and performance papers to each meeting of the Board and ARC. SLT also regularly reviews performance against targets and these form part of discussions and periodic formal reviews between the CEO and individual directors.

UR monitors its financial position on an ongoing basis to ensure that it operates within Board and DoF approved limits. An internal financial controls framework is in place and effective delegation arrangements operate through a Scheme of Delegation, delegating

authority from the Board on a number of financial approvals, to levels across the organisation.

A summary of organisational performance against the Corporate Strategy 2019-2024 objectives, and 2023-24 FWP targets is detailed below, together with a financial review and reporting against sustainability.

Details on the key risks in delivering against the corporate strategy objectives are provided in the Governance Statement, Page 45.

Performance Against Corporate Strategy 2019-2024 Objectives

Strategic objective 1 – Promoting markets that deliver effective competition, informed choice and fair outcomes	
Key Success Measures	Outcome
<ul style="list-style-type: none"> • % of customers who trust and are satisfied with their energy supplier. • % of customers who are satisfied with consumer protection arrangements in Northern Ireland. • % of customers who are satisfied with the switching process. 	<ul style="list-style-type: none"> • 84% satisfied with their electricity supplier, 82% satisfied with their gas supplier (both % at higher level of the trend since 2021) • 70% trust their electricity supplier to treat them fairly, 64% trust their gas supplier to treat them fairly (both at the higher level of the trend since 2021) • 83% of electricity customers were satisfied with switching process (highest % recorded) <p>Source for all data: UR Domestic Consumer Insight Tracker survey, 2021,2022, 2023.</p>
Enhanced market analysis and monitoring in place facilitating consumer protection, assurance of compliance and enabling enforcement as necessary.	Enhanced retail market monitoring; (i) new metrics have been added to monitor the Suppliers' Codes of Practice, (ii) enhanced reporting and publication via quarterly and annual Retail Energy Market Monitoring (REMM) publications. In addition, consumer debt metrics are monitored via supplier and network operator submissions, and we are also monitoring key performance indicators on suppliers' call centre performance with a view to publishing supplier specific data. The markets team have modified UR enforcement policy to enable SEM related enforcement matters to be dealt with under the policy. Work has commenced on a consistent and transparent UR wide approach to compliance and enforcement. There are ongoing investigations of a range of potential compliance issues.
Increased efficient deployment of interconnector flows evidenced by harmonisation across the interconnectors between GB and the SEM.	Work is ongoing in relation to the Trading and Co-operation Agreement implementation and the SEM Committee issued a consultation on whether additional measures should be taken to improve SEM-GB trading. SEM-GB cross border trading decision paper published February 2023, requesting interconnector owners to report on costs and timelines for introduction of physical transmission rights on SEM-GB border. Report received October 2023, costs and benefits being considered before next steps confirmed.

	<p>UR is also working alongside Ofgem and Agency for the Corporation of Energy Regulators (ACER) to develop administrative arrangements, as required by the Trading and Co-operation Agreement, to define the cooperation mechanisms between the UK and European Regulatory Authorities.</p> <p>90% of electricity flows across interconnectors were from the higher market price to lower market price (compared to 76% last year).</p>
Efficient wholesale energy prices that benchmark favourably with comparator markets.	Wholesale prices reflecting underlying fundamentals of fuel, demand, wind, and generation availability. Prices are currently trending above GB market prices. These are due to a number such of factors such as differing fuel mix and lower GB Carbon prices. The Market Monitoring Unit (MMU) continues to monitor these movements.
Consumer Protection Programme (CPP) priority projects are delivered.	<p>The revised programme was published during 2021-22. Years two and three of the programme include a renewed focus on debt and affordability due to the Covid19 pandemic and cost of living crisis. The scope of the debt research was increased as a result and research was published in July 2024. There was a slight unforeseen delay that impacted on the completion date for phase 1 (by 2 weeks) and therefore meant the project ran into April 2024.</p> <p>New Consumer Protection Programme (CPP) 2024-29 was launched in March 2024.</p>

Strategic objective 2 – Enabling 21st century networks	
Key Success Measures	Outcome
All network utilities deliver asset management strategies and long-term network development plans.	Work being progressed in these areas as part of network price reviews. Commitment from Mutual Energy Limited (MEL) and Gas Networks Ireland (GNI) (UK) to develop an ISO55000 accredited asset management system within GT22. NI Water has development targets identified as part of PC21. SONI publishes a 10-year development plan for the electricity network annually and the Gas Transmission Operators publish a gas capacity statement annually.
Innovation plans are delivered as part of price control reviews.	Approval in place for NIE Networks Green Recovery work including an electric vehicle trial. NI Water's PC21 final determination includes low carbon technology investment.
Price control reviews improve services and save money for consumers.	Price control final determinations published for gas distribution and transmission companies. An approach and draft documents published for NIE Networks next price control. The approach consultation closed for Power NI price control.
A review of electricity network tariffs is	A call for evidence and responses have been published, further work on this will align with DfE energy strategy smart metering work.

completed.	
Over 300,000 gas customers connected to the natural gas network.	Over 324,000 customers connected to natural gas network at the end of December 2023.
Best practice guaranteed standards of service are introduced for energy companies.	Progress is being made on Guaranteed Standards of Service (GSS) and a consultation paper with proposals on updated electricity GSS/OSP was published in August 2023. The final decisions paper is scheduled to be published during Q2 of 2024-25. Timing of the implementation of the updated regulations will be clearer with the return of the Northern Ireland Assembly.
Cost and performance reports are published for all network utilities.	Programme of work in place to deliver Gas Distribution Network Operator and Transmission System Operator, SONI Transmission System Operator (TSO) and Northern Ireland electricity networks cost reporting. Assessment of TSOs and Gas Market Operator (GMO) Cost and Performance Report 2017-22 was published in May 2023 Water and Sewerage Services Cost and Performance Report for 2020-21 and 2021-22 published. Assessment of Gas Distribution Network Operator (DNO) Cost and Performance Report 2017-22 will be published in Q1 2024.
All network utilities deliver asset management strategies and long-term network development plans.	Work being progressed in these areas as part of network price reviews. Commitment from MEL and GNI (UK) to develop an ISO55000 accredited asset management system within GT22. NI Water has development targets identified as part of PC21. SONI publishes a 10-year development plan for the electricity network annually and the Gas Transmission Operators publish a gas capacity statement annually.

Strategic objective 3 – Enabling security of supply and a low carbon future	
Key Success Measures	Outcome
Facilitate investment in low-carbon technologies.	45.8% of energy was generated from renewables during 2023-24 (down from the all-time high of 51% in 2022). System Services Future Arrangements High Level Design paper published. System Services Future Arrangements Phased Implementation Roadmap High Level Design decision paper published December 2023. Engagement and workshops continued on facilitating biomethane injection into the gas network. First injection of biomethane occurred in 2023. Extensive engagement with DfE on its energy strategy review as well as on the strategic review of energy efficiency. Review of Northern Ireland Sustainable Energy Programme (NISEP) being progressed.
Facilitate the delivery of the	This has been delayed due to external factors. Engagement continues with the companies on delivery of the north-south interconnector.

second north-south interconnector.	
A new transportation agreement to ensure access to GB gas supply after 2021.	A new transportation agreement is in place.
Along with DfE, Clean Energy Package requirements are met by 2024.	Work has been completed in identifying those elements essential for the ongoing operation of the wholesale electricity market and to update our statutory duties. We have also supported DfE in preparing changes necessary for the first round of implementation measures. We are progressing work with the TSO to develop a report to meet the requirements of the Clean Energy Package Article 13 (4) and (5) on the reasons, volumes in MWh and type of generation source subject to redispatch.
Sufficient generation is secured to meet demand through the SEM capacity remuneration mechanism.	Capacity auctions have continued to secure sufficient generation capacity at reduced overall cost compared to previous arrangements. During the calendar year 2024, the regulatory authorities and TSOs will deliver 3 capacity auctions T-1 2025-26, T-3 2027-28 and T-4 2028-29. These auctions should attract new investment and secure existing capacity to meet the system demand.

Performance Against Forward Work Programme (FWP) Targets

Overall UR achieved, or partially achieved, 93% of the projects listed to be completed within the 2023-24 year. Of the 29 projects identified, the progress report on 31 March 2024 was as follows:

Outcome	Number of Tasks	Total Percentage
Achieved	18	62%
Partially Achieved	9*	31%
Not Achieved	2	7%

* Five of which are multiyear projects.

Strategic Objective 1: Promoting Markets That Deliver Effective Competition, Informed Choice and Fair Outcomes							
Ref	Project Description	Scope and anticipated outcome/s	Status (achieved, partially achieved or not achieved)	Explanation if partially achieved or not achieved	Lead Team	Multi Year Project? (Yes/No)	Estimated Completion Date
1	Review our Consumer Protection Programme (CPP) to develop a new one for 2024-2029	Delivering our Consumer Protection Programme projects will provide safeguards for customers, particularly vulnerable customers. Will deliver workplans for domestic consumers, non-domestic consumers, and future consumers.	Achieved		Consumer Protection and Enforcement	Yes	
2	Introduce Guaranteed Service Standards for Electricity	Will ensure that electricity companies provide consumers with guaranteed levels of service.	Partially Achieved	Analysis of responses to the consultation on the Electricity GSS and OSP is complete with internal legal discussions ongoing. We are working closely with DfE to establish the process and timeline to progress the implementation of the Regulations with the Northern Ireland Assembly.	Consumer Protection and Enforcement	Yes	Timing of implementation of the regulations unknown but we are working closely with DfE.
3	Finalise Best Practice Framework project for electricity, gas, and water	Will bring best practice requirements to how regulated companies deal with vulnerable customers.	Achieved		Consumer Protection and Enforcement	Yes	
4	Implement new arrangements for ancillary services	Develop transitional arrangements and progress the detailed design	Achieved		Markets	Yes	

		of new competitive arrangements for system services.					
5	Commence Power NI Price Control and publish approach	To ensure the control is in place within the Power NI licence and Power NI delivers effectively.	Achieved		Price Controls	Yes	
6	Commence Single Electricity Market Operator (SEMO) price controls and engage with company to ensure delivery of appropriate business plan submission	To ensure the appropriate controls are in place.	Achieved		Price Controls	No	

Strategic Objective 2: Enabling 21st Century Networks							
Ref	Project Description	Scope and anticipated outcome/s	Status (achieved, partially achieved or not achieved)	Explanation if partially achieved or not achieved	Lead Team	Multi Year Project? (Yes/No)	Estimated Completion Date
1	Develop a digitalisation strategy for the electricity networks	Will facilitate delivery of net zero by putting in place a licence obligation leading to a digitalisation strategy for electricity networks in Northern Ireland that delivers access to information on Network operation from NIE Networks and SONI.	Partially Achieved	We have received further comments from licence holders which has slightly delayed the consultation on licence mods. They have requested longer to prepare the digitalisation strategy.	Networks and Energy Futures	No	The 2023-24 project will be completed when the licence mods have been made, likely decision at September 2024 Board.
2	Complete mid-term review of the PC21 price control and the delivery Living	Will ensure that the company produces quality outputs at lowest cost to consumers and	Partially Achieved	Consultation on the draft determination was published in May 2024. An update was reported to	Price Controls	No	Final Determination August 2024.

	with Water programme	has sufficient revenues to run its business.		Board on 23 May 2024.			
3	Commence engagement on the review of the regulatory model with NI Water	Engage with NI Water and DfI on proposals for appropriate changes to the company's regulatory structure.	Not Achieved	Project to be included as part of PC27 approach consultation to allow holistic approach and sufficient and appropriate resourcing.	Price Controls	Yes	Consulted on as part of PC27 Approach in Q4 2024-25.
4	Complete the NIE Network RP7 price control review with draft determination to be issued this year	Ensures that the electricity distribution company produce quality outputs at lowest cost to consumers and has sufficient revenues to run its business while facilitating the energy transition.	Achieved		Price Controls	No	
5	Assist DfE in scoping the future work associated with Smart Meters including review of electricity tariff structures	To include consideration of smart metering. Ensures the structure of tariffs remain appropriate for network industries and customers in light of the energy transition.	Achieved		Networks and Energy Futures Consumer Protection and Enforcement	Yes	
6	Scope post-implementation issues applicable to biomethane injection	To facilitate delivery of renewable gas in line with developing energy policy and emerging interest in biomethane injection. This will involve review of connections policy and potential code and licence modifications.	Partially Achieved	This has been largely achieved with the first biomethane connection becoming operational in November 2023. The remainder focus is to facilitate delivery of biomethane in line with developing energy policy and emerging interest in biomethane injection.	Networks and Energy Futures	Yes	The 2023-24 project will be complete when licence modifications are made (decision at August 2024 Board).

