

**Registered No. NI 005192**

**Ulster Supported Employment Limited  
Annual Report and Accounts  
for the year ended 31 March 2023**

**Annual Report and Accounts for the year ended 31 March 2023**

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**Directors and Advisers**

**Directors**

William Leathem (Chairman)  
Raymond Donnelly  
Dermot O'Hara  
Joan Cowan (resigned on 31 July 2023)  
Ray Havlin  
Sarah Wakfer  
Damian Duffy

**Chief Executive and Accounting Officer**

B Atkinson (resigned on 22 September 2023)  
S Jackson (acting 19 February – 18 June 2023, 19 September – 18 December 2023, 15 January 2024 - present)  
D Cowan (acting 18 January – 18 February 2023, 19 June – 18 September 2023, 19 December 2023 – 12 January 2024)

**Company Secretary**

B Atkinson (resigned 31 January 2023)  
M Hegarty (appointed 1 February 2023)

**Registered Office**

182-188 Cambrai Street  
Belfast  
BT13 3JH

**Bankers**

Danske Bank Limited  
235 Shankill Road  
Belfast  
BT13 1FE

**Solicitors**

Johns Elliot & Co  
40 Linenhall Street  
Belfast  
BT2 8BA

**Statutory Auditor**

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

## **Chief Executive's Foreword**

I am pleased to present our Annual Report and Financial Statements for 2022-2023.

I would like to extend my sincere appreciation, and that of the Senior Management Team for the work our staff carried out over the past 12 months which has constantly produced and provided a range of goods/services that contribute to Ulster Supported Employment Limited (Usel) being an outstanding provider of disability employment support across Northern Ireland.

2022-23 continued to bring significant challenges for society, Usel like all organisations felt the impact of the downturn in the wider economy.

Reflecting back, I am extremely proud how we managed to navigate the year to surmount our challenges and continued to deliver on all fronts of the business, we look forward to continuing to deliver high quality outcomes for people with health-related conditions and disabilities.

## **Employment Services**

Our employment services teams have worked tirelessly to continue to support over one thousand clients across all our employment support and training programmes.

Delivering an excellent standard of disability employment support via the five employment programmes. We now have six cafes that we run under the Ability Cafe name and these cafes have been a great success this year.

## **Recycling and Manufacturing**

Our recycling and manufacturing teams worked untiringly throughout the past 12 months supporting stakeholders and providing recycling/manufacturing support services to central and local government.

## **Corporate Services**

Our corporate services team have continued to support the business greatly during the year with IT, HR and Finance all adopting to a fast-moving environment.

Their focus and energy cannot be underestimated in allowing the operational teams to continue to focus solely on delivering an exceptional service for our clients and customers.

Despite the various challenges we have faced in 2022/23 I am confident that Usel will continue to push forward as an organisation, this continued drive rests solely with the excellent team of people we have within Usel, who have continued to demonstrate a passion & enthusiasm in challenging circumstances over the past 12 months.

**Scott Jackson**

**Interim Chief Executive Officer, Usel**

**Date: 31 January 2024**



## **Non-Executive Board Member Report**

It is an honour and a privilege to pen this forward as the Chairman of the Board of Ulster Supported Employment Limited (Usel).

For over 150 years from 1871-2023 we have been providing employment opportunities for people living with a disability or health condition at our sites in Belfast and across Northern Ireland. Over the years we have provided job opportunities across a range of sectors and industries.

We have diversified our business model on many occasions throughout the years to meet the ever-changing economic landscape and to continuously create employment opportunities for people with disabilities. Our mission has not changed since 1871, to Champion Ability!

Since becoming Chairman of Usel in 2019 I have seen first-hand the incredible work carried out every day by the staff, who are passionate and committed in making a difference to the lives of the people they meet. Usel would not be the place it is today without the past and present team that we have in place. I would like to take this opportunity to thank all the staff for their dedication to supporting people with disabilities to find or sustain employment.

During 2022-23 Usel were awarded 'Social Enterprise of the Year' in the Belfast Chamber of Commerce Business Awards and 'Circular Economy Business of the Year' in the Social Enterprise of the year awards which is a testament to their hard work and dedication.

Usel staff have continued to support our key stakeholders and have been monumental in providing vital services and equipment for frontline services across Northern Ireland.

The strategic vision is a culmination of Usel's purpose and values, the findings of the baseline commercial review and is closely linked with the themes from the Department for Communities strategy. The Board has remained focused on the Company's key aim to help those with a disability or health related condition gain employment in terms of our five key strategic areas:

- Sustainability & growth
- Wellbeing & inclusion
- Agility & innovation
- People focused

The Chief Executive's Performance Report sets out the key business achievements over the last 12 months with growth in business activity being undertaken up to the end of March 2023.

A considerable amount of the Board's time is focused on ensuring sound and proper compliance throughout all aspects of our business. As Chair, I very much appreciate the diligent work undertaken by our committee, the Audit and Risk Assurance Committee under the chair of Mr Dermot O'Hara, the Finance subcommittee under the chair of Mr Damian Duffy and our People and Organisational Design (POD) committee under the chair of Mrs Joan Cowan. All committees have worked well and have a work plan in place for the next year.

**Non-Executive Board Member Report (continued)**

As a Non-Departmental Public Body (NDPB), the relationship with our sponsor Department is critical and it is essential that appropriate arrangements are in place to manage that relationship. I would like to acknowledge the support received from our Sponsor Branch. We look forward to working with the Department in further developing the relationship arrangements between our two organisations.

The Board has been encouraged by the level of staff engagement that is undertaken on a regular basis. The Employee Performance Review is based on our Values Framework to ensure there is an accountable two-way process which supports, motivates, and enables the development of good practice for individual members of staff.

I have enjoyed working with the Board who I would like to thank for their help and assistance and their dedication. I would also pay tribute to all the Senior Management Team and all our staff. Their commitment and enthusiasm have been exemplary. The business model which has been developed is robust and challenging but will help to ensure the long-term sustainability of an organisation committed to 'Championing Ability'.



**William Leathem**

**Chair of Ussel Board**

**Date: 31 January 2024**

## **Performance Report**

### **Overview**

The performance overview provides an understanding of the Board, its purpose and how it has performed during the year.

Ulster Supported Employment Limited (Usel) is an executive NDPB and operates under the direction of the Department for Communities (DfC) (formerly the Department for Employment and Learning) and on a day-to-day basis the Strategic Employment Branch. The Company is a private, not for profit Company, limited by guarantee and does not have a share capital, domiciled in Northern Ireland.

The Company is a registered charity under Section 505 of the Income and Corporation Taxes Act 1988 with effect from 20 March 1996. Usel has submitted the appropriate paperwork to the CCNI and is waiting to be called forward. Usel remain on the CCNI "deemed list", pending resolution of this issue. Whilst there is no deadline for a conclusion, financially, the successful application and acceptance of the Company as a registered charity is a key area of focus.

The Company was established in 1962 to fulfil an act of Parliament to provide supported paid employment for disabled people and in 1980 the Company expanded through the acquisition of the Workshops for the Blind (The Belfast Association for the Employment of the Industrious Blind) to become the largest employer of disabled people within Northern Ireland. At the time of the merger the Workshops for the Blind had been providing employment only for people with vision impairment as it had always done since it was established in 1871.

By special resolution, the Company changed its original incorporation name of Ulster Sheltered Employment Limited to Ulster Supported Employment Limited on 25 September 1998. There have been no changes in the Company's activities during the year and none are anticipated in the foreseeable future.

These Financial Statements have been prepared in accordance with the accounting and disclosure requirements of the Companies Act 2006 and, in a form, directed by the Department for Communities with the approval of the Department of Finance.

Whilst Usel is a NDPB, it operates on a social enterprise business model. As a social enterprise, Usel is subject to the standard risks facing any business, such as sourcing materials cost effectively, competition and managing cash flow accordingly. Our products must be able to compete within the marketplace. The services delivered must meet client expectations. This ensures we maximise the benefit to our clients, and we deliver good value for money. Risk is managed via the Risk Register which is reviewed monthly at the Board meeting and quarterly at the Audit and Risk Assurance Committee. The Risk Management section within the Governance Statement provides further information on how risks were managed during the year.



**Performance Report (continued)****Results for the year**

The results for the financial year are set out in the Statement of Comprehensive Net Expenditure on page 53. Net expenditure for the year was £1,155,464 (2021-22: £773,607). The Statement of Financial Position has improved during the year with the Company now being in a net asset position due to the reduction in the defined benefit pension liability. The Directors do not consider there is a risk of the Company not being a going concern. Confirmation has been received from the Department that it is reasonable for Usel to assume that Grant-in-Aid funding will continue into 2024-25.

On this basis, the Directors consider the Company's financial position at the year-end to be satisfactory.

On the issue of risk, the Senior Management Team regularly review risks and a risk register is maintained. The risk register is discussed and updated by the directors at the monthly Board meetings and reviewed in detail on a quarterly basis at the Audit and Risk Assurance Committee. This is further augmented by the detailed reporting of the Senior Management Team on the business in the monthly Board Report.

The central risks are mainly workforce related, ensuring adequate workforce planning, adequate succession planning, recruitment and retention of staff and managing increased costs. Additionally, there is a sizeable pension deficit. These risks are ongoing, considered likely with a significant impact, and the pension deficit has experienced a substantial reduction this year upon revaluation. They are mitigated by the Board's Strategic Plan to align workforce planning to future income streams and the People and Organisational Development committee (POD) is helping to manage some of these risks within the company. The Directors are satisfied there are robust plans and activities to manage these risks.

**Business Review**

The Company, whilst partially funded through grant-in-aid, operates three Departments, namely 'Manufacturing and Recycling' and 'Employment Services', which are supported by a 'Corporate Services' department.

62.2% (2021-22: 74.4%) of staff employed in the Company have a disability.