7	Assess the impact on gas transmission arrangements of projected demand for gas	Ensures the gas transmission system can cope with new gas-fired electricity generation and will enhance electricity security of supply and facilitate increases gas demand.	Achieved		Networks and Energy Futures	Yes	
8	Commence a review of electricity connections cost allocation	Consider appropriate allocation of costs and facilitate the energy transition that delivers the net zero targets at lowest cost, and ensures that those who benefit from a connection pay an appropriate charge.	Achieved		Networks and Energy Futures	Yes	
9	Commence preparatory work for SONI TSO 2025-2030 price control with approach document to issue this year	To ensure the appropriate controls are in place within the SONI licence for 2025 and SONI is delivers effectively.	Achieved		Price Controls	Yes	

Strategic Objective 3: Ensuring Security of Supply and A Low Carbon Future							
Ref	Project Description	Scope and anticipated outcome/s	Status (achieved, partially achieved or not achieved)	Explanation if partially achieved or not achieved	Lead Team	Multi Year Project? (Yes/No)	Estimated Completion Date
1	Deliver SEM capacity auctions in line with programme	Preparations for T-4 capacity auctions will be completed. Ensures the appropriate volume of capacity is secured through the capacity market considering constraints and other factors while optimising security.	Achieved		Markets	No	
2	Work with DfE on the implementation of energy strategy to help deliver net zero	Will assist DfE in implementing a revised long-term framework for energy in Northern Ireland that will consider the needs of consumers, progress delivery of net zero and facilitate security of supply at an affordable price.	Achieved		Networks and Energy Futures	Yes	
3	Work with DfE to administer Northern Ireland Renewable Obligation (NIRO) and address compliance issues	Statutory duties in respect of NIRO are demonstrated. Building the foundation for the next stage of energy transition to decarbonised electricity supplies.	Achieved		Networks and Energy Futures	Yes	
4	Administer NISEP and work with DfE on the future of energy efficiency provision and renewables for Northern Ireland	Will ensure that a new energy efficiency target and related energy efficiency	Achieved		Networks and Energy Futures	Yes	

		programme delivers for consumers.					
5	Establish enhanced monitoring arrangements for security of supply in Northern Ireland (electricity and gas)	To put in place enhanced oversight of key developments that may impact security of supply. Will enhance operational effectiveness in mitigating any potential security of supply concerns.	Achieved		Markets	No	
6	Commence a review of interconnector policy development	To facilitate potential new investment in electricity interconnectors. Enhanced long-term resilience of the Northern Ireland electricity system.	Partially Achieved	UR will work in partnership with DfE. A consultation on whether to grant a licence for the LirlC interconnector is currently live. LirlC is a proposed interconnector between Kilroot in Northern Ireland and Kilmarnock South in Scotland.	Markets	Yes	LirlC two-step Licence decision anticipated October 2024.
7	Work with DfE to scope out regulatory framework to facilitate offshore wind connections	Allow offshore connection and meet government targets. Increased renewable generation in line with government targets.	Achieved		Networks and Energy Futures	Yes	
8	Facilitate regulatory framework for flexible technologies in Northern Ireland	Allow innovation, facilitate decarbonisation, and improve security of supply.	Partially Achieved	Interim approach to sync compensators introduced. Demand Side Units (DSU) energy payment consultation	Markets	No	Key UR aspects progressed. Residual issues will be covered on SEMC FWP Q2 2024.

				expected in Q2 2024.			
9	Develop and implement improvements to the SEM capacity market	Enhance the effectiveness of SEM capacity market and enhance both security of supply and overall confidence in market arrangements.	Achieved		Markets	No	
10	Complete an exit review for gas	Creates a level playing field for gas generators in the SEM and potential benefits for customers.	Partially	Board approved proposed solution not to introduce Short Term Gas Capacity Product at Exit. They also approved the proposal to consider further mitigation measures.	Networks and Energy Futures/ Markets	Yes	Networks to develop decision paper with an aim to publish by December 2024. Networks to work with Markets colleagues to further consider the development of mitigation measures.

Organisational Projects							
Ref	Project Description	Scope and anticipated outcome/s	Status (achieved, partially achieved or not achieved)	Explanation if partially achieved or not achieved	Lead Team	Multi Year Project? (Yes/No)	Estimated Completion Date
1	Work with DfE and stakeholders to review the appropriateness of our vires in light of the energy strategy and climate change legislation	Ensures our vires appropriately aligns with energy and climate change policy.	Partially Achieved	Meetings have taken place on the interim legislative provision. Amendments are being drafted and will be shared with Department. Work has commenced with DfI to considering broadening the scope of the provision.	Legal Affairs	Yes	March 2025

2	Deliver a new customer focused approach to dealing with consumer calls/correspondence	Will improve the holistic approach to dealing with consumer calls/ correspondence.	Partially Achieved	New framework for recording all correspondence has been developed and rolled out. Handling of complaints discussed with CCNI to manage consumer expectations of UR role. Signed 3yr contract with Institute of Customer Service and reviewing what services they can offer, and which elements could be taken forward within UR.	CEO Office	No	Development of Action Plan by February 2025.
3	Produce a new corporate strategy	Will provide the opportunity to set a new strategic direction for UR at a time of internal and external change.	Achieved		CEO Office	No	
4	Produce a new communications strategy	Will provide the opportunity to reflect a greater consumer focus and external facing focus of the communications function.	Not Achieved	Communications strategy delayed due to vacancies within section. Communications manager post advertised in March 2024, and it is intended that project will roll over into 2024-25 and will form part of a wider engagement strategy. Intended that procurement for work on this will take place in Q2 2024-25.	CEO Office	No	Development of strategy to begin by June 2025.

Future Performance

During 2023-24 UR implemented a new organisational structure comprising the following three functional areas: Price Controls, Networks and Energy Futures, Markets and Consumer Protection and Enforcement; and CEO Office. Additionally, to ensure the organisation can address the Northern Ireland's Executive's Energy Strategy and the DfI's Long-Term Water Strategy, as well as the challenges in moving to net zero, the Board approved a business case for a rise in staff numbers. A corporate strategy covering the period 2024-29 has been developed (and subsequently published in April 2024), setting out the strategic objectives for the organisation going forward. The FWP for 2024-25 has already been consulted on and published, based on the new directorate structure, and identifies the non-routine work that we plan to progress in 2024-25, alongside our core business related work.

Budget Position and Authority

The Budget Act (Northern Ireland) 2024, which received Royal Assent on 14 March 2024, together with the Northern Ireland Spring Supplementary Estimates 2023-24 which were agreed by the Northern Ireland Assembly on 9 April 2024, provide the statutory authority for the Executive's final 2023-24 expenditure plans. The Budget Act (Northern Ireland) 2024 also provides a Vote on Account to authorise expenditure by departments and other bodies into the early months of the 2024-25 financial year.

Budgeting Framework

The DoF is responsible for management of the Northern Ireland budget process in line with a budgetary framework set by HM 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)

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

As DEL budgets are controllable, HM Treasury sets firm limits for DEL budgets for Whitehall departments and devolved administrations at each spending review. The Northern Ireland Executive, based on advice from the Finance Minister, will in turn agree a local budget that will set DEL controls for executive departments.

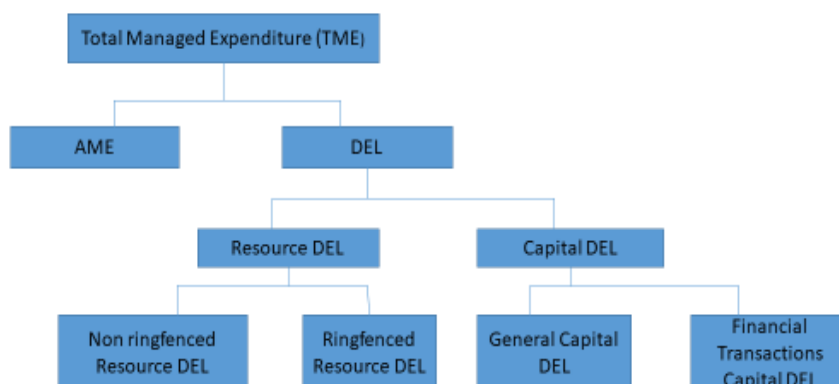
DEL budgets are classified into resource and capital:

- Resource budgets are further split into non-ring-fenced resource that pays for programme delivery and departmental running costs, and separately ring-fenced resource that covers non-cash charges for depreciation and impairment of assets.
- 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 HM Treasury.

[Consolidated budgeting guidance 2023 to 2024 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/115122/Consolidated_Budgeting_Guidance_2023_to_2024.pdf)

Budget Structure



Budgetary Performance

Details of UR's performance against budgetary control totals is set out in the table below:

	Estimate 2023-24 £000	Provisional Outturn 2023-24 £000	Underspend/ (Overspend) £000
Resource DEL	316	273	43
<i>Including Non-ring-fenced</i>	113	71	42
<i>Ring-fenced D/I</i>	203	202	1
AME	1	-	1
Capital DEL	20	20	-
<i>Including General Capital</i>	20	20	-
Total DEL & AME	337	293	44

UR has DEL and AME budgets. As a non-ministerial government department, UR is required to prepare a supply estimate each financial year to seek authority for the DEL budgetary control totals. UR is required to operate within the expenditure and income approved limits and related controls.

This table ties directly to the Statement of Assembly Supply (SOAS) as a key accountability statement which is audited.

The net resource outturn was £273k against an estimate of £317k resulting in a saving against estimate of £44k. £42k was unused against the resource DEL non-ring-fenced allocation, £1k unused against the ring-fenced depreciation provision and £1k unused AME allocation.

UR has incurred an Excess Vote (spending above the voted control totals) of £464k in relation to the Net Cash Requirement. Further details are included in the accountability report on Page 83.

UR has made savings on resource expenditure this year due to additional income received from Ofgem in relation to increased business activity which is rechargeable.

UR is largely funded by annual licence fees paid by the electricity and gas licensees and water and sewerage undertakers, and expenditure is primarily therefore offset by receipts. Previously receipts collected from the electricity and gas licence fees were paid directly into the Northern Ireland Consolidated Fund. However, UR has been allowed to retain these following HM Treasury direction, using powers under the 1920 Treasury Act, and DfE nomination of UR (previously Director General of Electricity Supply and Director General of Gas) to collect receipts on its behalf. The licence issued by the DfI to NI Water in respect of water and sewerage services provides for licence fees under that licence to be paid to UR.

Licence fees are set annually by a determination made by UR – the income from electricity, gas and water and sewerage licence fees in 2023-24 was £11.208m. This is compared with £8.725m in 2022-23.

UR recovers and retains the cost of administering the Northern Ireland Renewables Obligation (NIRO) scheme from a buy-out fund. This is funded by electricity suppliers that elect to meet their NIRO obligations by paying a buy-out fee. The suppliers pay in at a rate per megawatt hour. In 2023-24 the total cost of administering the NIRO and recovered from the buy-out fund was £1,669k. This was compared to £1,523k in 2022-23.

For consistency with the allocation of costs for the purposes of recovering them through licence fees, expenditure is reported with reference to the duties and objectives as set out in legislation, rather than those included within the corporate strategy. In 2023-24, gross expenditure as detailed in the 'Statement of Operating Costs by Operating Segments', was as follows:

- Segment 1 (Electricity) - £9,309k (£7,447k in 2022-23)
- Segment 2 (Gas) - £3,507k (£2,801k in 2022-23)
- Segment 3 (Water) - £489k (£379k in 2022-23)

Our most significant cost is salary costs which in 2023-24 made up 67% of total costs (2022-23: 67%). The Statement of Comprehensive Net Expenditure shows that salary costs increased from the previous year (£7,275k for 2022-23 against £9,061k for 2023-24). This reflected additional staff to support the delivery of corporate strategy and forward work plans and annual pay awards paid during the year.

Other current expenditure has increased from £3,536k in 2022-23 to £4,372k in 2023-24.

Long Term Expenditure Trends

The following table illustrates the net and gross outturn position over the previous five financial years.

	Gross outturn £000	Income £000	Net outturn £000
2018-19	9,446	9,141	305
2019-20	9,362	9,142	220
2020-21	9,826	9,561	265
2021-22	10,501	10,227	274
2022-23	10,627	10,319	308
2023-24	13,305	13,032	202

Capital

The above table reflects resource expenditure and income only.

UR expenditure on capital is minimal (between £3k and £20k in the years illustrated) and covered routine office requirements only. As almost all IT services are provided by the Government's IT Assist facility, there are only minimal capital requirements in that respect.

Reporting Against Sustainability

The Northern Ireland Renewables Support Scheme

We are responsible running the Northern Ireland Renewables Obligation (NIRO). The NIRO is a statutory requirement on electricity suppliers to source an increasing amount of their electricity from renewable sources. Suppliers can meet their obligation by either presenting renewable obligation certificates (ROCs) or paying into a buyout fund (or a combination of both). ROCs are issued directly to renewable generators.

Ofgem administer the NIRO scheme on behalf of UR. Each year Ofgem publishes their Renewables Obligation Annual Report in March for the preceding financial year, hence the Annual Report for 2023-24 will be published in March 2025.

In the latest report published on 28 March 2024¹, it was reported that the NIRO scheme supported 3.5 TWh of renewable generation in the period 1 April 2022 - 31 March 2023. By the end of 2022-23 there were 23,763 NIRO accredited generating stations with a capacity of 2,164 MW and a total of 6.1m NIROCs were issued to accredited stations. A total of 8 electricity suppliers in Northern Ireland were required to present a total of 1,416,678 ROCs or pay a buyout fee to meet their obligation.

During 2023-24, Ofgem's independent auditor carried out 14 targeted audits, 44 random audits and 115 microgenerator audits in Northern Ireland.

Promoting Sustainable Energy for Consumers

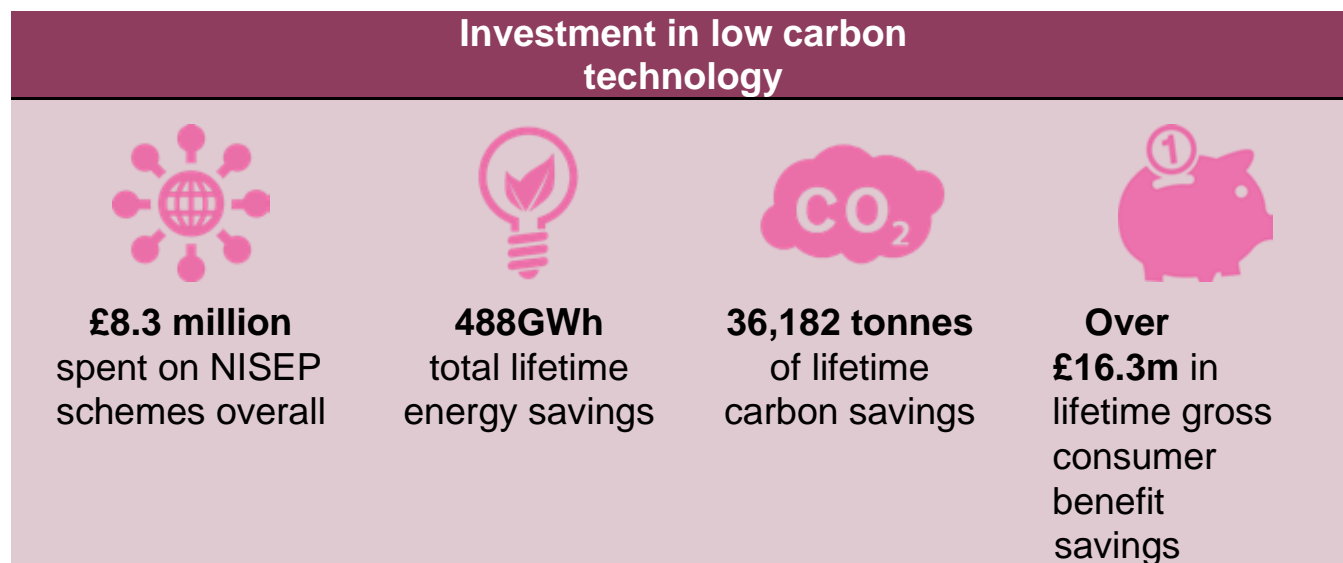
The Northern Ireland Sustainable Energy Programme (NISEP) delivers energy efficiency measures with 80% of the funding aimed at vulnerable/low-income consumers.

As well as protecting consumers, particularly those who are vulnerable, energy efficiency and affordability are key concerns. Northern Ireland is expected to contribute energy savings each year to the UK-wide energy efficiency target.

NISEP is the only energy efficiency scheme in Northern Ireland which contributes to the UK's energy efficiency target.

Our Board has agreed to continue NISEP until March 2027 to enable any final decision regarding NISEP or any successor scheme to be consistent with the requirements of the next energy strategy for Northern Ireland.





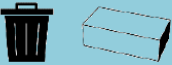
¹ <https://www.ofgem.gov.uk/publications/renewables-obligation-ro-annual-report-2022-23-scheme-year-21>



Fuel Mix Disclosure

Electricity suppliers are required to specify in billing information and promotional materials the contribution of each energy source to the overall fuel mix of the supplier over the previous year. In addition, suppliers are required to provide information on the environmental impact of their electricity. We work with colleagues in the Commission for the Regulation of Utilities and Single Electricity Market Operator to ensure suppliers provide fuel mix information to their customers.

The fuel mix and CO2 emissions figures for Northern Ireland suppliers operating in the SEM were published in November 2023 (see <https://tinyurl.com/2ck6nk2e>). The key data is outlined in the table below.

Fuel Mix Disclosure in 2022				
Coal	Gas	Oil	Renewable	Other ⁵
				
5.5%	34.2%	1.9%	57.6%	0.8%
Fuel Mix Disclosure in 2021 (for comparison)				
6.8%	33.6%	2.7%	55.9%	1.0%

Our commitment to sustainability

UR's strategic vision is for an energy system to be on track for net zero, delivered in the interests of consumers and so consideration of climate impact is embedded into decision making and policy setting.

UR continuously looks at options to improve the sustainability of the estate. All electricity consumed in UR offices is generated from renewable sources. We took part, for the first time in 2023, in the Business in The Community NI Environmental Benchmarking Survey and in November 2023 achieved "green" level accreditation. We are using this to draw on others' experience to take as much learning as is practically possible for us. We use shared NICS contracts for purchases and supplies which, for example, has allowed us to take our electricity supplies from renewable energy sources.

Other Matters to Report

Employee Involvement

UR recognises the benefit of keeping all employees regularly informed about progress towards achieving its aims and objectives. Consultation with staff on matters related to terms and conditions is through trade union representatives and wider staff engagement. A Joint Negotiating and Consultative Committee, established under a recognition agreement signed with the Northern Ireland Public Service Alliance, is the formal vehicle for the conduct of industrial relations in UR. The Health and Safety Committee oversees the operation of the risk assessment and management plan for Queens House and staff attendance in the building. The Committee has met frequently during the year and has been the forum for consultation on all matters with a health and safety related element. During 2023-24, the Committee conducted a review of UR's health and safety policy statement, and the changes to these were endorsed by UR Board.

Staff engagement has been central to three significant developments during 2023-24. Firstly, staff were a critical part of the process of development of UR's new corporate strategy. A staff away day in April 2023 provided the opportunity for staff to contribute their views first in the development of the new strategy. Further all-staff events in September, November and March 2024 provided the opportunity for staff to be updated and to discuss UR's strategy (and the development of new values in the context of the new strategy).

A trial period of hybrid working had been in place from 1 October 2022 in line with staff return to office. A new hybrid working guide was developed, following staff feedback via a staff survey in June 2023. After consultation with Trade Union colleagues during November and December 2023, we launched our new "Guide to Working at the Utility Regulator" on 26 January 2024. This guide brings together our new Hybrid Working Guide, and provides

other information on safe working, work-life balance, wellbeing, digital wellbeing, and health and safety. The new hybrid working model took effect on 1 March 2024.

Finally, the last year has seen considerable progress on the organisational transformation programme, *Shaping UR for the Future*. Key to the rollout of the programme has been proactive regular communications with staff. This has variously involved ongoing staff updates via weekly meetings, an online suggestion box to encourage feedback, a dedicated intranet page and a regular staff bulletin on the transformation programme.

Overall, we have continued to keep our internal communications under review. Following a previous review of our internal communications, our approach is focused on more tailored face to face engagement, supported by a broad programme of a staff activities and interactions.

UR, as a member of Business in the Community (BiTC), is committed to facilitating staff volunteering which provides opportunities for staff to contribute their skills to, and receive development from, third-sector bodies.

Staff were also consulted on a new organisational charity, to replace the Welcome Organisation. The Northern Ireland Cancer Care for Children was selected as the new organisational charity, following a survey of staff.

Significant emphasis is placed on health and wellbeing of our staff and a programme to support the mental and physical wellbeing of our staff has been maintained. This has included making health check appointments available along with a range of training and awareness opportunities delivered in person and online. Our accredited mental health first aiders are available to provide initial help to any member of staff developing a mental health problem or who is in mental crisis, until appropriate professional treatment is received or until the crisis is resolved. We have sought to maintain the profile of this group among staff along with the availability of services provided by the Welfare Support Service in DoF, and the DoF contracted counselling services provided by Inspire.

Following our re-assessment under Investors in People, we retained “Silver” level accreditation in February 2024. A pleasing aspect of the assessment was the positive commentary on the communications with staff.

We maintain a significant and ongoing focus on staff development, a skills matrix which was carried out in 2022 will be incorporated into our Learning and Development Plan 2024-25, which will also be developed through staff personal development plans via annual performance reviews. The Learning and Development Plan will incorporate staff learning

and participation in climate change adaptation and sustainability, which will include e-learning, and engagement and volunteering opportunities with other external groups.

Payment to Suppliers

UR is committed to the prompt payment of bills for goods and services received, in accordance with the Better Payment Practice Code. Unless otherwise stated in the contract, payment is due within 30 days of the receipt of the goods or services, or on presentation of a valid or undisputed invoice or similar demand, whichever is later. During the year, 98.3% (2022-23 100%) of undisputed invoices were paid within this standard.

In line with other NI departments, UR has aimed to promptly pay invoices within a 10-day target. In the past year, 76.3% (2022-23 87.7%) of invoices have been paid within 10 days.

Equality Scheme

UR has produced an equality scheme as required by Schedule 9 of the Northern Ireland Act 1998 (the Act). Following a consultation in August 2023, UR published its equality scheme and disability action plan for 2024-2029. The equality scheme sets out how it proposes to fulfil the duties imposed on it by Section 75 of the Act. The scheme was approved by the Equality Commission and is available in either paper or electronic format. It will also be available on request in a variety of alternative formats.



John French
Accounting Officer
3 October 2024

Accountability Report

Corporate Governance Report

The purpose of the corporate governance report is to explain the composition and organisation of UR's governance structures and outline how they support the achievement of our objectives.

Directors' Report

The Governance Statement on Pages 45 to 57 sets out UR's governance, risk management, and control arrangements. The main components of the governance arrangements in 2023-24 are stated below.

UR Senior Leadership Team (SLT)

SLT comprises of the following:

Name	Job Title	Directorate
John French	Chief Executive	
Kevin Shiels	Executive Director	Markets and Consumer Protection
Peter Russell	Executive Director	Price Controls, Networks and Energy Futures
Donald Henry	Director	Networks and Energy Futures
Tanya Hedley	Director	Price Controls
Colin Broomfield	Director	Markets
Barbara Cantley (interim)	Director	Consumer Protection and Enforcement

Heads of Function support the directors and are invited to SLT meetings.

The Board Secretary acts as a secretariat to SLT, which meets fortnightly and considers matters relevant to the day-to-day running of the office, facilitates information sharing, strategy, co-ordination on policy issues and the development of good practice.

The Board of UR

The Board provides corporate leadership and directs UR's strategic planning. It assists the Chief Executive in meeting corporate governance responsibilities as Accounting Officer.

At the end of 2023-24, the Board comprised six non-executive members and one executive member as follows:

Dr William Emery (Chair) – appointed to the Board 1 July 2012 for a period of five years with a variation of appointment to 30 June 2018. Re-appointment for a period of five years to 30 June 2023, which has been extended to 30 September 2024.

Teresa Perchard (non-executive) – appointed to the Board on 1 September 2013 for a period of five years. Re-appointed 1 September 2018 for a further term of five years with a one-year increase to her term to September 2024.

Alex Wiseman (non-executive) – appointed to the Board on 1 November 2015 for a period of five years. Re-appointed 1 November 2020 for a further term of five years.

Jon Carlton (non-executive) – appointed to the Board on 1 November 2015 for a period of five years. Re-appointed 1 November 2020 for a further term of five years.

Claire Williams (non-executive) – appointed to the Board on 1 May 2019 for a period of seven years.

David de Casseres (non-executive) – appointed to the Board on 1 May 2019 for a period of seven years.

John French (CEO) – (executive) – appointed to the Board 2 November 2020.

Board Committees

The Board has established a number of sub-committees to support its work. These are: the Audit and Risk Committee, the Remuneration Committee, the Board Advisory Forum (BAF), and the Single Electricity Market (SEM) Committee. Further information about the responsibilities and work of these Committees are provided in a later section of this report. The terms of reference for the Board's Committees are published on UR website.

Register of Interests

UR maintains a Register of Interests containing details of company directorships and any other relevant interests held by Board and staff members. The Audit and Risk Committee review this annually. The Register of Interests of Board and Senior Leadership Team (SLT) members can be viewed here².

None of UR's non-executive or executive staff held company directorships or significant interests in 2023-24 which might conflict with their responsibilities.

² <https://www.uregni.gov.uk/publications/declaration-interests-register-20232024>

Personal Data Related Incidents

The nature of UR's business only requires it to hold a limited amount of personal data, most of which is in connection with staff. A suite of policies has been put in place, and privacy notices updated, to address the requirements of the General Data Protection Regulation. The Information Management Committee is ongoing a refresh of its terms of reference and membership to take account of our revised structure and is keeping these requirements under regular review. There were no personal data-related incidents which required reporting to the Information Commissioner's Office (ICO). during the year and up to the date of the signing of the accounts.

Audit Arrangements

Under Section 10 of the Government Resources and Accounts Act (Northern Ireland) 2001, the Comptroller and Auditor General for Northern Ireland (C&AG) is the statutory auditor for UR.

As Accounting Officer, I confirm that there is no relevant audit information of which the auditor is unaware. I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the auditor is informed of it.

The total audit fee for 2023-24 was £36.7k (2022-23: £35k).

There was no other non-audit work carried out by the NIAO during 2023-24 (2022-23: £1k).

Ernst & Young continued to act as the internal auditors for UR and further detail on their work can be found in the Governance Statement.

Departmental Accounting Boundary

No other entities fall within UR's accounting boundary.

Relationships with Arm's Length Bodies

UR has no arm's length bodies.

Complaints Handling

Where someone is dissatisfied with UR's procedures or the way in which UR has operated them, a complaints procedure is in place. The complaints procedure is published on the website, <https://www.uregni.gov.uk/publications/utility-regulator-complaints-procedure>. The procedure provides for both formal and informal approaches and includes information about our process for dealing with complaints. During 2023-24, UR did not receive any complaints.

No references have been made to the Competitions and Markets Authority and we have not received any formal direction from DfE during 2023-24.

Health and Safety

UR is committed to applying all existing health and safety at work legislation and regulations to ensure that staff and visitors enjoy the benefits of a safe environment. UR's Health and Safety Committee is responsible for overseeing the safe and healthy working environment. Our Health and Safety Policy Statement has undergone an extensive review and update to take account of our revised structure and to keep pace with best practice in the public sector.

Enhanced arrangements for regular checks on the office to ensure that health and safety requirements are being met are now in place along with training for additional first aid and mental health first aid volunteers. In addition, a programme has begun to train all staff in basic fire warden duties. The Health and Safety Policy was included in a suite of documents accompanying publication of the latest hybrid working guide.

Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act (NI) 2001, the DoF has directed UR to prepare for each financial year, resource accounts detailing the resources acquired, held, or disposed of during the year and the use of resources by UR during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of the affairs of UR and of its income and expenditure, Statement of Financial Position, and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the accounts direction issued by DoF including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in 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; and

- 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.

DoF has appointed the Chief Executive as Accounting Officer of UR. 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 UR's assets, are set out in Managing Public Money Northern Ireland published by the DoF.

As the 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 UR's auditors are aware of that information. So far as I am aware, there is no relevant information of which the auditors are unaware.

Governance Statement

Governance Framework

As a non-ministerial government department, UR operates independently in the discharge of its statutory duties as set out in the Energy (Northern Ireland) Order 2003, and the Water and Sewerage Services (Northern Ireland) Order 2006 and other relevant legislation. The Chief Executive is responsible and accountable to the Board for the discharge of UR policies, programmes, and actions.

The Chief Executive is, however, also designated as Accounting Officer and, in respect of those responsibilities, is accountable to the DoF and the Northern Ireland Assembly. The Accounting Officer has responsibility for maintaining a framework of corporate governance that supports the policies, aims and objectives of UR whilst safeguarding the public funds and UR assets. This is in accordance with the responsibilities set out in Managing Public Money Northern Ireland.

The Board

Under Schedule 1 of the Energy (Northern Ireland) Order 2003 (as amended by the Water and Sewerage Services (Northern Ireland) Order 2006), UR Board (the Board) is required to have a minimum of four members. The Board Members are appointed by the DoF Minister. The Board operates in accordance with its Rules of Procedure. The Board

provides corporate leadership and directs UR's strategic planning. It assists the Chief Executive in meeting his corporate governance responsibilities as Accounting Officer.

A governance guide has been developed, which sets out relevant guidelines for Board members and staff. This guide covers such areas as Board and Board Committee Terms of Reference, Scheme of Delegation, Whistleblowing Guide, Bribery Act, Seven Principles of Public Life, fraud, gifts and hospitality, confidentiality, information governance, risk management strategy and staff and members' interest statements. The content of the governance guide is reviewed by the Audit and Risk Committee and, where necessary updated, on an annual basis.

Compliance with the Corporate Governance in Central Government Departments: Code of Good Practice NI (The Code).

UR is required to comply with The Code and in particular its focus on the role of the Board. Subject to the comments that follow, UR considers that it is compliant with the requirements of The Code. The Code references the accountability of the Minister in charge of the department.

However, UR is an independent non-ministerial government department. Questions from Northern Ireland Assembly members may be addressed to, and answered directly by, UR. As a non-ministerial government department, UR does not receive any ministerial directions.

The Board operates under its Rules of Procedure and we consider that these constitute a Board Operating Framework. The Rules of Procedure form part of a wider governance guide that is annually reviewed by the Audit and Risk Committee (ARC). The ARC is chaired by an independent member who has finance and accounting skills but is not currently a Board member. However, he has served two terms on the Board and may attend Board meetings to brief the Board on the work of the ARC and provides an annual report to the Board summarising its work programme. This provides assurance on UR's compliance with public sector financial and governance requirements. DoF is aware of the arrangements around this independent appointment, which is kept under review in light of the evolving balance of Board skills. The ARC Terms of Reference (ToR) are referenced as part of the ARC report to the Board and a review is presented to the Board annually. The ToR is published on UR website.