**Manufacturing and Recycling Department**

The Manufacturing Department operates from the factory on our Cambrai Street site, producing industrial sewing products. At 31 March 2023, there were 17 (2021-22: 25) staff in post. Approximately 57% (2021-22: 60%) of those employees live with a disability or health related condition.

## **Performance Report (continued)**

### **Business Review (continued)**

Products are manufactured from raw material to finished products. All products are produced to a high standard and are compliant with relevant regulations, such as fire retardancy. Products are sold through a wide range of sources, with all surplus generated being reinvested into the organisation.

Within Usel's Circular Economy (Recycling) Department, mattresses, carpet, and cardboard are recycled. On 31 March 2023, there were 36 (2021-22: 24) staff in post. Approximately 57% (2021-22: 61%) of those employees live with a disability or health related condition. The benefit of the department extends beyond creating employment and delivers a positive environmental impact.

In 2022-23, 28,226 units (2021-22: 21,250 units), equating to 638 tonnes (2021-22: 561 tonnes) of mattresses were diverted from landfill.

Our confidential paper shredding has continued to grow in 2022-23, whereby 77,793 confidential wastepaper bags were collected (2021-22: 48,275), equating to 925 tonnes (2021-22: 682 tonnes) which is 100% recycled. Uniforms shredded and diverted during 2022-23 equating to 10 tonnes (2021-22: 12).

During 2022-23 Usel Recycling Department diverted 576 tonnes (2021-22: 85) of carpet from landfill. Usel have stopped the carpet recycling from 1 April 23 as we are unable to secure funding for the machinery to reprocess the carpet and our current secondary processes are getting too expensive with rising costs.

### Employment Services Department

Employment Services Department delivers a supported employment model to approximately 1,100 clients across Northern Ireland. Employment Services contracts are gained by tendering in open competition. As of 31 March 2023, this department comprised of over 42 (2021-22: 32) staff who deliver the programme mix subject to the contract area and the client throughput. The Employment Services team comprises a mixture of client facing personnel known as Employment Services Officers and Employer Engagement Officers supported in a back-office function by administrators, marketing, and management functions.

The Ability Cafe brand comes under the Employment Services Department and as of 31 March 2023 employs over 49 staff (2021:22 40). The Cafes have enabled Usel to train participants on our Stride Programme and Training For Success (TFS) Programme, who have an interest in working in the hospitality sector. The training provided accredited and non-accredited training, in areas such as food preparation, customer service, teamwork and food hygiene. This training has been a great success and over 70% (2021:22 over 70%) of the participants who undertook training at Ability during the year progressed into supported employment. All the participants that gained employment and who met the criteria then moved on to our Workable Programme.

Approximately 60% (2021-22: 50%) of staff employed at the cafes have a disability or health related condition. The cafes generated income of over £931,000 over the 22/23 year (2021:22 £420,000). During 2022-23, we opened two new cafes, Ballycopeland Windmill which opened in June 23 and Belfast Castle which opened in March 23.

Performance Report (continued)  
Business Review (continued)

Corporate Services

In 2022-23, the administration and management sections delivered support in a range of functions, namely finance, ICT and compliance, and HR. At 31 March 2023, 24 (2021-22: 30) staff were employed in this department. Approximately 25% (2021-22: 20%) have a disability or health related condition.

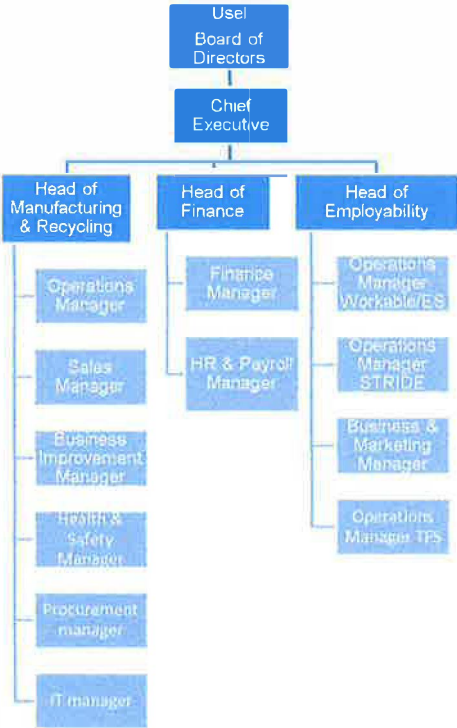
During 2022-23, Usel’s health and well-being program continued with monthly wellbeing sessions, covering issues such as healthy eating with rising cost of living prices and a specific focus on men’s health. We had a 9-week shred competition and access to reduced gym membership at various gyms across Northern Ireland. Staff got involved in a cold-water dip and donated over 30 gifts to a local toy appeal.

Purpose

The Usel core focus remains supporting people who live with disabilities or health related conditions and moving them closer to, into and within employment, training and further education. The Usel logo of “U-Make, U-Work, U-Learn” is provided for through the different sectors of the organisation and this can be seen in the detail outlined in this report.

Company Structure

The management structure of the Company is set out below:



Performance Report (continued)

Going Concern

The Statement of Financial Position has improved during the year with the Company now being in a net asset position due to the reduction in the defined benefit pension liability. Confirmation has been received from the Department that Grant-in-Aid funding will continue to be provided to at least March 2024 and there are no indications that this will not continue for 2024/25 and beyond.

Performance Analysis

This section of the report presents the corporate perspective on the Company’s performance over the period 2022-23. It also summarises the purpose and activities of the company.

Usel’s Strategic Plan for 2022-2027 was signed off and implemented during the year. Usel has developed a road map for the strategy which brings together the purpose, values and behaviours and themes into defined objectives to be achieved over the life of the plan. Usel continues to embed the core methodology of the balanced score card across the organisation with business and team performance managed via a range of key performance indicators.



## Performance Report (continued)

### Performance Analysis (continued)

As Usel continues to focus efforts on growing, the business' ability to network and partner effectively is a critical skill. The need to identify strategic partners and partners who have a desire to collaborate is now a key business driver. Usel's ability to develop sustainable business relationships with partners across the various geographies including within NI, outside NI and across the main sectors in which the Company operates (private, public, voluntary and community sectors), specifically in relation to social enterprise, is now a key element within business activity.

### Objectives and Strategies

As Usel is an Arm's Length Body within DfC, Usel is committed to supporting DfC and wider government strategies. The strategic plan therefore complements the Draft Programme for Government Outcomes Framework 2021. DfC's Building Inclusive Communities Strategy 2020-2025 and DfC's Disability Actions Plan 2020-2024. The Cross-Cutting Themes identified in DfC's Building Inclusive Communities Strategy 2020-2025 that are relevant to USEL are:



| Objective  | Strategic Theme   | Activities   | Progress to Date   | RAG status |
|--|---|--|--|------------|
| To become economically and environmentally sustainable | Sustainability & inclusive growth<br>Agility & innovation | Consolidate manufacturing<br>Explore new service lines<br>Grow ability cafes<br>Consolidate and grow Employment Services | <b>2022-23:</b> Bedding closed, and staff were moved into other manufacturing & recycling departments. New contracts secured across mattress recycling, confidential shredding and industrial sewing.<br>New service line with the recycling of multi grade paper recycling. Contracts secured for new lines for assembly of bus signs and recycling of furniture starting July 23.<br>2 new Ability Cafes opened with Ballycopeland opening in June 23 and Belfast Castle opening in February 23. Outside catering provision has grown during the year. |            |

## Performance Report (continued)

## Objectives and Strategies (continued)

| Objective   | Strategic Theme   | Activities  | Progress to Date  | RAG status |
|---|---|---|---|------------|
| Lead provider of disability employment in NI  | Agility & innovation<br><br>Wellbeing & inclusion       | Develop and implement people plan                       | <b>2022-23:</b> People strategy developed and implemented to run alongside strategic plan. HR business plan devised from the people strategy for the year by the POD committee with focus areas being Employee Resourcing, Employee reward & recognition, Employee relations, Employee development and Employee engagement.   |            |
| To successfully champion inclusion in the workplace<br><br>To be the partner of choice for the Department for Communities | Sustainability & inclusive<br><br>Wellbeing & inclusion | Develop and implement communication and engagement plan | <b>2022-23:</b> Strong results across all employment programmes with targets exceeded during the year on workable and stride. 14 new learners to our skills for work and life programme during the year. We have recruited 20 clients on the TFS DS programme. USEL has secured a 2-year contract with SPFUK as lead contractor of the Empower programme working alongside Disability Action and Specialestrne, with work to commence April 23. Working alongside DfC on the Job Start programme with a SLA with DfC for Job Start starting in FY23-24. |            |

## Detailed Analysis

This section of the report provides a more detailed analysis of the employment programmes including project aims and deliverables. The information on the Ability Cafes is included in the Business Review above.

Employment Services Department:

## A: Employment Support Scheme

The Employment Support Programme (ES) provides long term support for people with disabilities and health related conditions to enable them to sustain employment and overcome any barriers or difficulties in relation to their disability. UseL remains the largest provider of this programme in Northern Ireland with 256 (2021-22: 271) clients remaining active on the programme at the year-end and a total of 269 (2021-22: 295) supported over the year. We had 13 leavers over 22/23 on this programme.

## **Performance Report (continued)**

### **Detailed Analysis (continued)**

#### Employment Services Department (continued)

##### **B: Support and Training to Realise Individual Development and Employment (STRIDE)**

The European Social Fund (ESF) project STRIDE (Support & Training to Realise Individual Development & Employment) supports people living with a disability, who are unemployed or economically inactive, into employment or further training opportunities. Usel provides a range of support including employability training, qualifications, work placements, wellbeing support, supported employment and subsidised employment opportunities. The project completed an additional year, call 3 commenced on 1 April 2022 and finished on 31 March 2023.

The project aimed to support 200 participants each year and deliver 180 accredited qualifications and 20 non-accredited qualifications. In 2022-23, 250 participants were supported onto the project (2021-22: 211). 265 (2021-22: 302) accredited qualifications were achieved and 778 (2021-22: 572) non-accredited qualifications. Of the 200 annual participants, there are targets to get 30% into work and 15% into further education/training. All participants were required to leave the project by 31.03.23 due to the funding ending for call 3 on that date, 59% left to an employment outcome (2021-22: 52%) and 25% (2021-22: 39%) left the project for further education/training. An additional target was to ensure that 15% of project leavers are in work 6 months after leaving the project. For all project leavers who had left 6 months or more 63% (2021-22: 59%) of these were in work. We received a grade of the highest level of confidence from ETI during a three-day inspection in February 23.

##### **C: Workable NI**

Usel successfully tendered for this programme in July 2016 and was awarded a five-year contract. To qualify for the programme, individuals with disabilities or health conditions must be in employment. Usel can provide support in several ways, including job search, access, and delivery of qualifications, one to one support, mentoring and working with families and employers to enable individuals to find and sustain in employment.

During 2022-23, most of our support was carried out using a hybrid model. Usel was able to support 336 (2021-22: 241) individuals via the Workable NI programme. During the year, 161 (2021-22: 106) clients left the programme for a variety of reasons, including 96 moving into unsupported sustained employment.

##### **D: Training for Success & Apprenticeships NI (Disability Support)**

Usel has been working along with a number of training providers and key partners including colleges to provide specialist support to those people on the Training for Success or Apprenticeship NI programmes who face a range of barriers to their development and training.

During the year 2022-23, the Company delivered support to over 32 (2021-22: 300+) participants. The range of supports included one-to-one mentoring, classroom support and job search activities.



## Performance Report (continued)

### Detailed Analysis (continued)

#### Employment Services Department (continued)

##### E: Training for Success

As of March 2023, Usel had 44 learners on the TFS programme, this cohort increased when 15 learners joined in September 2022 for the new Skills for Life & Work programme.

We have had 2 learners who left 100% completed and progressed to FE/STRIDE.

100% of eligible participants have attended work placement, against a ETI target of 85%.

93 accredited qualifications were completed within this period, these included Essential Skills, Vocational, Employability and Personal Development related subjects.

In 2022-23, the retention rate is 86% (2021-22: 89%) against an Education Training Inspectorate (ETI) "Outstanding" retention target of 85% (2021-22: "Outstanding" retention target of 85%). We received a very good grade from ETI on our ISEF.

#### Manufacturing and Recycling Department:

The Manufacturing and Recycling Department delivers two key areas:

##### 1: Industrial Sewing

The Industrial Sewing Department performed well during 2022-23 with a very strong Q4 leading to them exceeding budget.

This is a result of a concentrated strategy from the production team within Usel with emphasis on targeting and sustaining our customer base.

During 2022-23, Usel continued to work closely with customers across the Fire, Police and Ambulance services not only in Northern Ireland but other services across the UK and Ireland and have secured a 5-year contract with the Northern Ireland Fire & Rescue Service (NIFRS) for bespoke bags.

Our service fulfilment contract with DfC Commercial Services Division has remained steady during 2022-23.

##### 2: Circular Economy

##### Mattress Recycling

In 2022-23, The mattress recycling team continued to collect mattresses from various council Household Works Recycling Centres (HWRC) throughout Northern Ireland as well as securing one off contracts with cruise ships. During the year we started mattress recycling with MEABC and continued with LCCC their mattress recycling contract for a further 6-month period which sees the contract running into FY23-24.



## Performance Report (continued)

### Detailed Analysis (continued)

#### Manufacturing and Recycling Department (continued)

##### Carpet Recycling

Carpet recycling continued steadily during 2022-23 with 100% of carpet being diverted from landfill. However due to rising gate fees, rising transport costs to the UK, rising energy costs and increasing difficulty in finding secondary recycling processors we have suspended our carpet recycling with Belfast City Council from March 23.

##### Confidential Shredding

In 2022-23 the confidential shredding business unit has performed well and has exceeded budget. We have continued to service the Northern Ireland Civil Service (NICS) protective materials shredding contract and managed to secure a contract with the Northern Ireland Housing Executive.

##### Paper Recycling

In 2022-23 we started the recycling of multi grade paper recycling with a number of private commercial clients and we also managed to secure a contract with MEABC for their mixed paper recycling.

##### Corporate Social Responsibility

The Company takes its responsibility as a corporate citizen seriously and attempts to ensure employees, clients, service users and customers are fairly treated and respected as articulated in its new Values Statement: "We strive to be a people centered, sustainable organisation that adds value through respect for others and commitment to excellence".

The Company ensures its impact on the community locally and nationally is positive and its environmental footprint is reduced where possible. In 2022-23, Usel continued to measure its social impact and contributed to the overall societal impact as set out in the Programme for Government (PfG) and United Nations Sustainable Development Goals (SDG's).

##### Outcomes 2022-2023:

- 96 supported employment jobs
- 750 jobs created or sustained through employment support, workable & STRIDE
- 130 young people prevented from becoming Not in Employment, Education or Training (NEET)
- 330 people supported through pre-employment
- 605 people supported in work
- 28,226 mattresses saved from landfill
- 925 tonnes of paper waste diverted
- Launch of Ballycopeland cafe and Belfast Castle cafe – ability cafe's 5<sup>th</sup> and 6<sup>th</sup> location
- Significant social value created

## **Performance Report (continued)**

### **Detailed Analysis (continued)**

#### **Continuous Improvement Accreditations**

The Company holds the quality of products and service delivery close to the core of the business and is accredited with ISO 9001:2015 and 14001, which incorporates environmental standards into the management standards.

There were no instances of major non-conformances during 2022-23 (2021-22: none). There was one minor non-conformances noted (2021-22: four). All recommendations have been implemented.

The organisation holds the Health & Safety accreditation 45001 which is an international standard for health and safety at work with the aim to prevent workplace accidents, illnesses and fatalities.

#### **The Environment**

Over the last year the Company has continued to promote environmental awareness as a key part of its overall strategy.

Usel will develop a cross functional Environmental Focus Group to implement environmental initiatives within the business. The Environmental Action Plan 2021-22 has been revised to include new target areas for 2022-2023.

Within the factory and outlying offices, Usel continues to monitor consumables and as the Company refurbishes areas it is proposing to introduce more environmentally friendly substitutes, for example by looking at solar panel lighting rather than relying on electricity for the national grid.

#### **Disability Discrimination (Northern Ireland) Order 2006**

Under Section 49A of the Disability Discrimination Act 1995 (DDA 1995) (as amended by Article 5 of the Disability Discrimination (Northern Ireland) Order 2006), Usel is required when carrying out its functions to have due regard to the need to:

- promote positive attitudes towards disabled people; and
- encourage participation by disabled people in public life ('the disability duties').

Under Section 49B of the DDA 1995, Usel is also required to submit to the Equality Commission a disability action plan showing how it proposes to fulfill these duties in relation to its functions.

The approved Disability Action Plan (2021-2024) is available on our website [www.Usel.co.uk](http://www.Usel.co.uk).

We have appropriate internal arrangements in place to ensure that the disability duties are complied with, and this disability action plan is effectively implemented, through tracking of our Action Measures, employee feedback and training.

**Performance Report (continued)**

**Detailed Analysis (continued)**

**Disability Discrimination (Northern Ireland) Order 2006- (continued)**

We ensure the effective communication of the plan to employees, provide all necessary training and guidance on the disability duties and the implementation of the plan.

As at 31 March 2023, approximately 62% (2021-2022: 70%) of Usel staff within our operational teams live with a disability or health condition.

**Section 75 Duties**

As an NDPB, Usel has a requirement to comply with the Northern Ireland Act 1998, Section 75 Statutory Duties and produce an Equality Scheme outlining the processes the Company will follow to ensure its obligations are met. The Company maintains a firm commitment to meeting its Section 75 obligations. The HR and Payroll Manager has responsibility for compliance and adherence with the full support of the Board and Senior Management Team.

**Respect for Human Rights**

Through mechanisms such as Section 75 and Section 49B outlined above, Usel demonstrates its support in respecting individuals' human rights.

**Anti-Corruption and Anti-Bribery Matters**

Usel have policies in place to protect the organisation and its staff from corruption and bribery. There were no instances of corruption or bribery in 2022-23 (2021-22: nil).

**Auditor's Remuneration**

The Auditor's Remuneration is stated in Note 9 to the Financial Statements.

**Scott Jackson**  
**Interim Chief Executive and Accounting Officer**  
**Date: 31 January 2024**



## **Accountability Report**

### **Directors' Report**

**Year ended 31 March 2023**

The Directors' Report has an important function in providing stakeholders with information about the Company's business which may not be ascertainable from the financial information given in the financial statements.

### **Statement of Directors' Responsibilities**

The Directors are responsible for preparing the Directors report and the Financial Statements in accordance with applicable law and regulations.

Company law and Article 8(6) of the Financial Provisions (Northern Ireland) Order 1993 require the Chief Executive and Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and of the income or expenditure of the Company for that period.

The Department for Communities has directed Usel to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The Financial Statements are prepared on an accruals basis and must give a true and fair view of the state of affairs of Usel and of its income and expenditure, Statement of Financial Position and Cash Flows for the financial year.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Chief Executive and Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are responsible for such internal controls as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **Accountability Report (continued)**

### **Directors' Report (continued)**

#### **Statement of Directors' Responsibilities (continued)**

In addition, in appointing the Chief Executive of Usel as Accounting Officer for the Company, the Department for Communities has placed on the Chief Executive responsibilities including the regularity and propriety of the public finances and for the keeping of proper records, which are set out in the "Accounting Officers Memorandum" issued by the Department of Finance.