Board Effectiveness

Following an external review of Board effectiveness, that was completed in May 2022, the last year has seen the implementation of the action plan resulting from that review. The

action plan has been progressed with a further annual self-assessment survey completed. The Board also took the opportunity to discuss a range of issues including Board meeting agenda setting, committee composition, learning and development, and succession planning. The Board has raised no concerns about the quality of the data they receive. The need to identify further opportunities for the Board to hold strategic discussions, and for learning and development, was also discussed. UR also continued to support the Boardroom Apprentice scheme, a 12-month Board learning, development and placement programme which enables those who would like to serve on a public or third sector Board to learn and gain experience. The development of UR staff members was also supported by enabling a member of staff from different directorates to attend Board meetings. The Board has committed to annual self-assessments of effectiveness with a further external review in 2025.

Board Members' Interests

In respect of Board interests, Board members complete registers of interest on appointment and annually thereafter. In addition, any updates required during the year will be registered as they arise and members report any specific matters, relevant to the Board agenda, at each meeting. Details of the Board members' interests are available here³. Where Board members have registered or declared a conflict, these may be managed by the Board member absenting themselves from the meeting when the item in question comes up for discussion and/or decision. In addition, where a Board member has registered a conflict of interest, he/she would not receive any discussion or decision papers relevant to that interest.

All staff members are also required to complete interests' statements annually, updated in-year for any changes. Separate policies are in place for both staff and Board interests. In addition, a gifts and hospitality policy is in place and registers are maintained and signed off in line with the Scheme of Delegation. UR considers that it is compliant with the requirements of DAO (DoF) 07/21 and DAO (DoF) 03/23 guidance on conflicts of interest.

Matters Considered by the Board During the Period

The Board continued to exercise its oversight of several key governance issues. It considered a draft Forward Work Programme and a final version, following a public consultation, was approved at its March 2023 meeting. At the same meeting, the Board also approved the Budget for 2023-24.

³ <https://www.uregni.gov.uk/publications/declaration-interests-register-20232024>

A key area of focus for the Board and leadership team during 2023-24 has been strategic and organisational change.

Developing a new UR corporate strategy has been a significant issue for the Board during 2023-24. The initial step in developing the new strategy started in September 2022 when the Board held a workshop with key stakeholders to consider the wider strategic environment, with the Board endorsing the approach for the development of a new strategy from 2024. Board members have been closely involved in developing the new strategy and have participated in internal and external engagement events as part of an open dialogue.

This extended stakeholder engagement gave the Board and leadership team the confidence to develop an ambitious strategy that aligns with the broader strategic context around decarbonisation and that positions UR as a pro-active enabler. We are pleased that the draft strategy that was launched for consultation at the end of October 2023, 'Protecting Consumers on the way to Net Zero', has been widely welcomed. Our new strategy was launched in April 2024 and the Board looks forward to monitoring progress on delivery.

Running parallel to the development of the corporate strategy has been the organisational transformation programme, *Shaping UR for the Future*. The Board endorsed the transformation programme as being vital for allowing UR to play its part in delivering on future strategic agendas and programmes. As well as oversight by the Remuneration and Terms of Service Committee, the Board also reviewed progress on the transformation programme as a standing meeting agenda item. Board members also assisted with the recruitment programme. By the end of the 2023-24 year this recruitment programme was substantially complete.

A critical aspect of how we play our part in contributing to strategic energy and water agendas and make best use of our expanded team relates to our powers (vires). The Board is clear that UR needs updated powers to deliver our new strategy and optimise our contribution on key energy and water programmes. The Board endorsed the setting up of an internal group to focus on vires and availed of the opportunity to meet with key government departments to discuss the issue. Regular updates on progress on UR vires were provided and discussed by the Board.

A key part of UR's work is around price control reviews. During the last year the Board continued to exercise its scrutiny over price control reviews, most significantly in respect of the Northern Ireland Electricity (NIE) Network's price control (RP7). A sub-group comprising UR and NIE Networks Board members continue to meet to consider the progress of the electricity network price control review which will conclude in October 2024. The Board also discussed the progress of the SONI price control, NI Water's mid-term

review of the PC21 price control and the initial stages of the next Power NI price control. As part of a continuous improvement focus, the Board contributed to the review of lessons learned from the gas distribution price control (GD23). Following the implementation of the SONI governance review, the Board conducted a historic first Board-to-Board meeting with the new SONI Board in March 2024.

Protecting consumers and promoting competition and choice continued to be a focus for the Board. Some of the work undertaken by the Board included the approval of a new Consumer Protection Programme and consideration of energy supplier customer service levels. The Board was also regularly apprised of energy tariff reviews. In March 2024, the Board availed of the opportunity to visit Power NI's customer contact centre to increase its knowledge of the issues being faced by energy consumers. Moreover, the continuing work to understand the needs of consumers was the focus of a series of presentations to the Board on consumer research. Making sure that consumers continued to enjoy a secure supply meant that the Board was regularly updated on security of supply risks.

An update on the Single Electricity Market was a standing item on the Board's meeting agenda. Specific issues, such as the All-Island Programme governance arrangements were also discussed by the Board.

As well as considering the broader energy transition agenda, the Board also supported practical approaches, such as supporting ongoing work around the first biomethane injection into the gas network and digitalisation. The Board took the opportunity, in November 2023, to visit a renewable energy project in Belfast to see for itself the work being undertaken to reduce carbon emissions.

The Board continued to focus on organisational risk. A review of the corporate risk register was considered at the Board's June 2023 meeting. A workshop to discuss and reflect on organisational risk management arrangements took place in October 2023. The Audit and Risk Committee also focused on risk, with a review of the corporate risks at each of their meetings during 2023-24.

As well as its scrutiny of the development of a new corporate strategy, the Board approved key governance documents in respect of the Forward Work Programme, Budget and the Scheme of Delegation. The Board approved changes to the terms of reference for the Audit and Risk and Remuneration committees. Annual reports from both committees were also approved by the Board. The Audit and Risk and Remuneration Committees also amended their meeting schedule to enable it to provide more timely update reports to the Board.

Board members played an active role in meeting stakeholders and attending events to ensure that they were informed about current and relevant energy and water issues. The Board and its committees played a key role in discussions around important organisational issues, such as UR's vires and re-structuring. The Remuneration Committee also continued to review progress on UR People Action Plan and the Best Companies work. The Board welcomed the re-accreditation of UR with the Silver award under Investors in People, in February 2024.

Minutes of the Board's meetings are published on UR website.

Board Committees

Audit and Risk Committee (ARC)

The Board and the Accounting Officer are supported by the ARC, which is a standing committee of UR. It reports to the Board and its Chair has the right of direct access to the Chair of the Board. The ARC provides independent and objective assurance to the Board and Accounting Officer on any matters affecting UR's financial health, probity, or external reputation. It provides independent and objective opinion on issues of risk, control and governance and associated assurance. The ARC supports the Accounting Officer in monitoring the corporate governance and control systems, including financial reporting. In fulfilling this role, it reviews significant issues identified by internal audit and the Northern Ireland Audit Office and action being taken to address these issues.

Jim Oatridge served as Chair of the ARC during 2023-2024 and was joined by committee members Alex Wiseman and Claire Williams. The Chief Executive, Executive Directors and Head of Finance and Project Management attend meetings and the Chair of the Board also attends periodically.

The ARC met four times during 2023-24. As part of its programme of work during 2023-24, it scrutinised the draft budget and corporate risk register before approval was sought for each from the Board. It reviewed the draft annual accounts and received in year finance and performance reports. It oversaw the work of internal audit and received all reports for review of recommendations and management responses. It also actively monitored the timeliness of implementation of audit recommendations, which is regarded as a high priority.

In addition, it reviewed governance related policies in accordance with a timetable of business. On behalf of ARC, the Chair provided an annual report to the Board in June 2023 summarising the Committee's work for the year.

During 2023-24 ARC completed the National Audit Office Audit and Risk Assurance self-assessment on ARC effectiveness. ARC complete this assessment on an annual basis. The outcome of the assessment indicated a high level of satisfaction with the current operation and effectiveness of ARC. In every area, responses indicated that the ARC was going beyond the 'essentials' and was focussed on 'good practice' activities.

ARC is satisfied that it has fulfilled its duties as guided by its Terms of Reference and taking account of the work of internal and external audit and assurances provided to the Committee, every effort was made to review and oversee internal control and risk management arrangements and to provide assurances to the Accounting Officer, in the discharge of his accountability obligations. Based on its work for the year, ARC has provided constructive feedback on what it views to be the risks, challenges, and opportunities for UR.

Remuneration Committee

The Board is further supported by the Remuneration Committee. The Remuneration Committee determines pay, terms and conditions of senior staff (SLT and Head of Functions), advises on UR's human resource strategy and contributes to wider pay and reward policy issues affecting all staff.

The Remuneration Committee met five times during 2023-24 and dealt with several matters by correspondence in the intervening periods.

Teresa Perchard served as Chair of the Remuneration Committee during 2023-24 and was joined by committee members Jon Carlton and David De Casseres. The Chief Executive, Executive Directors and Human Resources Manager, attend Remuneration Committee meetings and the Chair of the Board also attends periodically.

Attendance at Board and Other Committees

Attendance at the Board and Board committees was as follows:

Member Name	Board	Audit and Risk Committee	Remuneration Committee
William Emery*	9/9	-	2/5
Jim Oatridge	-	4/4	-
Teresa Perchard	9/9	-	5/5
Alex Wiseman	8/9	4/4	-
Jon Carlton	9/9	-	5/5
Claire Williams	8/9	4/4	-
David de Casseres	7/9	-	5/5
John French	9/9	4/4	5/5

* William Emery is not a member of the Audit and Risk Committee or Remuneration Committee but is invited to attend all meetings.

Details of the remuneration of UR non-executive Board members are provided on Page 59.

Statutory Committees

Single Electricity Market Committee (SEMC)

The SEM Committee, which is a statutory committee of UR and the CRU, was established on the 1 November 2007. The Committee was established following amendments made to the Electricity Regulation Act 1991 and the Electricity Single Wholesale Market (Northern Ireland) Order 2007 in respect of the functions, powers, and duties in relation to the regulation of the SEM. The principal objective of the SEM Committee is to protect the interests of electricity consumers by promoting, when appropriate, effective competition in relation to the sale and purchase of electricity within the SEM. The SEMC regulates the wholesale electricity market and takes decisions on those matters, which are considered to be SEM related; in order to be a SEM matter this has to have a material impact on the wholesale electricity market.

The membership of the SEM Committee comprises an independent member and a deputy independent member and up to three persons (who must either be a member of UR Board or staff) appointed by the DfE after consultation with UR and with the approval of the Minister of Environment, Climate and Communications (being a Minister of the Government of Ireland), 'the Irish Minister', and up to three persons (who must be members of the CRU) appointed by the Irish Minister with the approval of DfE.

From 1 November 2022, Jonathan Hodgkin took up the post of Independent Member and Dr Chris Harris, the post of Deputy Independent Member. Both have been appointed for a five-year term to 31 October 2027. UR and CRU each pay 50% of the costs of the independent members and other costs incurred by the SEM Committee.

John French was appointed to the SEM Committee, following his appointment as Chief Executive on 2 November 2020. William Emery was appointed to the SEM Committee for a five-year term from 1 March 2013 and re-appointed for a further five-year term to 28 February 2023, with a further extension to 30 September 2024. Jon Carlton was appointed to the SEM Committee with effect from 1 April 2016.

During 2023-24, the SEM Committee met 12 times.

Other Committees

Board Advisory Forum (BAF)

A Board Advisory Forum provides a forum for discussion on energy and water related matters and for considering significant policy and strategy issues. This is attended by all members of the Board and SLT and is chaired by the Chief Executive.

Attendance during the year at the Board Advisory Forum by the Chair and the non-executives was as follows:

Board Advisory Forum	
Member Name	Attendance
William Emery	4/4
Teresa Perchard	4/4
Alex Wiseman	4/4
Jon Carlton	4/4
Claire Williams	4/4
David de Casseres	4/4
John French (executive)	4/4

Enforcement Committee

The Board establishes Enforcement Committees to deal with specific enforcement matters as required. No Committees were established during 2023-24 and 2022-23.

Internal Audit Arrangements

Ernst & Young (EY) continued to act as the internal auditors for UR in 2023-24. The primary objective of internal audit is to provide the Accounting Officer and the Audit and Risk Committee with an independent and objective opinion on risk management, control, and governance by measuring and evaluating these measures' effectiveness in achieving UR's objectives. The work of internal audit is undertaken to the Public Sector Internal Audit Standards and informed by an analysis of the risks to which the organisation is exposed. The Head of Government and Public Sector Risk Consulting in EY has a standing invitation to attend the Audit and Risk Committee and oversees the delivery of internal audit plan which was approved by ARC. The plan takes account of the analysis of risks faced by UR and, in addition reviews the corporate functions, providing a focus on operational aspects.

The Chair of the Audit and Risk Committee aims to meet senior representatives from internal audit and Northern Ireland Audit Office periodically without members of the SLT present.

In 2023-24, the overall internal audit assurance for UR was satisfactory assurance.

Risk Management and Internal Control

The Risk Management Strategy (the Strategy), which is reviewed annually, sets out UR's approach to the management of risk. Our approach to risk management is guided by professional best practice and takes full consideration of the context and environment in which we operate. The risk management process in place complies with all the principles included within the revised Orange Book: Management of Risk – Principles and Concepts (2023). The strategy also draws on the Northern Ireland Audit Office report on Good Practice in Risk Management (June 2011) and the Audit Committee Handbook. It provides a framework for the management of risk and promotes a consistent approach across the organisation. The risk management cycle in UR encompasses both a 'top-down' and 'bottom-up' approach, which allows risks to be identified, managed, and escalated as appropriate.

The strategy sets out the roles and responsibilities in respect of risk management. The Board is responsible for establishing and overseeing risk management procedures within the organisation. The Board ensures that significant risks are being managed by SLT and challenges the risk management process to ensure that all key risks have been identified. The ARC supports the Board and Chief Executive by reviewing the risk control processes and periodically reviews risk registers, providing a challenge and advisory role as necessary. The Audit and Risk Committee receives assurances from the Head of Government and Public Sector Risk Consulting in EY on the effectiveness of risk management.