#### **Background Information**

The Directors and Advisers are listed on page 4.

#### **Employee Involvement**

The Company continued to pass information to all employees via a cascade process for employee involvement in this past year. This means that the Chief Executive briefs the entire organisation on a regular basis.

Employee and union representatives have been nominated by their peers and attend a structured meeting with the CEO and other managers as appropriate. A Health and Safety Committee was established to ensure all health and safety issues are managed appropriately. Each employee within the organisation has team meetings on a regular basis which provide a forum for the employees to be kept abreast of developments and feedback their perspective on changes.

The designated competent person is the Chief Executive who works with external support to ensure the system of Health and Safety across the organisation is in place.

Details of the Company's policies and procedures regarding training and employment of individuals with disabilities are available on Usel's website [www.Usel.co.uk](http://www.Usel.co.uk).

#### **Accounting Policies**

The Financial Statements have been prepared on a going concern basis in accordance with the 2022-23 Government Financial Reporting Manual (FReM), in a form directed by the Department for Communities, with the approval of the Department of Finance.

#### **Payments to Suppliers**

Usel is committed to the prompt payment of bills for goods and services received in accordance with the Better Practice Prompt Payers Code. Unless otherwise stated in the contract, payment is due within 30 days of the receipt of goods or services, or presentation of a valid invoice or similar demand, whichever is later. On average 98% (2021-22: 97%) of supplier invoices were settled within this timeframe.

In addition, in line with Government Best Practice Usel endeavour to pay within 10 working days. On average, 76% (2021-22: 60%) of supplier invoices were settled within this timeframe.

## **Accountability Report (continued)**

### **Directors' Report (continued)**

#### **Fees and Charges**

Usel does not have any material fees and charges (2021-22: nil).

#### **Subsequent Events**

No significant events have occurred since the reporting date which affect the Company or which materially affect the financial statements of the Company.

#### **Personal Data Related Incidents**

There were two personal data related incidents to report in 2022-23 (2021-22: no incidents) where appropriate contact was made with ICO.

#### **Political Donations**

Usel did not make any political donations or incur any political expenditure in 2022-23 (2021-22: £nil).

#### **Reporting of Complaints**

Usel aim to have an effective complaints system to resolve issues, as far as possible, on the spot without the need for a full formal procedure.

If a complaint is logged, a written response will be drafted. These responses are monitored to ensure that it deals with all points raised. An apology will be given when a mistake has been made. Where appropriate, Usel will demonstrate what action will be taken to minimise future complaints of a similar nature.

In 2022-23, one complaint was logged (2021-22: no complaints were logged).

The Corporate Governance in Central Government Departments: Code of Good Practice (NI) has been complied with.

#### **Register of Interests**

The Corporate Governance in Central Government Departments: Code of Good Practice (NI) 2013 requires the Board to publish how it identified any conflicts of interest and potential conflicts and how these have been managed.

Several members of the Board of Usel are also involved with other charitable organisations in Northern Ireland, either directly or indirectly as a result of a family relationship, a close friendship or business relationship.

## **Accountability Report (continued)**

### **Directors' Report (continued)**

#### **Register of Interests (continued)**

All individuals make an annual declaration of their interests and do not take part in discussions and decisions regarding those organisations with which they have a declared interest.

Details of related party transactions are detailed in Note 22.

#### **Regular Spend**

There has been irregular spend in the year of £640 (2021-22 restated: £480). A reward and recognition scheme had been running since June 21. The intention behind the scheme was to enhance staff morale and engagement levels. It was discovered that the appropriate approvals had not been received and the scheme was stopped in May 23. There were allegations concerning potential financial and governance irregularities and as a result a qualified opinion on regularity has been issued.

#### **Gifts**

No gifts were received in year (2021-22: none).

#### **Directors**

Details of the composition of the Board during 2022-23 are disclosed below:

##### **William Leathem – Chairman**

Mr Leathem is a former elected member of Lisburn and Castlereagh City Council, where he served as Chair of both the Governance & Audit Committee and the Development Committee. He was a former member of the District Policing Partnership and a former Board Member of the Ulster Scots Agency and Libraries NI. Mr Leathem has varied audit and governance experience, project management experience and financial management skills, which he brings to this role. Mr Leathem also holds public appointments as Vice-Chair to the Arts Council NI (ACNI), as well as being a Board Member to the General Consumer Council. He has had political activity for the DUP within the last 5 years. Mr Leathem is a Trustee of the USEL Retirement Benefit Scheme.

##### **Raymond Donnelly – Director**

Mr Donnelly's background is within Human Resource Management and Business Improvement. He has been a member of the Corporate Management Team in a number of organisations including Newry & Mourne Health and Social Care Trust and Craigavon Borough Council and now is an independent HR/OD Consultant working with the Northern Ireland Judicial Appointments Commission, Strategic Investment Board NI and the HSC Leadership Centre. He has experience across the HR spectrum, in particular the strategic issues relating to change management and improvement, including implementing training programmes. He does not hold any other public appointments but is a member of the Belfast Labour Market Partnership and a member of the PEACE project steer and monitoring committee.

## **Accountability Report (continued)**

### **Directors' Report (continued)**

#### **Directors (continued)**

##### **Dermot O'Hara – Director**

Mr O'Hara is a former Director of People Strategies with the Local Government Staff Commission for NI. He currently provides Human Resource and Organisation Development support, on a consultancy basis to a range of organisations. He is a former Non-Executive Director of the South Eastern Health and Social Care Trust Board, where he chaired its Finance Committee, and brings strategic planning skills to the Board. He does not hold any other public appointments, but is a voluntary Board member of the Railway Preservation Society of Ireland.

##### **Joan Cowan – Director**

Mrs Cowan has over 20 years experience in Human Resource Management in both the private and public sectors, working closely with Directors and Heads of Service in a wide range of employee resourcing, employee relations, reward, learning and development initiatives. She has also been involved in developing corporate strategies and has led programmes of restructuring and downsizing. She is a former Director of the Home-Start Charity with responsibility for governance. She does not hold any other public appointments but works with the Simon Community as a HR business partner.

##### **Ray Havlin – Director**

Mr Havlin runs a family-owned business, successfully working with a wide range of suppliers, customers and strategic partner organisations, whilst overseeing the business' activities. He is on the Board of Governors of a local primary school. Mr Havlin has experience of strategy development, financial planning and risk management, skills which he brings to the Usel Board. He does not hold any other public appointments.

##### **Sarah Wakfer – Director**

Ms Wakfer has varied experience in enterprise risk management, audit, governance and compliance that she brings to Usel. She has over 15 years' experience in Local Government in key roles including Head of Internal Audit and Head of Policy for Arm's Length Bodies and 5 years' experience of carrying out inspections for the Care Quality Commission in England. She also has experience within the voluntary sector as a former Chair of a Community Interest Company and Chair of a Registered Charity supporting people with disabilities. Ms Wakfer currently holds one other public appointment within the Department of Justice and is an authority member for RQIA.

##### **Damian Duffy – Director**

Mr Duffy is currently the Deputy Chief Executive of Belfast Metropolitan College where he sits on the Resources, Audit, Quality and Governing Body Committees and is also an advisor to the Belfast Met College Trust. Mr Duffy has extensive experience of economic development, training and employability programmes. He is currently leading on the Belfast Region City Deal Employability and Skills Steering Group and is a member of the NI EU PEACE IV Steering and monitoring committee. Having previously worked across the European Union for a number of Government Agencies as a public sector consultant he has a range of experience in public finance, audit, procurement, business development and project management.



**Accountability Report (continued)**

**Directors' Report (continued)**

**Directors (continued)**

Mr Duffy is a Director of Northern Ireland Centre for Competitiveness and is a NI representative on the UK Skills Partnership Committee developing international trade opportunities for TVET sector. Mr Duffy currently holds one public appointment to the DfE Circular Economy Group.

**Statement of disclosure of information to auditor**

So far as each of the Directors in office at the date of approval of these financial statements are aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Auditor**

Under the Companies (Public Sector Audit) Order (Northern Ireland) 2013 Ulster Supported Employment Limited is subject to a public sector audit by the Comptroller and Auditor General (C&AG).

**Scott Jackson**  
**Interim Chief Executive and Accounting Officer**  
**Date: 31 January 2024**



## Accountability Report (continued)

### Statement of Accounting Officer's Responsibility

The Department for Communities has directed Usel to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The Financial Statements are prepared on an accruals basis and must give a true and fair view of the state of affairs of Usel and of its income and expenditure, Statement of Financial Position and Cash Flows for the financial year.

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

- observe the accounts direction issued by the Department for Communities 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 financial statements;
- prepare the Financial Statements on a going concern basis; and
- confirm that the Annual Report and Financial Statements as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

The Department for Communities has appointed the Chief Executive as Accounting Officer of Usel. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding Usel's assets, are set out in *Managing Public Money Northern Ireland* published by HM Treasury via the Department of Finance.

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

**Accountability Report (continued)****Governance Statement****Scope of Responsibility**

As Accounting Officer, I have responsibility for ensuring and maintaining a sound system of internal control that supports the achievement of Usel policies, aims and objectives, whilst safeguarding the public funds and Company assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money Northern Ireland. In this context, Usel's Financial Memorandum and Management Statement sets out the accountability arrangements.

**Purpose**

The Governance Statement is designed as a synopsis document covering the governance frameworks, their delegated requirements and the effectiveness of our system of control and governance.

We continue to view risk within the systems of internal control as being managed at a reasonable level rather than to eliminate all risk, as this would lead to failure to achieve policies, aims and objectives. Usel, whilst an NDPB, operates as a commercial entity delivering a social enterprise business model in pursuit of the core aims and objectives of the Company.

My governance statement is issued on the basis of an on-going process, rather than a snapshot in time. It is given within the parameters of a system designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of governance has been in place in Usel for the year ended 31 March 2023 and up to the date of approval of the Annual Report and Financial Statements. During the year, Usel investigated allegations concerning potential financial and governance irregularities. This investigation has concluded and USEL has implemented appropriate remedial action. Usel remains committed to upholding the highest standards of governance and financial integrity.

**Capacity to Handle Risk**

The Audit and Risk Assurance Committee met four times in the year and the risk register was formally presented following update. The register is also reviewed and if necessary updated at each Board meeting. The Management Team identify risks at each monthly meeting, where appropriate these risks are either subsumed into the main risk register or established as a separate line entry on the register for deeper discussion and management action. On that basis, as Accounting Officer, I receive a high degree of comfort that from Board through to managers, each individual with delegated authority is operating from a frame of reference which permits the risk management of the organisation to be handled appropriately.

The Company's values are based in the provision of paid, supported employment for people with disabilities or health conditions in Northern Ireland. The Company operates on strict commercial business lines with each manager held fully responsible for achieving his/her budget and targets.

**Accountability Report (continued)**

**Governance Statement (continued)**

**Capacity to handle risk (continued)**

A key performance indicator system is utilised to ensure budgetary control and targets are delivered. Key performance indicators include the number of mattresses collected for recycling and the number of participants on programmes etc which are tracked against targets, agreed at the start of the financial year.

The Director with responsibility for Usel within the Department for Communities, liaises with the Usel Chairman. The Sponsoring Branch hold quarterly accountability meetings with the Chairman, the Chief Executive and the Head of Finance.

The Senior Management Team communicate with the Branch on a regular basis from operational matters to corporate matters, usually by e-mail or telephone contact. Other ad-hoc meetings are arranged as and when required.

**Principal Risks and Uncertainties**

Key issues and risks facing Usel have been outlined in the Risk Management section, see page 34.

**The Governance Framework**

**Accounting Officer:**

As Accounting Officer I discharge my responsibility through a system that is commensurate with the size and nature of the Company. I meet the Director of the Department for Communities and the Head of the Sponsoring Branch to discuss the key business issues. This is further augmented on quarterly basis with the business meeting between the sponsoring Branch, the Chairman, the Chief Executive and Head of Finance.

During this financial year, Usel's Accounting Officer was temporarily absent, and subsequently resigned. Although the Accounting Officer resignation post-dated the end of the financial year, the resignation took effect before the accounts could be signed. During the temporary absence, Usel appointed interim Accounting Officers' from the existing senior management team. Usel is content that the accounts remain accurate notwithstanding the temporary absence/ interim accounting officer arrangements.

**Board:**

The Company applies the best principles of good governance with a corporate governance structure of a Board of Non-Executive Directors appointed by the Minister for the Department for Communities, following a public appointment process. Usel comprises a Board of seven Directors, who are appointed following a public appointments process. The Directors appoint one member to act as Finance Director. The Board ensures that the Senior Management Team is supported and challenged in equal measure.

**Accountability Report (continued)**

**Governance Statement (continued)**

**The Governance Framework (continued)**

**Board (continued)**

Directors are provided with adequate training in respect of compliance with Codes of Practice, such as HM Treasury Code of Good Practice 2005, this is encapsulated in the terms of reference and code of conduct for Board members provided to each Director upon commencement. Directors receive a copy of Managing Public Money NI.

The Board meets 11 times per year for formal Board meetings and at other times throughout the year as required. The Chief Executive provides the Board with a full management commentary. Senior managers contribute towards a written commentary from their business area within the Board pack. We meet as a Board and a Senior Management Team annually for a full day to review progress and review Corporate Plan alignment.

The Company's Head of Finance provides the Board with performance against budget, with detailed disclosure of all financial matters relevant to the Company at Board level. The monthly Board pack provides the Board with full disclosure on all matters within the organisation. The Board pack contains key finance, operational and governance information on which the Directors remain fully briefed. The Board noted in its annual review that the data provided to them is comprehensive, sufficiently detailed, accurate and timely. Changes to reporting, enhancing the quality of information to the Board, are implemented promptly.

Annually the Board reviews the performance of the CEO through the delivery of the Corporate and Annual Business Plan. The Board reviews monthly performance of the Company and the senior team attend all Board meetings to provide a direct account for their business area.

On a monthly basis, the Board receives detailed information in respect of the individual business areas. This process ensures full accountability and transparency in their oversight of the Company as it also provides the Board with a breadth and depth of data which is only possible due to the relative scale of the Company.

**Board Meetings:**

To ensure effective use of Board time, an agenda and supporting papers are circulated one week in advance of meetings, outlining key topics for discussion. This allows the Board sufficient time to discharge its duties effectively. The Board remains focussed on prime issues regarding the Company and providing opportunity to explore key issues monthly.

During the year the Board met 14 times with an additional meeting held in July 22 and two additional meetings organised in March 23.

**Accountability Report (continued)****Governance Statement (continued)****The Governance Framework (continued)**

Attendance of Directors and Senior Managers at Board meetings:

| Name of Attendee        | Record of Attendance |
|-------------------------|----------------------|
| William Leathem (Chair) | 12                   |
| Dermot O'Hara           | 14                   |
| Raymond Donnelly        | 13                   |
| Joan Cowan              | 13                   |
| Ray Havlin              | 12                   |
| Sarah Wakfer            | 14                   |
| Damian Duffy            | 7                    |
| Bill Atkinson           | 9                    |
| David Cowan             | 13                   |
| Scott Jackson           | 14                   |
| Michelle Hegarty        | 10                   |

**Tailored Review**

Government departments should complete regular reviews of their arms-length body (ALB) to make sure they are aligned to strategic objectives, well governed and providing value for money.

The Review focuses on three key areas:

- **Continuing need:** to provide a robust challenge and assurance on the continuing need for individual organisations – both their functions and form. This includes alternative delivery models.
- **Effectiveness and efficiency:** capacity for delivering more effectively and efficiently, including identifying the potential for efficiency savings and where appropriate, ability to contribute to economic growth. It should include an assessment of the performance of the organisation or assurance that processes are in place for making such assessments.
- **Control and governance:** control and governance arrangements in place to ensure that the organisation and its sponsor are complying with recognised principles of good corporate governance. These principles will vary according to the public body under review and departments should consult the relevant guidance.

Following the Governance Review in 2017-18, the Department engaged with the Department of Finances' Business Consultancy Service (BCS) to provide a robust, independent challenge and assurance on the continuing need for Usel – both its function and form. The *Tailored Reviews: Guidance on Reviews of Public Bodies* provided the framework for the BCS review. The review focused on two key stages a) assessment of continued need for Usel's current functions and b) an assessment of alternative delivery models.

**Accountability Report (continued)**

**Governance Statement (continued)**

**The Governance Framework (continued)**

**Tailored Review (continued)**

The draft report was issued in August 2019.

The Review Team considered Usel to have two core functions:

1. Social enterprise – providing **direct employment** for people with a disability or health related condition. The direct employment is via product manufacturing and sales; and service provision (recycling and cafes).
2. Supported employment programmes - providing **employability services** for people with a disability or health related condition. This is currently via programmes commissioned by DfC and DfE. Services currently focus on 'Get In, Stay In, Get on' disability employment principles.

The Review Team assessed the continued need for the two core functions across five areas:

- Legislation;
- Ministerial;
- DfC;
- Usel; and
- Other Stakeholders.

The Review Team assessed there was a continued need for Usel's two core functions. In line with the *Tailored Review* guidance the report considered the various delivery options that Departments are recommended to consider when conducting this form of review. These are summarised below and each is considered in detail in the report:

1. Abolition;
2. Moving Out of Central Government;
3. Commercial Model;
4. Bring In-House;
5. Merger with Another Body;
6. Less Formal Structure;
7. Delivery by a New Executive Agency; and
8. Continued Delivery by a NDPB (Non-Departmental Public Body) / ALB.

The shortlisting process identified the following options as most appropriate delivery models:

- Option 3: Commercial model; and
- Option 8: Continued delivery as an ALB.

Following consultation and an independent assessment, the Review Team recommended Option 3: Commercial Model. The rationale for this assessment was primarily that current strategic fit for both DfC and Usel results in a number of risks and issues under a 'do nothing' option.

## **Accountability Report (continued)**

## **Governance Statement (continued)**

## **The Governance Framework (continued)**

## **Tailored Review (continued)**

A commercial model equally presents risks and issues for both DfC and Usel but in the long term it can provide greater benefits (for both DfC and Usel) by giving Usel greater scope to exploit commercial opportunities and ultimately provide the disability employment outcomes which are needed.

The Board gave full consideration to the Tailored Review and its recommendations during a Board meeting on 25 September 2019.

Whilst the Board accepted the recommendation, a number of critical issues were highlighted to DfC for resolution before the recommendation could be viable, including Usel's pension liability and the development of an agreed detailed deployment plan.

### **Clarity of roles- review of committee structure:**

The Board recognise that the Company is a small entity and therefore the Board and Committee structure should be commensurate with the needs of the entity.

Five sub-groups are currently in operation:

- Audit and Risk Assurance Committee – see below;
- Finance Committee – membership includes the Director of Finance, Chairman, CEO, head of Finance and Board members;
- POD Committee – membership includes the Chairman, CEO, HR & Payroll manager and Board members
- Health and Safety Committee - membership includes the CEO and members of appropriately qualified staff;
- Employee Forum – membership includes staff from each area of the business.

### **Board Effectiveness:**

The Chair of the Board completed a performance review for each Board member. The performance of the Chair was reviewed by a Senior Civil Servant in the Department for Communities.