Risk Environment

UR alongside the Commission for Regulation of Utilities in Ireland continue to adjust the design of the all-island market to reflect the UK's exit from the EU. The market design changes are mainly related to the mechanism to allocate capacity of the interconnectors between the island of Ireland and GB. The enhanced Single Electricity Market (SEM) that went live in 2018 continues to operate as normal and is now underpinned by provisions of the Ireland/Northern Ireland Protocol and Trade and Cooperation Agreement (TCA) between the UK Government and European Commission. UR continues to work with Ofgem to establish new Administrative Arrangements with Agency for the Co-operation of Energy Regulators (ACER) in line with requirements of the TCA.

At a national level, UR is a member of the UK Regulatory Network and the UK Competition Network, formed to develop common understanding of best practice, facilitate consistency, and provide a platform for skills and knowledge transfer in the exercise of sector regulatory functions and competition respectively. At local level, energy policy falls within the remit of the DfE. In December 2021, DfE published a new Energy Strategy. The new strategy sets out a pathway that will achieve net zero carbon and affordable energy by 2050.

UR risks are driven from work streams arising out of the environment, as described above, in which it operates.

UR's intention is to reflect good practice in risk management, as it forms an integral part of the work carried out. As a result, the SLT, ARC and Board keep the high-level risks under review. The key risks facing UR during the year are detailed in the Performance Report.

Risks continued to be identified and managed in line with the Risk Management Strategy. The corporate risk register is a standing item on the Board agenda and in addition, the Board held a risk workshop in October 2023. In advance of that, the Board provided responses to standard questions on each of the risks on the corporate register. The discussion at the workshop focussed on the three risks that were subject to the most Board commentary. After the workshop the corporate risk register was updated to reflect the required changes which included variations to the wording of some of the corporate risks, the Board agreed appetite position for each category of risk, the controls in place and actions to mitigate the risks further.

Information Security

UR continues to maintain its information management and governance agenda. UR's business only requires it to hold a limited amount of personal data. Information awareness sessions are periodically held, and staff induction includes an information management briefing. The Information Management Committee, which is a cross directorate internal group of staff that oversees related governance issues, keeps policies under review and considers actions arising should a breach of one of the policies occur. The Committee's terms of reference set out the scope of its duties and it is responsible to SLT. In particular, UR's continued compliance with the requirements of the General Data Protection Regulation (GDPR) has included maintenance of registers cataloguing personal data held, as defined by GDPR, who holds it, where it's held, for how long, on what authority and with what purpose in mind. Up to date privacy policies are also in place. There were no information breaches that the Information Management Committee considered to represent a security concern.

Fraud

Specific fraud risks are identified and managed at directorate level. There have been no cases of actual or suspected fraud during 2023-24 (2022-23 nil).

Whistleblowing

UR has limited references made to it under the Public Interest Disclosure Order provisions. Internal and external whistleblowing guides are in place and are reviewed annually by the Audit and Risk Committee to ensure that they remain in line with the latest guidance and the DfE also periodically reviews the matters that may be referred to UR under the legislation. Staff and external guides are published on the intranet and public website respectively and both form part of the Governance Guide that all staff have access to.

Excess Vote

As indicated on Page 83, UR has incurred an Excess Vote (spending above the voted control totals) of £464k in relation to the Net Cash Requirement. This was due to a disputed electricity licence fee invoice of £470k, which resulted in an unforeseen debtor at the year end. This was not anticipated at the time of completing the Spring Supplementary Estimates process, therefore UR did not adjust the net cash requirement for the impact of this. UR will seek Assembly approval by way of an Excess Vote in a Budget Act at the first opportunity.

The Accounting Officer's Review of Effectiveness

As the Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, the work of the Audit and Risk Committee and its independent Chair, members of SLT, managers who have responsibility for developing and maintaining the internal control framework and comments from external auditors in their reports. Executive Directors, Directors and Head of Functions have provided me with quarterly assurance statements commenting on the adequacy and effectiveness of the control environment, including the regularity and propriety of expenditure. I have been advised on the adequacy of the system of internal control by the Audit and Risk Committee and plans to address weaknesses and ensure continuous improvement of the system, are in place.

I am content that the risk management process is appropriate, risks identified are relevant and have been managed during the year.

The governance system described in this statement has been in place for the whole of the year ended 31 March 2024 and up to the date of approval of the Annual Report and Accounts and accords with DoF guidance. No significant problems with the governance system arose during the period covered by this statement.

Remuneration and Staff Report

Remuneration Report

The purpose of the remuneration and staff report is to set out UR's remuneration policy for senior management, how this policy has been implemented and what amounts have been paid to senior management. This report also provides other information on remuneration and staff numbers for the financial year.

Remuneration Policy

The non-executive Chair and non-executive Board members of UR are appointed by DoF (Schedule 1, paragraph 1(1) of the Energy Order). The salary level and terms for the non-executive posts are set by DoF. UR appoints its own Chief Executive. The remuneration for the Chief Executive post and that payable to senior staff (SLT and Head of Functions) is approved by UR's Remuneration Committee. Further information on the Remuneration Committee can be found in the Governance Statement, Page 51. The non-executive Board members of UR are appointed to the SEM Committee by the DfE, and the salary level and terms for this post are also set by DfE.

UR also operates within the context of the wider public sector pay remit, normally determined by the Minister of Finance. The pay award for SLT and all other staff for 2022-23 and 2023-24 was agreed and paid in the 2023-24 year. The pay of UR staff is based on a system of pay scales for each grade, excluding senior management, containing a number of pay points from minimum to maximum, allowing progression towards the maximum based on satisfactory performance. A new system of pay scales was introduced for senior management in 2023-24. The scales contain a number of pay points allowing progression towards the maximum based on outstanding performance.

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.

With the exception of the Chief Executive, whose appointment is on a fixed term seven-year basis, the officials covered by this report hold appointments that are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme⁴. Non-executive Board members hold fixed term appointments as detailed in the Directors' Report, Page 41.

DoF has authorised the independent exercise of the appointment power contained within Schedule 1, paragraph 5 of the Energy (Northern Ireland) Order 2003 and UR thereby sets the numbers and terms and conditions of service of those civil servants employed by it within the context of the public sector pay remit. The direct appointments are permanent, pensionable (optional) appointments.

⁴ [Civil Service Commissioners for Northern Ireland \(nicscommissioners.org\)](https://www.nicscommissioners.org)

Remuneration (including salary) and Pension Entitlements (audited)

The following sections provide details of the remuneration and pension interests of UR Board and SLT.

Remuneration and Pension Entitlements

Single Total Figure of Remuneration								
	Salary (£000)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £1,000) ⁵		Total	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Non-executive Board members								
Dr William Emery (Non-executive Chair)	45-50*	45-50*	6,300	4,300	-	-	55-60*	50-55*
Mrs Teresa Perchard (Non-executive Director)	10-15	10-15	3,200	1,500	-	-	10-15	10-15
Mr Alex Wiseman (Non-executive Director)	10-15	10-15	3,800	3,000	-	-	15-20	10-15
Mr Jon Carlton (Non-executive Director)	20-25*	20-25*	12,000	7,100	-	-	30-35*	25-30*
Mrs Claire Williams (Non-executive Director)	10-15	10-15	3,600	2,600	-	-	10-15	10-15
Mr David de Casseres (Non-executive Director)	10-15	10-15	1,000	700	-	-	10-15	10-15
Other								
Mr Jim Oatridge (Independent Chair of Audit and Risk Committee)	0-5	5-10	2,000	1,300	-	-	5-10	5-10

⁵ 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.

Single Total Figure of Remuneration								
	Salary (£000)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £1,000) ⁵		Total	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Senior Executives								
Mr John French Chief Executive	165-170**	130-135	-	-	60,000	52,000	225-230	185-190
Mr Peter Russell (Executive Director, Price Controls, Networks and Energy Futures – appointed on 3 January 2024)	30-35 (full year equivalent 120-125)	-	-	-	12,000	-	40-45	-
Mr Kevin Shiels (Executive Director, Markets and Consumer Protection - temporarily promoted to acting Chief Executive on 2 December 2022 in the absence of John French. Temporary promotion ended on 31 March 2023)	125-130**	100-105	-	-	154,000	86,000	280-285	185-190
Mr Colin Broomfield (Director, Markets)	115-120**	80-85	-	-	42,000	34,000	155-160	115-120
Mrs Barbara Cantley (Interim Director, Consumer Protection and Enforcement) (appointed from 1 January 2023)	125-130**& ***	20-25*** (full year equivalent 95-100***)	-	-	-	-	125-130	20-25
Ms Tanya Hedley (Director, Price Controls)	115-120**	85-90	-	-	42,000	35,000	155-160	120-125
Mr Donald Henry (Director, Networks and Energy Futures)	115-120**	100-105	-	-	30,000	(5,000)	145-150	95-100

During 2023-24, basic remuneration for the Chair was £35k-£40k (2022-23: £35k-£40k) and for the non-executive Board members was £10k-£15k (2022-23: £10k-£15k).

- * Includes remuneration for SEM Committee membership £10k-£15k.
- ** Includes 2022-23 and 2023-24 pay awards in full, no further pay awards are due as at 31 March 2024.
- *** Includes 18.5% uplift in lieu of employers pension contributions.

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 accrued payments made by UR and thus recorded in these 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. Benefits in kind include the taxable value of home to office costs, overnight accommodation and expenses incurred by members of the Board including those in respect of any additional duties undertaken in the year. Benefits in kind are disclosed gross of any tax payable. The value has increased in 2023-24 due to increased travel associated with attendance at meetings.

Pay Ratios (audited)

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 UR in the financial year 2023-24 was £155,000 - £160,000 (2022-23: £130,000 - £135,000). The relationship between the mid-point of this band and the remuneration of the organisation’s workforce is disclosed below.

This is based on annualised full-time equivalent remuneration as at the reporting date.

<u>2023-24</u>	25 th percentile	Median	75 th percentile
Total remuneration (£)	43,312	52,786	65,979
Pay ratio	3.64:1	2.98:1	2.39:1

<u>2022-23</u>	25 th percentile	Median	75 th percentile
Total remuneration (£)	39,969	47,462	58,730
Pay ratio	3.32:1	2.79:1	2.26:1

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

For 2023-24 and 2022-23, the 25th percentile, median and 75th percentile remuneration values consisted solely of salary payments.

The movement in ratios between 2022-23 and 2023-24 is a result of two pay awards paid in 2023-24 and the implementation of the restructure.

In 2023-24, no employee (2022-23: nil) received remuneration in excess of the highest paid director.

Remuneration ranged from £19,586 to £157,500 (2022-23: £18,000 to £132,500).

Percentage Change in Remuneration (audited)

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

- salary and allowances, and
- performance pay and bonuses

of the highest paid director and of their employees as a whole.

The percentage changes in respect of UR 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:	2023-24 v 2022-23	2022-23 v 2021-22
Average employee salary and allowances	13.76%	1.63%
Highest paid director's salary and allowances	18.87%	0.00%

As noted above the percentage increases is primarily due to two pay awards paid in 2023-24 and the implementation of the restructure.

Pension Entitlements (audited)

The following sections provide details of the pension interests of the senior officials of UR.

	Accrued pension at pension age as at 31/03/24 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/24	CETV at 31/03/23	Real increase in CETV
	£000	£000	£000	£000	£000
Mr John French Chief Executive	20-25	2.5-5	321	209	36
Mr Peter Russell (Executive Director, Price Controls, Networks and Energy Futures – appointed on 3 January 2024)	5-10	0-2.5	76	-	6
Mr Kevin Shiels (Executive Director, Markets and Consumer Protection - temporarily promoted to acting Chief Executive on 2 December 2022 in the absence of John French. Temporary promotion ended on 31 March 2023.	55-60 plus a lump sum of 150-155	5-7.5 plus a lump sum of 12.5-15	1,297	935	143
Mr Colin Broomfield (Director, Markets)	20-25	2.5-5	257	167	21
Ms Tanya Hedley (Director, Price Controls)	30-35	2.5-5	561	399	28
Mr Donald Henry (Director, Networks and Energy Futures)	35-40 plus a lump sum of 90-95	0-2.5 plus a lump sum of 0	755	616	15

There were no employer contributions to a partnership pension account in respect of the SLT.

Northern Ireland Civil Service (NICS) Pension Arrangements

Pension benefits are provided through the Northern Ireland Civil Service pension schemes, which are administered by Civil Service Pensions (CSP), for employees who have joined the scheme. UR employees may opt out of the pension arrangements and receive an uplift in lieu of employer pension contributions of 18.5% of base salary. Some employees have opted out of the pension scheme and receive an uplift in lieu of employer pension contributions as part of the contract of employment. Following auto-enrolment, any new employees will be automatically

enrolled in alpha; however, if those employees opt out of the pension scheme, they will not receive an uplift in lieu of pension.

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

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 which will be issued by 31 March 2025.

At this stage, allowance has not yet been made within CETVs for this remedy. Further information on the remedy will be included in the NICS pension scheme accounts which, once published, are available at <https://www.finance-ni.gov.uk/publications/dof-resource-accounts>.

As part of the remedy involves rolling back all remediable service into the relevant legacy PCSPS(NI) arrangement for the 7-Year Remedy Period, the value of pension benefits may change for affected members and some figures previously reported may change. The 2023-24 pension disclosures above are calculated based on HM Treasury guidance using;

- a. Rolled back opening balance.
- b. Rolled back closing balance.
- c. CETV calculated by CSP on the rolled back basis.
- d. No restatement of prior year figures where disclosed.

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).

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 arrangements can be found at the website <https://www.finance-ni.gov.uk/civilservicepensions-ni>.

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 2023 was 6.7% and HM Treasury has announced that public service pensions will be increased accordingly from April 2024.

Employee contributions rates for all members for the period covering 1 April 2024 – 31 March 2025 are as follows:

Scheme Year 1 April 2024 to 31 March 2025

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution rates – All members
From	To	From 1 April 2024 to 31 March 2025
£0	£26,302.49	4.60%
£26,302.50	£59,849.99	5.45%
£59,850.00	£160,964.99	7.35%
£160,965.00 and above		8.05%

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) and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may have been due when pension benefits are taken. The Lifetime Allowance will end in April 2024 and will be replaced by the Lump Sum Allowance and The Lump Sum and Death Benefit Allowance.

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 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.](#)

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).

Compensation for loss of office

There was no compensation for loss of office payments made in 2023-24 (2022-23; nil).

Staff Report

Staff Costs (audited)

Staff costs comprise:

			2023-24	2022-23
			£000	£000
	Permanently employed staff	Others	Total	Total
Wages and Salaries	6,252	310	6,562	5,259
Social Security Costs	726	8	734	613
Other Pension Costs	1,822	13	1,835	1,477
Sub Total	8,800	331	9,131	7,349
Less recoveries in respect of outward secondments	(70)	-	(70)	(74)
Total net costs*	8,730	331	9,061	7,275

Of which:

	Charged to Administration	Charged to Programme	Total
Department	-	9,061	9,061
Total net costs	-	9,061	9,061

* Of which, £nil has been charged to capital.

The Northern Ireland Civil Service main pension schemes are unfunded multi-employer defined benefit schemes, but UR 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 2023-24, employers' contributions of £1,809,704 were payable to the NICS pension arrangements (2022-23: £1,461,336) at one of three rates in the range 28.7% to 34.2% of pensionable pay, based on salary bands.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £19,163.60 (2022-23: £15,895.94) 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% (2022-23: 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 £632.52, 0.5% (2022-23: £471.96, 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. Contributions due to the **partnership** pension providers at the reporting period date were £1,413.31 (2022-23: £nil). Contributions prepaid at that date were £nil (2022-23 £nil).

Employees who joined before the pension auto enrolment may opt out of the pension arrangements and receive an uplift in lieu of employer contributions of 18.5% of base

salary. In 2023-24, 6 (2022-23: 5.5) members of staff opted out of the pension arrangements. No employer pension costs are paid for those staff but the uplift in lieu of employer pension amounted to £58,138 (2022-23: £57,208). These costs are included in wages and salaries above.

No persons (2022-23: nil) retired early on ill health grounds; the total additional accrued pension liabilities in the year amounted to £nil (2023-24: £nil).

Average Number of Persons Employed (audited)

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

	Permanently employed Staff	Others	2023-24 Total	2022-23 Total
Segment 1 To protect the interests of consumers of electricity supplied by authorised suppliers, wherever appropriate by promoting effective competition between persons engaged in, or in commercial activities connected with, the generation, transmission or supply of electricity	64.25	3.02	67.27	60.18
Segment 2 To promote the development and maintenance of an efficient, economic and co-ordinated gas industry in Northern Ireland	32.65	1.93	34.58	27.89
Segment 3 To protect the interests of consumers of water and sewerage services, where appropriate, by the promotion of effective competition	5.14	0.43	5.57	3.49
Total	102.04	5.38	107.42	91.56

Reporting of Civil Service and other compensation schemes – exit packages (audited)

There were no exit packages in 2023-24 (2022-23: nil).

Number of Senior Civil Service Staff by Band

UR has its own staff grades and bands, however Head of Functions (12 staff), Directors (4 staff), Executive Directors (2 staff), and the CEO would be the

equivalent of Senior Civil Service staff. The Head of Function would be broadly in line with the grade 5 level, the Directors, the Executive Directors and CEO are broadly in line with Senior Civil Service grade 3 and above.

Composition of UR Staff

Details of UR Board and SLT are included in the Directors' report. However, within the context of the Staff Report UR is required to disclose the gender of the Board, SLT and employees of UR. The figure includes temporary promotions at the 31 March 2024, the split was as follows:

	Male	Female	Total
Non-executive Board members	4	2	6
SLT	5	2	7
Employees excluding SLT	54	64	118
Other staff:			
Student placement	1	0	1
Secondees	2	1	3
Temporary staff/agency	1	5	6

Staff Turnover

The staff turnover percentage is defined as the number of leavers divided by the average staff in post for the year. The figures for the past 3 years are as follows:

Year	Turnover
2023-24	8%
2022-23	11%
2021-22	8%

Staff Engagement

During the year, three surveys were undertaken - a Best Companies all staff engagement survey (response rate 81%), an Investors in People (IiP) survey (response rate 72%) and a hybrid working and wellbeing survey (response rate 73%).

Sickness Absence Data

Sickness absence figures for the past 3 years are as follows:

Year	Absence rate	Average days lost	Excluding LTS
2023-24	2.92%	6.5	1.19%
2022-23	2.09%	4.6	1.01%
2021-22	4.03%	8.9	1.71%

Diversity and Inclusion

In July 2021, we completed our application for Diversity Charter Mark, Bronze assessment. We were delighted to retain our Bronze accreditation in September 2022 and have made an application for the Silver accreditation. We are currently working on feedback from our submission and hope to have our new accreditation confirmed in 2024.

During the year, we developed a new Equality, Diversity and Inclusion Strategy and met our gender targets. Due to the recent restructure, we have made significant strides in addressing the balance between male and female members across CEO, Executive Director, Director and Head of Function levels. Previously there were 5 men (56%) and 4 women (44%), we now have 7 men (43%) and 8 women (57%), this is a 14% increase in women. Again, we have made significant improvements and strides in addressing the balance of female and male managers. In our initial submission in 2021, there was 70% male managers and 30% female managers. Now this figure currently stands at 54% male and 46% female.

We have submitted a new gender target under the Silver award requirements which is to support women across all grades to undertake continued personal development (CPD) to include activities such as an accreditation related to career development, targeted leadership development, undertaking mentoring or undertake being mentored, or a lateral move within the organisation to a new work area or project to aid their career development.

UR People group engaged with staff to form a cross-directorate Diversity and Inclusion (D&I) group representing a mix of age, gender, and grade. A diversity calendar is being developed by the group in line with our commitments under the charter mark, and Board approval will be sought on delivering the most appropriate events, in the context of our Section 75 duties and equality legislation. The D&I group have delivered a number of events including mental health activities.

Equal Opportunities

UR is an equal opportunity employer. It is fully committed to the elimination of all forms of discrimination, harassment, and victimisation not only because of the legal requirements under which it operates but because it makes sound business sense and ensures that working relationships are based on mutual trust, respect and understanding. This allows the best use to be made of the wide variety of skills, abilities, and attributes available in the organisation and promotes a harmonious working environment.

Disabled Persons

UR is committed to ensuring that its policies and practices comply with the requirements of the Disability Discrimination Act 1995. In recruitment and promotion terms, applicant packs and information are available in accessible formats and assistance provided at assessment and interview in line with an applicant's requirements. Reasonable adjustments are made as a matter of policy to assist staff with disabilities in work.

Off Payroll Arrangements

UR is required to disclose details of any off-payroll arrangements at a cost of over £245 per day, lasting longer than six months that were in place during 2023-24. All off-payroll arrangements are now assessed in line with IR35 requirements. In 2023-24, UR had no such arrangements in place (2022-23: nil).

Spending on Consultancy and Temporary Staff

In 2023-24, UR incurred £47,250 on consultancy expenditure associated with HR and organisational support (2022-23: £30,856).

In 2023-24, there were several agency arrangements in place providing interim cover for staffing gaps, with a total spend in-year of £240,113 (2022-23: £74,078).

Assembly Accountability Report

Statement of Outturn Against Assembly Supply (audited)

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FRoM) requires UR 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: Outturn detailed by Estimate line, providing a more detailed breakdown (note 1); a reconciliation of outturn to net expenditure in the SOCNE, to tie the SOAS to the financial statements (note 2); a reconciliation of net resource outturn to net cash requirement (note 3) and an analysis of income payable to the Consolidated Fund (note 4).

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 in the financial review section of the Performance Report on Page 31. 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 gov.uk.

A summary of outturn against Estimate is provided in the Performance Report, Page 32 and 33.

Summary Table, 2023-24, all figures presented in £000

Type of spend	Note	Outturn			Estimate			Outturn vs Estimate, saving/ (excess)		Prior Year Outturn Total 2022-23
		Voted	Non- voted	Total	Voted	Non-voted	Total	Voted	Total	
Departmental Expenditure Limit										
Resource	SOAS 1.1	273	-	273	316	-	316	43	43	308
Capital	SOAS 1.2	20	-	20	20	-	20	-	-	19
Total		293	-	293	336	-	336	43	43	327
Annual Managed Expenditure										
Resource	SOAS 1.1	-	-	-	1	-	1	1	1	-
Capital	SOAS 1.2	-	-	-	-	-	-	-	-	-
Total		-	-	-	1	-	1	1	1	-
Total Budget										

Resource	SOAS 1.1	273	-	273	273	-	317	44	44	308
Capital	SOAS 1.2	20	-	20	20	-	20	-	-	19
Total Budget Expenditure		293	-	293	293	-	337	44	44	327
Non-Budget										
Resources	SOAS 1.1	-	-	-	-	-	-	-	-	-
Capital	SOAS 1.2	-	-	-	-	-	-	-	-	-
Total Non-Budget Expenditure		-	-	-	-	-	-	-	-	-
Total Budget and Non-Budget		293	-	293	337	-	337	44	44	327

Figures in the areas outlined in bold cover the voted control limits voted by Assembly.

Net Cash Requirement 2023-24, all figures presented in £000

Item	SOAS Note	Outturn	Estimate	Outturn vs Estimate, saving/ (excess)	Prior Year Outturn Total 2022-23
Net cash requirement	3	1,094	630	(464)	-

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

Notes to the Statement of Outturn Against Assembly Supply, 2023-24 (£000)

SOAS 1. Outturn detail, by Estimate line

SOAS 1.1 Analysis of resource outturn by Estimate line, all figures presented in £000

Spending in Departmental Expenditure Limits (DEL)												
Type of spend (Resource)	Resource outturn							Estimate			Outturn vs Estimate (inc virements), saving/ (excess)	Prior Year Outturn Total, 2022-23
	Administration			Programme				Total	Virements	Total inc. virements		
	Gross	Income	Net	Gross	Income	Net	Total					
Spending in Departmental Limits (DEL)												
Voted Expenditure Utility Regulation	-	-	-	13,305	(13,032)	273	273	316	-	316	43	308
Total Voted DEL	-	-	-	13,305	(13,032)	273	273	316	-	316	43	308
Non-voted Expenditure	-	-	-	-	-	-	-	-	-	-	-	-
Total non-voted DEL	-	-	-	-	-	-	-	-	-	-	-	-
Total Spending in DEL	-	-	-	13,305	(13,032)	273	273	316	-	316	43	308

Spending in Annually Managed Expenditure Limits (AME)	-	-	-	-	-	-	-	1	-	1	1	-
Voted Expenditure Utility Regulation-												
Total Voted AME	-	-	-	-	-	-	-	1	-	1	1	-
Non-voted Expenditure	-	-	-	-	-	-	-	-	-	-	-	-
Total non-voted AME	-	-	-	-	-	-	-	-	-	-	-	-
Total spending in AME	-	-	-	-	-	-	-	1	-	1	1	-
Total Non Budget	-	-	-	-	-	-	-	-	-	-	-	-
Total Resource	-	-	-	13,305	(13,032)	273	273	317	-	317	44	308

SOAS 1.2 Analysis of capital outturn by Estimate line, all figures presented in £000

Spending in Departmental Expenditure Limits (DEL)								
Type of spend (Capital)	Outturn			Estimate			Outturn vs Estimate (including virements), saving/ (excess)	Prior Year Outturn Total, 2022-23
	Gross	Income	Net total	Total	Virements	Total including virements		
Spending in Departmental Limits (DEL)								
Voted Expenditure Utility Regulation	20	-	20	20	-	20	-	19
Total Voted DEL	20	-	20	20	-	20	-	19
Non-voted Expenditure	-	-	-	-	-	-	-	-
Total non- voted DEL	-	-	-	-	-	-	-	-
Total spending in DEL	20	-	20	20	-	20	-	19
Spending in Annually Managed Expenditure (AME)								
Voted Expenditure	-	-	-	-	-	-	-	-
Total Voted AME	-	-	-	-	-	-	-	-

Non-voted Expenditure	-	-	-	-	-	-	-	-
Total non-voted AME	-	-	-	-	-	-	-	-
Total Spending in AME	-	-	-	-	-	-	-	-
Total Non Budget	-	-	-	-	-	-	-	-
Total Capital	20	-	20	20	-	20	-	19

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 is 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.

Analysis of outturn against Estimate

Expenditure is lower than the main Estimate position as a result of lower renewable scheme costs than anticipated.

Key to Request for Resources and Functions

Request for resources A – Protecting Electricity, Gas, Water and Sewerage consumers with regard to price and quality of service.

SOAS2. Reconciliation of Outturn to Net Expenditure

Item	Note	Outturn Total 2023-24 £000	Prior Year Outturn Total, 2022-23 £000
Total Resource Outturn	SOAS 1.1	273	308
Add: Capital Grants		-	-
Total		273	308
Less: Income paid/payable to the Consolidated Fund		-	-
Total		-	-
Net Operating Expenditure in Consolidated Statement of Comprehensive Net Expenditure	SOCNE	273	308

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.

SOAS3. Reconciliation of Net Resource Outturn to Net Cash Requirement

Item	Note	Outturn total £000	Estimate £000	Outturn vs Estimate, Saving/(excess) £000
Total Resource outturn	SOAS 1.1	273	317	44
Total Capital outturn	SOAS 1.2	20	20	-
Adjustments to remove non-cash items:				
Depreciation, impairments and revaluations		(202)	(203)	(1)
New provisions and adjustments to previous provisions		21	-	(21)
Adjustments to reflect movements in working balances				
Increase/(decrease) in receivables		333	-	(333)
(Increase)/Decrease in payables		308	350	42
Lease Liability		187	-	(187)
Use of provision		154	146	(8)
Total		801	293	(508)
Net Cash Requirement		1,094	630	(464)

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

UR has incurred an Excess Vote (spending above the voted control totals) of £464k in relation to the Net Cash Requirement. This was due to a disputed electricity licence fee invoice of £470k, which resulted in an unforeseen debtor at the year end. This was not anticipated at the time of completing the Spring Supplementary Estimates process, therefore UR did not adjust the net cash requirement for the impact of this. UR will seek Assembly approval by way of an Excess Vote in a Budget Act at the first opportunity.

SOAS4. Amounts of Income to the Consolidated Fund

In addition to income retained by the department, the following income is payable to the Consolidated Fund.

SOAS4.1 Analysis of Income Payable to the Consolidated Fund £000

Item	Note	Outturn total 2023-24		Prior Year 2022-23	
		Accruals	Cash basis	Accruals	Cash basis
(Excess) cash surrenderable to the Consolidated Fund	SOAS 3	481	481	481	481
Total amount payable to the Consolidated Fund		481	481	481	481

Other Assembly Accountability Disclosures

Losses and Special Payments (audited)

There were no losses and special payments requiring disclosure in the 2023-24 financial year (2022-23: nil).