The Company Secretary in office during the year, a qualified accountant, provides secretariat support to the Board and ensures the company complies with financial and legal requirements. It is the responsibility of the Company Secretary to ensure an appropriate Agenda and supporting papers are circulated to the Board in a timely manner; that Board decisions are recorded accurately, and action points are followed up; to challenge the quality of, and information in, the Board papers etc.



**Accountability Report (continued)****Governance Statement (continued)****The Governance Framework (continued)**

At the start of each Board meeting, the Chair requires all Board members to declare all conflicts, perceived or actual. This is a standard item on the Agenda of the meeting. Throughout the course of the year, a perceived conflict was declared by the SMT in relation to the pension benefit re-design and honorariums. They were recorded in the minutes.

**Audit and Risk Assurance Committee:**

The Audit and Risk Assurance Committee meeting is attended by the Chief Executive and Head of Finance along with External Audit representation from the NIAO and its subcontractor, KPMG, the sponsoring Branch representative and the Internal Audit service provider representative. In addition, the Directors of Usel, except for the Chair of the Board and one other member of the Board, are members of the Audit and Risk Assurance Committee.

The committee meets four times per annum as per best practice guidelines. Revised Terms of Reference and a forward Work Programme for the Committee were agreed and these were ratified by the Board in December 2022.

In 2022-23, the attendance of members at Audit and Risk Assurance Committee meetings was as follows:

| <b>Name of Attendee</b>      | <b>Record of Attendance</b> |
|------------------------------|-----------------------------|
| Dermot O'Hara (Chair)        | 4                           |
| Raymond Donnelly             | 4                           |
| Joan Cowan                   | 4                           |
| Ray Havlin                   | 4                           |
| Sarah Wakfer – (Vice-Chair ) | 4                           |
| CEO*                         | 4                           |
| Head of Finance*             | 3                           |
| NIAO*                        | 3                           |
| External Auditors*           | 2                           |
| Internal Auditors*           | 3                           |
| Sponsor Branch*              | 4                           |

\*these individuals were attendees but not Committee members.

## Accountability Report (continued)

### Governance Statement (continued)

#### The Governance Framework (continued)

##### Pension Trustees:

The Company operates a dual pension provision.

1: Defined Benefit Scheme: The Trustee Board comprises five members, two elected from Scheme members and two appointed by the Company. From 1 August 2019, an independent Trustee was appointed as the Chair of the Pension Trustee Board. The Trustees meet on at least three occasions per annum with other ad-hoc meetings as required to monitor the Scheme's funding, administration and investments, keep up to date with pension legislation and make decisions that affect the future of the Scheme and its members. The Defined Benefit Scheme was closed to new entrants in January 2014 and following departmental approval of a pension benefit re-design business case and a formal consultation process during 2022 was closed on 31 December 2022 and all members transferred to the Defined Contribution Scheme from 1 January 2023.

2: Defined Contribution Scheme: The Company selected NOW Pensions as the provider of choice for this new auto-enrolment vehicle. It is governed externally and because it is proprietary in nature it does not require an internal pension trustee group to be established.

##### Risk Management:

The systems utilised by Usel have a proven track record to identify, quantify, action and report on risk identified. The Company operates a system where a person has ultimate responsibility and accountability for managing the individual risk.

While the risk register is formally reviewed prior to the Audit and Risk Assurance Committee meetings, with any revisions made following discussions at that meeting, the register is also reviewed and if necessary updated at each Board meeting. The Management Team identify risks at each monthly meeting, where appropriate these risks are either subsumed into the main risk register or established as a separate line entry on the register for deeper discussion and management action.

Through this process the Board and Audit and Risk Assurance Committee have agreed a low to medium risk appetite overall for the organisation. That said, due to the commercial nature of the Company there are times when the risk appetite for a specific element is higher as commercial risk is a day to day feature of this entity. The Board are content that such risks are mitigated as much as possible and well managed on a day to day and longer term basis.

There are a number of key risks which an organisation operating commercially will face. During 2022-23, a number of new risks were identified and managed, including:

- Risks associated with the closure of ESF closure and the loss of key employment programmes which has an impact on our income generation and staffing levels.

**Accountability Report (continued)**

**Governance Statement (continued)**

**The Governance Framework (continued)**

**Risk Management (continued)**

- Risks associated with the redesign and consultation of the Usel pension. The defined benefit pension scheme closed on 31 December 2022 and everyone in the organisation moved to a 4% employee contribution scheme.
- Risks associated with the poor state of repair of the roof of an outbuilding at the rear of the Cambrai Steet property. The building was flagged as condemned was successfully demolished during the year.
- Risks associated with the gable wall collapsing at the rear of the building. The condition of the site was closely monitored and a supplier was appointed to redress the wall and secure the site during the year.

We consider there are sufficient mitigating controls in place to reduce the risks identified. Each risk has a management plan and to date these plans have successfully navigated the Company through the economic landscape in which we operate.

We use other areas of input to allow me to provide the Audit and Risk Assurance Committee, the Board, the Department and the Accounting Officer of our sponsoring department with assurances.

These include but are not limited to:

- ISO 9001-2015 Quality Management system six-monthly external audit;
- ISO 14001 Environmental Management system six-monthly external audit;
- BS5713 Confidential Shredding;
- Internal Audit findings and recommendations;
- Dear Accounting Officer / Dear Finance Officer letters and guidance passed to me by the Department;
- External auditor reports for programmes delivered on behalf of the Department for Communities;
- External auditor reports for European Social Fund funded programmes;
- Audits from ESF match funders;
- External reviews of the Company's Health and Safety and Fire risk;
- External reviews and assessments of our insurance risks by insurance assessors;
- Participation in the National Fraud Initiative;
- ALB review process, including the Triennial Governance review and ongoing Tailored Review;
- Education and Training Inspectorate report.

These audits and reviews have all provided positive assurance of the control mechanisms within the Company for the year 2022-23. No material issues were noted, nor were any significant risks or fraud identified.

Following an internal audit review in 2022-23, we received an overall satisfactory assurance on all levels tested, details of which are included in the Assembly Accountability and Audit Report.

## **Accountability Report (continued)**

## **Governance Statement (continued)**

## **The Governance Framework (continued)**

## **Risk Management (continued)**

On the foregoing basis I have a system of control which permits me to provide a six monthly assurance statement to the Permanent Secretary in their capacity as Accounting Officer. Due to the investigation the Chairman and I were unable to provide full assurance that Usel was compliant for the year ended 31 March 2023 and as a result a qualified opinion on regularity has been issued. This investigation has now concluded and Usel has implemented appropriate remedial action.

On the issue of Information Assurance I can confirm that Usel continues to enforce policies set out to protect data. These include:

- Updating servers and firewalls to meet latest security protocols
- Back up procedures to ensure data is protected and stored electronically
- Management of data in manual format to protect it and safeguard the data
- Updating the Data Protection Policy procedure for all staff due to implementation of General Data Protection Regulation in May 2018
- Enforcing Company policies on ICT equipment
- Business Continuity Plan

Throughout the year 1 April 2022 – 31 March 2023, I can confirm that there were no data breaches.

Usel has a whistleblowing (Raising Concerns) policy, reviewed annually by the ARAC and currently under review by the Department. There was one instance of whistleblowing took place during 2022-23 which was investigated in relation to concerns around governance irregularities. This investigation has now concluded and Usel has implemented appropriate remedial action. The audit opinion has been qualified in this respect.

## **Charitable Status**

Usel has submitted the appropriate paperwork to the Charities Commission Northern Ireland (CCNI) and is in the process of completing the paperwork having been called forward for assessment. Usel remains on the CCNI “deemed list”, pending resolution of this issue. Whilst there is no deadline for a conclusion, financially, the successful application and acceptance of the Company as a registered charity is a key area of focus.

## **Review of Effectiveness**

As Accounting Officer, my review of the effectiveness of the system of internal control is informed by the work of the internal auditors, the Senior Management Team who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports.

**Accountability Report (continued)**

**Governance Statement (continued)**

**The Governance Framework (continued)**

**Risk Management (continued)**

The Board and the Audit and Risk Assurance Committee address weaknesses and ensure continuous improvement of the system in place and advise me on the implications of the results of reviews of the effectiveness of the system of internal control.

The full engagement of the Audit and Risk Assurance Committee and Directors in all matters through the open and transparent nature of information passage to the Board and the sponsoring Branch allows me to denote the effectiveness of our governance arrangements. Compliance with our published codes of practice and guides on the Board and Audit and Risk Assurance Committee was achieved, which permits me the opportunity to present and endorse this governance statement.

**Remuneration Policy**

The Non-Executive Directors hold appointments which last for four years and the Minister for the Department for Communities has the option of re-appointing for a further three years after consideration of a performance assessment. The Chief Executive is appointed by the Board of Directors and holds an open-ended contract. The remuneration of the Directors is directed by the Department for Communities. The remuneration of the Chief Executive is agreed by the Chairman of the Board, in consultation with the Department of Finance. All other remunerations are decided by the Chief Executive. The overall annual pay remit is approved by the Department for Communities and the Department of Finance.