Fees and Charges (audited)

The majority of UR's income comes from electricity, gas, and water licence holders. An analysis of income is provided in note 4 to the accounts and split by operating segment in note 2 to the accounts. This also allocates the cost by segment. Total fees from licence holders in year was £11,208m resulting in a deferred income balance of £49k, £291k and £77k for electricity, gas, and water respectively.

Remote Contingent Liabilities (audited)

In addition to contingent liabilities reported within the meaning of IAS 37, UR also reports liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of a contingent liability. UR had no such liabilities at 31 March 2024.



John French
Accounting Officer
3 October 2024

NORTHERN IRELAND AUTHORITY FOR UTILITY REGULATION

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 Northern Ireland Authority for Utility Regulation for the year ended 31 March 2024 under the Government Resources and Accounts Act (Northern Ireland) 2001. The financial statements comprise:

- Statement of Financial Position as at 31 March 2024;
- 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 the significant accounting policies.

The financial reporting framework that has been applied in their preparation of the 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 Northern Ireland Utility Regulation's affairs as at 31 March 2024 and of its net operating 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 breach of the Assembly control total as described in the Basis for opinions section, 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 2024; and
- the expenditure and income 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.

Basis for opinions

In 2023-24, the Northern Ireland Authority for Utility Regulation's Net Cash Requirement was more than the Assembly had authorised resulting in an excess vote. The Net Cash Requirement outturn was £1,094,000, which was £464,000 in excess of the £630,000 limit authorised by the Assembly. The excess is attributable

to a delay in recovery of an amount due in respect of licence fees and the Northern Ireland Authority for Utility Regulation reducing their cash requirement when submitting their 2023-24 Spring Supplementary Estimates requirements to the Department of Finance.

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 Northern Ireland Authority for Utility Regulation 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 Northern Ireland Authority for Utility Regulation'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 Northern Ireland Authority for Utility Regulation'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 Northern Ireland Authority for Utility Regulation 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, 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 the light of the knowledge and understanding of the Northern Ireland Authority for Utility Regulation 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
- 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:

- 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 to be 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 Northern Ireland Authority for Utility Regulation'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 the Northern Ireland Authority for Utility Regulation 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 Northern Ireland Authority for Utility Regulation through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included the Government Resources and Accounts Act (Northern Ireland) 2001, the Energy (Northern Ireland) Order 2003 and the Water and the Sewerage Services Order 2006 ;
- making enquires of management and those charged with governance on the Northern Ireland Authority for Utility Regulation's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to the Northern Ireland Authority for Utility Regulation's 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 Northern Ireland Authority for Utility Regulation'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 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;
- 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
- 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 expenditure and income recorded in the financial statements have been applied to the purposes intended by 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 at pages 114 and 115.

A handwritten signature in black ink, reading "Dorinnia Carville". The signature is written in a cursive style with a large initial 'D'.

Dorinnia Carville
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
BELFAST
BT7 1EU

8 October 2024

Financial Statements

Statement of Comprehensive Net Expenditure For the Year Ended 31 March 2024

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	2023-24 £000	2022-23 £000
Revenue from contracts with customers	4	(11,208)	(8,725)
Other operating income	4	(1,824)	(1,594)
Total operating income		(13,032)	(10,319)
Staff Costs	3	9,061	7,275
Purchase of goods and services	3	3,870	3,003
Depreciation and impairment charge	3/5/12	202	200
Provision expense	3/10	(21)	(19)
Other operating expenditure	3	189	162
Total operating expenditure		13,301	10,621
Net operating expenditure		269	302
Finance expense	3	4	6
Net expenditure for the year		273	308
Notional Audit Costs	3	37	35
Other Notional Costs	3	162	149
Total Notional Costs		199	184
Net Expenditure for the year including notionals		472	492
Other comprehensive net expenditure			
Items that will not be reclassified to net operating expenditure			
Net (gain)/loss on revaluation of property, plant and equipment	5	-	(2)
Comprehensive net expenditure for the year		472	490

The notes on Pages 99-113 form part of these accounts.

Statement of Financial Position as at 31 March 2024

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

	Note	2023-24		2022-23	
		£000	£000	£000	£000
Non-current assets:					
Property, plant and equipment	5	54		47	
Right-of-use asset	12	270		460	
Total non-current assets			324		507
Current assets:					
Trade and other receivables	8	549		212	
Cash and cash equivalents	7	17		943	
Total current assets			566		1,155
Total assets			890		1,662
Current Liabilities:					
Trade and other payables	9	(2,317)		(3,082)	
Lease liabilities	12	(192)		(190)	
Provisions	10	-		(175)	
Total current liabilities			(2,509)		(3,447)
Total assets less current liabilities			(1,619)		(1,785)
Non-current liabilities					
Provisions	10	-		-	
Lease liabilities	12	(65)		(256)	
Total non-current liabilities			(65)		(256)
Total assets less total liabilities			(1,684)		(2,041)
Taxpayers' equity and other reserves					
General Fund			(1,684)		(2,044)
Revaluation reserve			-		3
Total equity			(1,684)		(2,041)

A handwritten signature in black ink, appearing to read 'J. French', written in a cursive style.

John French
Accounting Officer
3 October 2024

The notes on Pages 99-113 form part of these accounts.

Statement of Cash Flows for the Year Ended 31 March 2024

The Statement of Cash Flows shows the changes in cash and cash equivalents of UR 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 UR. Investing activities represent the extent to which cash inflows and outflows have been made for resources which are intended to contribute to UR future public service delivery.

		2023-24 £000	2022-23 £000
Cashflows from operating activities	Note		
Net expenditure for the year including notionals	2	(472)	(492)
Adjustments for non-cash transactions	3	380	365
(Increase)/Decrease in trade and other receivables	8	(337)	282
Increase/(Decrease) in trade and other payables	9	(765)	976
Less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure			
- Supply amounts due to the Consolidated Fund	9	462	147
- Capital accruals		(5)	-
- CFER amounts due to/from the Consolidated Fund	9	4	(477)
Use of provisions	10	(154)	(113)
Interest on lease liabilities	12.2	6	6
Net cash inflow/(outflow) from operating activities		(881)	694
Cashflows from investing activities			
Purchase of non-financial assets	5	(15)	(19)
Purchase of financial assets		-	-
Net cash inflow/(outflow) from investing activities		(15)	(19)
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year		626	462
From the Consolidated Fund (Supply) – prior year		-	-
Advances from the Consolidated Fund		2,600	2,800

Repayments of advances from the Consolidated Fund		(2,600)	(2,800)
Payment of lease liabilities		(194)	(194)
Net financing		432	268
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for payments to the Consolidated Fund			
		(464)	943
Payments of amounts due to the Consolidated Fund		(462)	(613)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		(926)	330
Cash and cash equivalents at the beginning of the period			
	7	943	613
Cash and cash equivalents at the end of the period			
	7	17	943

The notes on Pages 99-113 form part of these accounts.

Statement of Changes in Taxpayers' Equity for the Year Ended 31 March 2024

This statement shows the movement in the year on the different reserves held by UR, 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.

	Note	General Fund £000	Revaluation Reserve £000	Taxpayers' Equity £000
Balance at 31 March 2022		(1,255)	1	(1,254)
Net Assembly Funding		462	-	462
Comprehensive Net Expenditure for the Year	SoCNE	(492)	2	(490)
Supply (payable)/receivable adjustment		(462)	-	(462)
CFERs payable to the Consolidated Fund		(481)	-	(481)
Non-cash adjustments:				
Non-cash charges – auditor's remuneration		35	-	35
Non-cash charges – other		149	-	149
Other reserves movements including transfers		-	-	-
Balance at 31 March 2023		(2,044)	3	(2,041)
Net Assembly Funding		626	-	626
Comprehensive Expenditure for the Year	SoCNE	(472)	-	(472)
Supply (payable)/receivable adjustment		4	-	4
CFERs payable to the Consolidated Fund		-	-	-
Non-cash adjustments:				
Non-cash charges – auditors remuneration		37	-	37
Non-cash charges – other		162	-	162
Other reserves movements including transfers		3	(3)	-
Balance at 31 March 2024		(1,684)	-	(1,684)

The notes on Pages 99-113 form part of these accounts.

Notes to the Departmental Resource Accounts

1. Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2023-24 Government Financial Reporting Manual (FReM) issued by the DoF. 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 is judged to be the most appropriate to the particular circumstances of UR for the purpose of giving a true and fair view has been selected. The particular policies adopted by UR are described below. These have been applied consistently in dealing with items that are considered material to the accounts.

1.1 Accounting Convention

These accounts have been prepared under the historical cost convention, modified to account for the revaluation of property, plant and equipment.

1.2 Property, Plant and Equipment

The minimal level for capitalisation of property, plant and equipment is £2k for all assets with the exception of computers where the threshold is £500. Where material assets may be pooled/grouped so as to reflect more accurately asset holdings. The capitalisation threshold for grouped assets is £2k.

The following asset categories existed at the start of the year, namely IT equipment, office equipment, furniture and fittings and leasehold improvements. Asset additions have been valued at purchase price. Existing assets are revalued annually by reference to revaluation indices obtained from the Office for National Statistics and the Land and Property Services.

1.3 Depreciation and Amortisation

Depreciation and amortisation is provided at the rates calculated to write off the valuation of property, plant and equipment by equal instalments over their estimated useful lives. Lives are in the following ranges:

Leasehold improvements	10 years or lifetime of lease
IT equipment	5 years
Furniture and Fittings	5 to 10 years
Office Equipment	5 years

1.4 Revaluation of Non-Current Assets

Increases in value are credited to the Revaluation Reserve unless it reverses a revaluation decrease of the same asset which was previously taken directly to the Statement of Comprehensive Net Expenditure. In these cases, the increase is recognised in the Statement of Comprehensive Net Expenditure. Decreases in value are taken to the Revaluation Reserve to the extent that there is a sufficient balance in the reserve to offset the decrease.

Any excess devaluation is charged to the Statement of Comprehensive Net Expenditure. Each year, the realised element of the revaluation reserve (i.e. an amount equal to the excess of the actual depreciation over depreciation based on historical cost) is transferred from the reserve to the General Fund.

1.5 Revenue Recognition

The costs of UR are offset primarily by annual licence fees paid on the issue of electricity, gas and water and sewerage licences as defined under statute. Electricity licence fees are calculated on the basis of a determination made in 2011 by UR. It was decided that one third of the cost of electricity regulation should be charged to the holders of generation licences, one third to the holders of transmission licences and one third to the holders of public electricity supply licences. All licence holders pay a minimum of £1.5k. Licence fees are ultimately recovered from electricity customers through an operating cost allowance in the price controls of regulated businesses.

The commencement date for the collection of gas fees was 5 September 1996. Prior to that date, costs were borne by central government. Gas licence fees are based on the annual identifiable costs of gas regulation.

Gas licence fees are calculated on the basis of a determination made by UR. Following a consultation process on how gas licence fees should be apportioned it was decided that as from the 2012-13 financial year, all supply licence holders will pay a fixed fee of £1.5k, increased annually based on the Retail Price Index (RPI). From 2022-23, following public consultation, it was also decided that holders of gas storage licences should pay £2k uplifted annually for RPI. The remaining gas regulatory costs, net of the fixed supply and storage licence charges, are apportioned between the conveyance licence holders who participate in transmission activities, on the basis of their share of the total forecast volumes transmitted in that year.

In the year following payment of licence fees, UR adjusts the new licence fees by the amount of over/under recovery of actual costs arising in the previous licence year. Since licence fees are based on estimated costs, any over-recovery is treated as

Deferred Income within Payables and any under-recovery as Accrued Income within Receivables.

Under the terms of Northern Ireland Water's instrument of appointment water and sewerage fees are payable on the 1 July in each year representing the estimated costs of UR in carrying out its functions under the Water and Sewerage Services (Northern Ireland) Order 2006. This can be supplemented if required by a determination coming into effect on 1 January in any year.

In addition, the cost of CCNI in dealing with electricity consumer issues was recovered from electricity supply licence holders, on the basis of volumes supplied. The cost of gas consumer issues was recovered from conveyance licence holders who participate in distribution activities, on the basis of their share of the total forecast gas volumes to be distributed in the year. The water and sewerage consumer cost was recovered from the water and sewerage licence holder. For 2023-24, UR collected and passed on to CCNI an amount of £1,042,409, of which £391,068 was in respect of its electricity functions, £291,028 in respect of its gas functions, and £360,313 in respect of its water functions. These licence fees are accounted for in the accounts of CCNI.

1.6 Administration and Programme Expenditure

A reclassification exercise was carried out via the Budget and Monitoring Rounds during 2005-06 to ensure that the classification of expenditure was consistent with the Licence Fee income. As licence fee income is classified as DEL Other Resource, UR gained DoF approval to reclassify all its expenditure as DEL Other Resource. This reclassification continues to be reflected in the Estimates. All UR expenditure is classified as Programme Expenditure.

1.7 Net Liabilities

The negative value of total net assets arises because the funds owed to electricity, gas and water and sewerage licences are correctly shown as a liability. However, under Managing Public Money Northern Ireland rules UR is required to surrender surpluses to the Consolidated Fund and these are reflected in the cash requirement for the following financial year. This is required because the respective licences make provision for a reduction in the licence fee collected to reflect any underspend in the previous year.

The Statement of Financial Position as at 31 March 2024 shows net liabilities of £1,684k, reflecting liabilities due in future years. It is considered appropriate to adopt a going concern basis for the preparation of the financial statements as the department is supply financed and draws its funding from the Consolidated Fund. Therefore, there is no liquidity risk in respect of the liabilities due in future years.

1.8 Notional Costs

Notional charges are non-cash transactions. Notional charges, in respect of services received from other Government departments and agencies and audit costs, are included in the Statement of Comprehensive Net Expenditure to reflect the full economic cost of services.

1.9 Pensions and Employee Benefits

Past and present employees, including directly recruited UR employees (who take up this facility), are covered by the provisions of the PCSPS (NI) which is a defined benefit scheme and is unfunded. UR recognises the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS (NI) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS (NI). From 1 April 2015, civil servants may choose between membership of the PCSPS (NI) Alpha scheme or joining a good quality "money purchase" stakeholder based arrangement with a significant employer contribution (partnership pension account). Further details of these pension arrangements are given in the Remuneration and Staff Report.

Employees may opt out of the PCSPS (NI) and receive an uplift in lieu of employer contributions of 18.5% of base salary. No employer pension contributions are payable by UR in respect of those employees that opt out of the pension scheme. Following auto-enrolment, any new employees will be automatically enrolled in PCSPS (NI) however if those employees opt out of the pensions scheme they will not receive an uplift in lieu of pension.

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 annual leave entitlements that have been earned at the year-end but not yet taken.

1.10 Contingent Liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, UR discloses for Northern Ireland 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 Assembly in accordance with the requirements of Managing Public Money Northern Ireland.

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, where relevant.

Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to the Northern Ireland Assembly.

1.11 Financial Instruments

UR has financial instruments in the form of trade receivables, cash and cash equivalents and trade payables. These are classified as 'loans and receivables' and 'financial liabilities at fair value through profit and loss on initial recognition' in accordance with IFRS 7.

1.12 Impending Application of Newly Issued Accounting Standards Not Yet Effective

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

IFRS 17 (Insurance Contracts) will replace IFRS 4 (Insurance Contracts) and is effective for accounting periods beginning on or after 1 January 2023. In line with the requirements of the FReM, IFRS 17 will be implemented, as interpreted and adapted for the public sector, with effect from 1 April 2025.

IFRS 18 (Presentation and Disclosure in Financial Statements) was issued in April 2024, replacing IAS 1 (Presentation of Financial Statements), and is effective for accounting periods beginning on or after 1 January 2027. IFRS 18 will be implemented, as interpreted and adapted for the public sector if required, from a future date (not before 2027-28) that will be determined by the UK Financial Reporting Advisory Board in conjunction with HM Treasury following analysis of this new standard.

Management consider that these standards and the remaining standards that have been issued but are not yet effective are unlikely to have a significant impact on the accounts of UR.

1.13 IFRS 16 Leases

UR adopted IFRS 16 'Leases' with effect from 1 April 2022. The adoption of this standard has resulted in the recognition of a right-of-use asset, and a related lease liability, representing an obligation to make lease payments.

2. Statement of Operating Expenditure by Operating Segment

The reportable segments are the principal activities of the organisation, with overhead costs split on the basis of an agreed methodology. This split is in line with previous reporting under the Statement of Operating Costs by Departmental Strategic Objectives.

	2023-24				2022-23			
	Reportable Segment 1	Reportable Segment 2	Reportable Segment 3	Total	Reportable Segment 1	Reportable Segment 2	Reportable Segment 3	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Gross Expenditure	9,309	3,507	489	13,305	7,447	2,801	379	10,627
Income	9,111	3,442	479	13,032	7,250	2,702	367	10,319
Net Expenditure	198	65	10	273	197	99	12	308

Description of Segments

Segment 1 – To protect the interests of consumers of electricity supplied by authorised suppliers, wherever appropriate by promoting effective competition between persons engaged in, or in commercial activities connected with, the generation, transmission, or supply of electricity.

Segment 2 – To promote the development and maintenance of an efficient, economic, and co-ordinated gas industry in Northern Ireland.

Segment 3 – To protect the interests of consumers of water and sewerage services, where appropriate by the promotion of effective competition.

2.1 Reconciliation between Operating Segments and SoCNE

	2023-24 £000	2022-23 £000
Total net expenditure reported for operating segments	273	308
Reconciling items:		
Income	-	-
Expenditure	-	-
Total net expenditure per Statement of Comprehensive Net Expenditure	273	308
Notional Costs	199	184
Total net expenditure including notionals per the Statement of Comprehensive Net Expenditure	472	492

3. Expenditure

3a Programme Expenditure

	2023-24		2022-23	
	£000	£000	£000	£000
Staff Costs⁶:				
Wages and Salaries	6,513		5,207	
Social Security Costs	718		607	
Other Pension Costs	1,830		1,461	
Total Staff Costs		9,061		7,275
Rentals under operating leases:				
Property rentals	26		12	
Hire of office equipment	2		2	
Total Rentals under operating leases		28		14
Non-cash items				
Depreciation of property, plant and equipment	12		10	
Depreciation on right-of-use asset	190		190	
Provision provided in year	-		29	
Provisions not required written back	(21)		(48)	
Total non-cash items		181		181
Other expenditure:				
Management of Renewable Outputs Certificate Scheme	1,725		1,468	
Managed services	1,406		1,042	
Miscellaneous expenditure	313		215	
Recruitment	93		79	
Rates	90		73	
Property service charges	79		64	
Consultancy	57		58	
IT costs	56		38	
Utilities	41		31	
Training	38		31	
Procurement charges	38		26	
Communication and Advertising	36		16	

⁶ Further analysis of staff costs is located in the Staff Report on Page 69.

Regulatory costs	33	8
Travel and Subsistence	25	-
Finance interest	4	6
Hospitality	1	1
Exchange losses	-	1
Total Other expenditure:	4,035	3,157
Total	13,305	10,627

3b Notional costs

	2023-24 £000	2022-23 £000
Auditors' remuneration and expenses	37	35
Other notional costs	162	149
Total	199	184

During 2023-24, there was no other non-audit work carried out by the NIAO (2022-23: £1k).

4. Income

	2023-24 £000	2022-23 £000
Electricity Licence Fees	7,287	5,682
Gas Licence Fees	3,442	2,679
Water Licence Fees	479	364
Miscellaneous Income	1,824	1,594
Total	13,032	10,319

Licence fee income included in note 4 above is considered to meet the definition of a contract under IFRS 15. As a condition of holding the licence, electricity, gas and water licence holders must pay an annual fee, which is a portion of UR costs of regulation, split between licence holders on the basis of agreed and published methodologies. That fee is payable within 30 days of issue. Licences are not reviewed annually but are held until such times as UR revokes the licence through a

breach of a licence condition or the licence holder makes an application to revoke the licence. Non-payment of an annual fee would result in UR taking action to revoke the licence. No adjustments are required in respect of the recognition of licence fee income under IFRS 15. Income is recognised in line with UR costs and any under/over recovery of income is shown as accrued/deferred income respectively.

5. Property, Plant and Equipment

2023-24	Leasehold improvements £000	Information Technology Equipment £000	Office Equipment £000	Furniture & Fittings £000	Total £000
Cost or valuation					
At 1 April 2023	81	48	58	92	279
Additions	-	15	-	5	20
Disposals	-	-	-	-	-
Impairments	-	-	-	-	-
Revaluations	-	-	-	1	1
At 31 March 2024	81	63	58	98	300
Depreciation					
At 1 April 2023	81	20	52	79	232
Charged in year	-	8	2	2	12
Disposals	-	-	-	-	-
Impairments	-	-	-	-	-
Revaluations	-	-	-	2	2
At 31 March 2024	81	28	54	83	246
Carrying amount at 31 March 2023	-	28	6	13	47
Carrying amount at 31 March 2024	-	35	4	15	54
Asset financing:					
Owned	-	35	4	15	54
Carrying amount at 31 March 2024	-	35	4	15	54

5. Property, Plant and Equipment (continued)

2022-23	Information				Total £000
Leasehold improvements £000	Technology Equipment £000	Office Equipment £000	Furniture & Fittings £000		
Cost or valuation					
At 1 April 2022	81	29	57	89	256
Additions	-	19	-	-	19
Disposals	-	-	-	-	-
Impairments	-	-	-	-	-
Revaluations	-	-	1	3	4
At 31 March 2023	81	48	58	92	279
Depreciation					
At 1 April 2022	81	14	50	75	220
Charged in year	-	6	2	2	10
Disposals	-	-	-	-	-
Impairments	-	-	-	-	-
Revaluations	-	-	-	2	2
At 31 March 2023	81	20	52	79	232
Carrying amount at 31 March 2022					
	-	15	7	14	36
Carrying amount at 31 March 2023					
	-	28	6	13	47
Asset financing:					
Owned	-	28	6	13	47
Carrying amount at 31 March 2023					
	-	28	6	13	47

6. Financial Instruments

As the cash requirements of UR are met through the Estimates process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts for non-financial items in line with UR's expected purchase and usage requirements and UR is therefore exposed to little credit, liquidity or market risk.

7. Cash and Cash Equivalents

	2023-24 £000	2022-23 £000
Balance at 1 April	943	613
Net change in cash and cash equivalent balances	926	330
Balance at 31 March	17	943
The following balances at 31 March were held at:	17	943
Commercial banks and cash in hand		
Balance at 31 March	17	943

8. Trade Receivables, Financial and Other Assets

	2023-24 £000	2022-23 £000
Amounts falling due within one year:		
Trade receivables	303	47
VAT receivable	120	49
Prepayments	122	116
Accrued Income	-	-
Amounts due from the Consolidated Fund in respect of supply	4	-
Total	549	212
There are no receivables falling due after more than one year.		

9. Trade Payables, Financial and Other Liabilities

	2023-24	2022-23
	£000	£000
Amounts falling due within one year		
Other taxation and social security	426	-
Trade payables	226	4
Accruals	650	903
Deferred income	417	1,232
Other payables	117	-
Amounts issued from the Consolidated Fund for supply but not spent at year end	-	462
Consolidated Fund extra receipts due to be paid to the Consolidated Fund - received	481	481
Total	2,317	3,082

10. Provisions For Liabilities and Charges

	2023-24	2022-23
	£000	£000
Balance at 1 April	175	307
Provided in the year	-	29
Provisions not required written back	(21)	(48)
Provisions utilised in the year	(154)	(113)
Balance at 31 March	-	175

The 2022-23 provision was in respect of legal and other costs for which a reasonable estimate can be made at year end.

10.1 Analysis of Expected Timing of Discounted Flows

	2023-24	2022-23
	£000	£000
Not later than one year	-	175
Later than one year and not later than five years	-	-
Later than five years	-	-
Balance at 31 March	-	175

11. Contingent Liabilities

UR's current lease expires in September 2025. Until there is further clarity regarding a reliable estimate of the dilapidation costs, this is an unquantifiable contingent liability as at 31 March 2024.

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 the cases are at a very early stage of proceedings and until there is further clarity on potential scope and impact, a reliable estimate of liability cannot be provided.

There is a current ongoing litigation matter which relates to Articles 12 and 13 of Regulation (EU) 2019/943 on the internal market for electricity (recast). Articles 12 and 13 of Regulation (EU) 2019/943 relate to treatment and compensation for renewables for constraint and curtailment. The Single Electricity Market Committee addressed the application, in the SEM, of these provisions in its 2022 decision (SEM-22-009) which addressed how the level of compensation for market participants would be approached. The SEMC's decision was successfully challenged in two sets of proceedings before the High Court of Ireland. In Orders made on 10 July 2024, the High Court quashed the SEMC's decision and made various declarations. A stay was placed on the High Court orders until the matter comes before the Court of Appeal at a first directions hearing, currently scheduled for 11 October 2024. The CRU (which was the Respondent in the cases) issued appeals in both cases on 8 August 2024 and intends to issue applications for further stays of the High Court Orders pending the determination of the appeals. UR may be liable for a portion of the legal fees associated with this matter. However, at this stage this has not been confirmed and costs are unknown.

12. Leases

12.1 Quantitative Disclosures Around Right-Of-Use Assets

	Buildings	Total
	£000	£000
Right-of-use assets		
As at 1 April 2023	460	460
Depreciation expense	190	190
As at 31 March 2024	270	270

12.2 Quantitative Disclosures Around Lease Liabilities

Maturity Analysis

	2023-24	2022-23
	£000	£000
Buildings		
Not later than one year	194	194
Later than one year and not later than five years	65	259
Later than five years	-	-
Less interest element	(2)	(7)
Present Value of obligations	257	446
Current portion	192	190
Non-current portion	65	256

12.3 Quantitative Disclosures Around Cash Outflow for Leases

	2023-24	2022-23
	£000	£000
Total cash outflow for lease	194	194

13. Related-Party Transactions

UR has had a number of transactions with other Government departments and Central Government bodies. These include the DfE, DfI and DoF. These bodies are regarded as related parties.

No UR Board and ARC member, key manager or other related parties has undertaken any material transactions with UR during the year.

14. Events After the Reporting Period

There were no reportable events between the end of the reporting period and the date the accounts were signed.

Date Of Authorisation for Issue

The Accounting Officer authorised the issue of these financial statements on 8 October 2024.

NORTHERN IRELAND AUTHORITY FOR UTILITY REGULATION
THE REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE
NORTHERN IRELAND ASSEMBLY

Excess Vote

Purpose of the Report

1. I am required to report my opinion as to whether the financial statements of the Northern Ireland Authority for Utility Regulation (NIAUR) give a true and fair view under the Accounts Direction given by the Department of Finance in accordance with Section 11(2) of the Government Resources and Accounts Act (Northern Ireland) 2001. I am also required to satisfy myself that transactions are 'regular', which under the legislation means that expenditure and income have been applied to the purposes intended by the Northern Ireland Assembly and conform to the relevant authorities.
2. In 2023-24, the NIAUR required more cash than the Northern Ireland Assembly (the 'Assembly') had authorised. By so doing, the Commission breached the Assembly's control over its expenditure and incurred what is termed an 'excess', for which further Assembly approval is required. As a result, I have qualified my regularity opinion on the NIAUR's 2023-24 financial statements in this regard.
3. The purpose of this report is to explain the reason for this qualification and to provide information on the extent and nature of the breach to inform the Assembly's further consideration.

Excess Vote

4. The Assembly authorises and sets limits on amounts for the relevant budget boundaries (e.g. Resource Departmental Expenditure Limit, Capital Departmental Expenditure Limit, Resource Annually Managed Expenditure, Capital Annually Managed Expenditure, Non-budget Expenditure) and the Net Cash Requirement.
5. Such amounts are set out in the Northern Ireland Supply Estimates for which approval and authority is given in the annual Budget Acts (Northern Ireland).
6. In 2023-24, the Spring Supplementary Estimates included a Net Cash Requirement limit for the NIAUR of £630,000. The actual outturn was £1,094,000, giving an excess of £464,000.
7. The excess occurred as, when preparing their Net Cash Requirement for inclusion in 2023-24 Spring Supplementary Estimates, the NIAUR assumed that all invoices issued in year would be paid by 31 March 2024. This included one for £470,000 issued to an electricity supplier on 29 September 2023.

8. However, the invoice for £470,000 was queried by the electricity supplier in October 2023 and it took until 14 March 2024 before this issue was resolved and a revised invoice for £304,000 issued to the supplier. Payment of the revised invoice did not occur until May 2024.
9. NIAO noted that NIAUR had reduced their Net Cash Requirement by £163,000 at the Spring Supplementary Estimates. As a result, even if the invoice for £304,000 had been paid by 31 March 2024, NIAUR would still have incurred an excess vote of £160,000 (being the actual excess of £464,000 less £304,000 invoiced in March 2024).
10. NIAUR should ensure that any queries relating to invoices are resolved on a timely basis.

Obtaining Assembly approval

11. A statement of excesses will be brought to the Assembly to seek authority for additional cash of £464,000 to be funded by new supply in the next Budget Act.



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

8 October 2024