## Accountability Report (continued)

## Remuneration and Staff Report

## Remuneration of Board Members (Audited Information)

|                                 | 2022-23         |                             |                             |                | 2021-22         |                             |                             |                |
|---------------------------------|-----------------|-----------------------------|-----------------------------|----------------|-----------------|-----------------------------|-----------------------------|----------------|
|                                 | Salary<br>£'000 | Benefit<br>in kind<br>£'000 | Pension<br>Benefit<br>£'000 | Total<br>£'000 | Salary<br>£'000 | Benefit<br>in kind<br>£'000 | Pension<br>Benefit<br>£'000 | Total<br>£'000 |
| D O'Hara                        | 0-5             | -                           | -                           | 0-5            | 0-5             | -                           | -                           | 0-5            |
| R Donnelly                      | 0-5             | -                           | -                           | 0-5            | 0-5             | -                           | -                           | 0-5            |
| W Leathem<br>(Chair)            | 11-15           | -                           | -                           | 11-15          | 11-15           | -                           | -                           | 11-15          |
| J Cowan                         | 0-5             | -                           | -                           | 0-5            | 0-5             | -                           | -                           | 0-5            |
| R Havlin                        | 0-5             | -                           | -                           | 0-5            | 0-5             | -                           | -                           | 0-5            |
| S Wakfer                        | 0-5             | -                           | -                           | 0-5            | 0-5             | -                           | -                           | 0-5            |
| D Duffy <sup>1</sup>            | -               | -                           | -                           | -              | -               | -                           | -                           | -              |
| W Atkinson<br>(Previous<br>CEO) | 80-85           | -                           | 5-10                        | 85-90          | 70-75           | -                           | 5-10                        | 80-85          |

<sup>1</sup> Damian Duffy is employed by a separate NDPB and therefore receives no remuneration from Usel.

Board member remuneration is dependent on the number of hours attending, or preparing for, meetings.

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid Director in their organisation and the median remuneration of the organisation's workforce.

The median remuneration of the staff is the total remuneration of the staff member(s) lying in the middle of the linear distribution of the total staff, excluding the highest paid Director. This is based on annualised, full-time equivalent (FTE) remuneration as at the reporting period date.

"Salary" includes gross salary; there were no bonuses paid. It does not include employer pension contributions and the cash equivalent transfer value of pensions. Total remuneration is calculated on an annualised basis to remove any fluctuations caused by employee turnover, which do not reflect changes in pay policy.

**Accountability Report (continued)****Remuneration and Staff Report (continued)****Remuneration of Board Members (Audited Information) (continued)**

The FTE measurement of staff is specified to ensure a level of comparability that would otherwise be distorted, if a member of staff represented a whole unit, irrespective of the hours worked.

|  | <b>2022-23</b> | <b>2021-22</b> |
|--|----------------|----------------|
|  | <b>£</b>       | <b>£</b>       |
| Midpoint in highest paid Director's pay band | 82,500         | 72,500         |
| Median remuneration of Usel's staff          | 17,290         | 18,545         |

| <b>Percentage change in remuneration for the highest paid Director</b> | <b>2022-23</b> | <b>2021-22</b> |
|--|----------------|----------------|
|  | <b>£</b>       | <b>£</b>       |
| Salary and allowances 14% change                                       | 82,500         | 72,500         |

| <b>Percentage change in mean remuneration for employees</b> | <b>2022-23</b> | <b>2021-22</b> |
|---|----------------|----------------|
|   | <b>£</b>       | <b>£</b>       |
| Salary and allowances (21)% change                          | 16,592         | 20,964         |

The remuneration ratio is calculated as follows:

$$\frac{\text{Midpoint in highest paid Director's pay band}}{\text{Median remuneration of Usel's staff}}$$

|                          | <b>2022-23</b> | <b>2021-22</b> |
|--------------------------|----------------|----------------|
| Total remuneration ratio | 4.8            | 3.9            |

| <b>25<sup>th</sup> Percentile Remuneration</b>           | <b>2022-23</b> | <b>2021-22</b> |
|--|----------------|----------------|
|  | <b>£</b>       | <b>£</b>       |
| Midpoint in highest paid Director's pay band             | 82,500         | 72,500         |
| 25 <sup>th</sup> percentile remuneration of Usel's staff | 13,679         | 16,216         |
| Ratio  | 6              | 4.5            |

| <b>75<sup>th</sup> Percentile Remuneration</b>           | <b>2022-23</b> | <b>2021-22</b> |
|--|----------------|----------------|
|  | <b>£</b>       | <b>£</b>       |
| Midpoint in highest paid Director's pay band             | 82,500         | 72,500         |
| 75 <sup>th</sup> percentile remuneration of Usel's staff | 18,746         | 23,232         |
| Ratio  | 4.4            | 3.1            |

**Accountability Report (continued)****Remuneration and Staff Report (continued)****Explanation for Movement in Ratios and Median Salary**

The pay of the highest paid employee increased last year due to an honorarium to take on additional roles and responsibilities while the head of finance post was vacant. The mean and median ratios have decreased as we have had more casual staff working in the ability cafes in the year due to the opening of additional cafes.

**Range of Remuneration**

During the year the remuneration ranged from band £0k - £5k to £80k - £85k (2021-22: £5k - £10k to £70k - £75k).

**Pensions**

The Company operates two pension schemes. The first is a Defined Benefit scheme which is closed to new entrants since January 2014. The Scheme provides benefits on a "final salary" basis at a normal retirement age of 65. Benefits accrue at the rate of 1/60<sup>th</sup> of pensionable salary for each year of service up to 30 June 2013 and at the rate of 1/80<sup>th</sup> thereafter. The contributions to the scheme are determined by a qualified actuary based on triennial valuations. There was no change in the members' contributions at the 5 April 2018 actuarial valuation. Members continue to pay 8% p.a of Pensionable Salary (80ths accrual) and 15% p.a of Pensionable Salary (60ths accrual). At the latest 31 March 2022 actuarial valuation date, Usel's contribution rate remained at 24.8% p.a of Pensionable Salaries. Following departmental approval of a pension benefit re-design business case and a formal consultation process during 2022 the Defined Benefit Scheme was closed on 31 December 2022 and all members were transferred to the Defined Contribution Scheme from 1 January 2023. The company entered into a deficit recovery plan for the scheme from 1 September 2022 to 5 April 2034.

Pensions increase annually in line with the Retail Prices Index up to a maximum of 5%. On death, pensions are payable to a surviving spouse at a rate of half the member's pension. On death in service, the scheme pays a lump sum benefit of three times pensionable pay and a spouse's pension equal to one half the member's prospective pension.

The second scheme which was established to allow the Company to comply with the auto enrolment legislation as of February 2014, is a Defined Contribution Scheme operated externally by the NOW Pensions Scheme. This was approved by the sponsoring department following consultation with the Department of Finance in 2014. There were two levels of contribution, the minimum as determined by current legislation and an enhanced level of 4% employee and 8% employer. From 1 January 2023, the enhanced level stopped and all members contribute 4% with the employer also contributing 4%.



## Accountability Report (continued)

## Remuneration and Staff Report (continued)

## Staff Report (Audited Information)

|                       | 2022-23          | 2021-22          |
|-----------------------|------------------|------------------|
|                       | £                | £                |
| <b>Staff costs</b>    |                  |                  |
| Wages and salaries    | 5,752,120        | 5,766,116        |
| Redundancy payments   | -                | 11,565           |
| Social security costs | 328,674          | 356,119          |
| Other pension costs   | 325,612          | 535,547          |
|                       | <b>6,406,406</b> | <b>6,669,347</b> |

The average number of full-time equivalent persons during the year, including Directors, was as follows:

|   | 2022-23    | 2021-22    |
|---|------------|------------|
|   | Number     | Number     |
| <b>Average number of full time equivalent persons employed:</b> |            |            |
| Male staff  | 229        | 221        |
| Female staff  | 136        | 126        |
|   | <b>365</b> | <b>347</b> |

|   | 2022-23    | 2021-22    |
|---|------------|------------|
|   | Number     | Number     |
| <b>Average number of full-time equivalent persons employed:</b> |            |            |
| Management and administration                                   | 37         | 34         |
| Production distribution and sales                               | 68         | 104        |
| Employment support  | 260        | 209        |
|   | <b>365</b> | <b>347</b> |

Further analysis of full-time equivalent employees is as follows:

|                       | 2022-23 | 2022-23 |
|-----------------------|---------|---------|
|                       | Male    | Female  |
| Senior civil servants | 1       | -       |
| Senior managers       | 2       | 1       |
| Employees             | 221     | 133     |

**Board of Directors:**

5 2

## Accountability Report (continued)

## Remuneration and Staff Report (continued)

## Staff Report (Audited Information) (continued)

|                            | 2021-22  | 2021-22  |
|----------------------------|----------|----------|
|                            | Male     | Female   |
| Senior civil servants      | 1        | -        |
| Senior managers            | 3        | -        |
| Employees                  | 212      | 124      |
| <b>Board of Directors:</b> | <b>5</b> | <b>2</b> |

## Reporting of Civil Service and other compensation schemes – exit packages (Audited Information)

| Exit package cost band               | Number of compulsory redundancies | Number of other departures agreed | Total number of exit packages by cost band |
|--------------------------------------|-----------------------------------|-----------------------------------|--|
| <£10,000                             | - (3)                             | - (-)                             | - (3)                                      |
| £10,000-£25,000                      | - (-)                             | - (-)                             | - (-)                                      |
| £25,000-£50,000                      | - (-)                             | - (-)                             | - (-)                                      |
| £50,000-£100,000                     | - (-)                             | - (-)                             | - (-)                                      |
| £100,000-£150,000                    | - (-)                             | - (-)                             | - (-)                                      |
| £150,000-£200,000                    | - (-)                             | - (-)                             | - (-)                                      |
| <b>Total number of exit packages</b> | <b>- (3)</b>                      | <b>- (-)</b>                      | <b>- (3)</b>                               |
| <b>Total resource cost/£</b>         | <b>£- (2021-22: £11,565)</b>      | <b>- (2021-22: -)</b>             | <b>- (2021-22: £11,565)</b>                |

There were no departures of Usel staff in 2022-23 from a compulsory redundancy process. In 2021-22, three members of staff departed following a redundancy process. The figures contained within the brackets relate to 2021-22.

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme (Northern Ireland), a statutory scheme made under the Superannuation (Northern Ireland) Order 1972. Exit costs are accounted for in full in the year of departure.

## Number of Senior Staff with Annual Salaries Over £60,000

| Annual Salary Band | 2021-22 | 2022-23 |
|--------------------|---------|---------|
| £60,001 - £65,000  | -       | -       |
| £65,001 - £70,000  | -       | -       |
| £70,001 - £75,000  | 1       | -       |
| £75,001 - £80,000  | -       | -       |
| £80,001 - £85,000  | -       | 1       |
| £85,001 - £90,000  | -       | -       |

## **Accountability Report (continued)**

### **Remuneration and Staff Report (continued)**

#### **Staff Report (Audited Information) (continued)**

#### **Staff Policies**

##### **Employee Policy**

The Company is committed to providing equality of opportunity. It is our policy that all eligible persons shall have equal opportunity for employment and advancement on the basis of their ability, qualifications and aptitude for the work. Everyone has a right to equality of opportunity and to a good and harmonious working environment and atmosphere in which all staff are encouraged to apply their diverse talents and in which no worker feels under threat or intimidated. This right is protected in many instances by legislation.

##### **Off payroll disclosures**

Usel did not have any off-payroll disclosures in 2022-23 (2021-22: £nil).

##### **Payments to past Directors (Audited Information)**

Usel did not make any payments to past Directors in 2022-23 (2021-22: £nil).

##### **Consultancy costs**

Usel made consultancy-related payments in 2022-23 of £2,838 (2021-22: £nil).

##### **Sickness absence**

The short-term sickness absence rate for the year was 1.26% (2021-22: 1.39%).

##### **Staff turnover & engagement**

The staff turnover percentage for 2022-23 was 17.8% (2021-22: 7.18%).

The 2022 Staff Survey covered the areas of communication, performance management, development, management, health and safety, diversity and working at Usel. 79% of staff agreed that they are satisfied working with Usel (2021-22: 88%).

##### **Diversity and Inclusion**

Usel has an equality, diversity and inclusion policy. Staff can make disclosures through our grievance procedures. In 2022-23, there were no disclosures made (2021-22: none).

## **Accountability Report (continued)**

### **Assembly Accountability and Audit Report**

#### **Audit and Risk Assurance Committee Membership:**

The Usel Audit and Risk Assurance Committee comprises all the Company's Board members, with the exception of the Chair of the Board, as well as one other Board member. The Board members are all independently appointed which ensures a high degree of segregation between the organisation and the Committee governance and challenge function. The members are supported by the Chief Executive and the Company's Head of Finance who attend each meeting.

While the Committee has the utmost confidence in the CEO and Head of Finance, as part of our process it is now our standing protocol that the Chair and Vice Chair of the committee conduct bi-lateral meetings with the auditors (including NIAO) and Sponsor Branch once a year in the absence of the Chief Executive and Head of Finance. This is to facilitate any direct feedback from the auditor, the NIAO, our internal auditors, and the sponsoring Branch departmental representative on any matters which may be compromised due to the attendance of the Senior Management Team.

#### **Terms of Reference:**

The Audit and Risk Assurance Committee advise the Accounting Officer and Board on:

- the strategic processes for risk, control and governance and the Governance Statement;
- the accounting policies, the Financial Statements, and the annual report of the organisation, including the process for review of the Financial Statements prior to submission for audit, levels of error identified, and management's letter of representation to the External Auditors;
- the planned activity and results of both Internal and External Audit;
- adequacy of management response to issues identified by audit activity, including External Audit's management letter;
- assurances relating to the management of risk and corporate governance requirements for the organisation;
- (where appropriate) proposals for tendering for either Internal or External Audit services;
- anti-fraud policies, whistle-blowing processes, and arrangements for special investigations; and
- the Audit and Risk Assurance Committee will also periodically review its own effectiveness and report the results of that review to the Board.

#### **Committee Meetings:**

The Audit and Risk Assurance Committee generally meets on the same day, and just prior to, the main Board meeting. The Committee met on four occasions in the year to carry out the functions as described under the Terms of Reference. Attendance at these meetings is disclosed on page 33.

#### **Internal Audit Report:**

I would like to thank PGM who have carried out our internal audit function in their first year of the contract with due diligence, probity and objectivity.

**Accountability Report (continued)****Assembly Accountability and Audit Report (continued)****Internal Audit Report (continued)**

The Chief Executive, Head of Finance, Chair and Vice Chair of the ARAC met the internal auditor during the reporting year and agreed a schedule of work for the year. This was ratified by the Audit and Risk Assurance Committee and the schedule was approved at the December 22 Audit and Risk Assurance Committee meeting.

The internal audit programme for this year included:

| Area Reviewed   | Operating Effectiveness Assurance | Design Effectiveness Assurance | Total Recommendations                 |
|---|-----------------------------------|--------------------------------|---------------------------------------|
| Review of Cyber Risk Security                             | Satisfactory                      | Satisfactory                   | <b>1 Priority 3<br/>1 Added Value</b> |
| Review of Microsoft Dynamics Business Central application | Satisfactory                      | Satisfactory                   | <b>1 Priority 3</b>                   |

The key findings from this review were:

- Given Cyber risk is the highest facing all organisations, the Board should consider completing an in-depth Risk Assessment providing more granular details on the three key controls stated in the Risk Register. The Board should also look at downgrading the ICT rating in the risk register with the ICT team undergoing a period of transition.
- The IT security policy should be reviewed and updated.
- Consideration should be given to the use of the USBs and looking at locking them to prevent unauthorised transfer of data.
- Staff access to the internet should be monitored on a quarterly basis to ensure appropriate is assigned as per business role.
- Usel should consider penetration testing as well as reapplying for the re-accreditation of Cyber Essentials Plus.
- Usel should ensure that purchase orders are created and approved before the invoice is received.
- Risk assessments should be completed for Fraud prevention and Data protection.

The overall audit opinion for 2022-23 was Satisfactory Assurance over the system of internal control within Usel.

Accountability Report (continued)

Assembly Accountability and Audit Report (continued)

Risk Management & Fraud Awareness:

The Senior Management Team is tasked with reporting any frauds or suspected frauds to the Board and Audit and Risk Assurance Committee and I can confirm that no such reports were applicable during the 2022-23 financial year (2021-22: none).

The risk register is continuously updated and the Audit and Risk Assurance Committee reviewed and referenced the register prior to and during each meeting, specifically setting aside time to carry out a full end-to-end review at least once during the year. The Board receives a monthly update on the core risks which face the Company.

Losses and Special Payments (Audited Information):

There were no losses in 2022-23 (2021-22: £nil).

Special Payments

|                                  | 2022-23 | 2021-22 |
|----------------------------------|---------|---------|
| Total number of special payments | 1       | -       |
| Total value of special payments  | £6k     | £nil    |

Conflicts of Interest:

At each meeting the members are invited to declare any known information which could pose a conflict of interest. We had no such interests declared during 2022-23 (2021-22: nil) and adequate measures were put in place to ensure no conflicted individuals were involved with any information or decisions taken relating to the discussions. With the ongoing publication of our Directors' interests, and any potential conflicts of interest, the wider risk of any challenge to integrity is mitigated. Usel has a policy for the declaration and management of interests in place for all staff.

Scott Jackson  
Interim Chief Executive and Accounting Officer  
Date: 31 January 2024



**Ulster Supported Employment Limited**

**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 Ulster Supported Employment Limited for the year ended 31 March 2023 under the Companies (Public Sector Audit) Order (Northern Ireland) 2013. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flow, Changes in Taxpayer's Equity; and the related notes, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the Ulster Supported Employment Limited financial statements is applicable law and the UK adopted international accounting standards.

I have also audited 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 company's affairs as at 31 March 2023 and of its profit for the year then ended; and
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the Companies Act 2006.

**Qualified opinion on regularity**

In my opinion, except for the effects and the possible effects of the matters described in the Basis for opinions section below, in all material respects the expenditure and income recorded in the financial statements have been applied for 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**

I have been unable to obtain sufficient appropriate audit evidence over the regularity of £1.768 million expenditure transactions. Significant weaknesses in procurement practices in Ulster Supported Employment Limited were identified in 2023. It was also identified that significant exceptions had arisen in Ulster Supported Employment Limited's framework of authorities, and in particular the application of delegated authorities.

For a significant proportion of other operating expenditure totalling £1,671,000 and other pension costs transactions totalling £97,000, Ulster Supported Employment Limited were unable to provide me with sufficient appropriate audit evidence that these transactions had the required delegated approvals in place and had been procured in accordance with procurement thresholds. There were no additional audit procedures that I could undertake to provide me with assurance as to the regularity of this expenditure. The scope of my audit was therefore limited and as a result I could not conclude upon whether this expenditure had been made for the purposes intended by the Assembly and conformed to the authorities which governed it.

**THE CERTIFICATE OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY (continued)**

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities 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 Ulster Supported Employment Limited 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 opinion on the financial statements only.

**Conclusions relating to going concern**

In auditing the financial statements, I have concluded that Ulster Supported Employment Limited'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 Ulster Supported Employment Limited'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 Ulster Supported Employment Limited is adopted in consideration of the requirements set out in the Government 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 directors and Accounting Officer with respect to going concern are described in the relevant sections of this report.

**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 directors and Accounting Officer are responsible for the other information included in the annual report. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my report, 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.



## **THE CERTIFICATE OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY (continued)**

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

### **Opinion on other matters**

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with the Government Financial Reporting Manual; and
- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Annual Report has been prepared in accordance with applicable legal requirements.

### **Matters on which I report by exception**

In the light of the knowledge and understanding of the Ulster Supported Employment Limited and its environment obtained in the course of the audit, I have not identified material misstatements in the Annual Report.

As outlined in the Basis for opinions section of this report, I have not received all of the information and explanations that I considered necessary to confirm the regularity of £1.768 million expenditure incurred by Ulster Supported Employment Limited during 2022-23.

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 to be audited are not in agreement with the accounting records; or
- certain disclosures of remuneration specified by law are not made; 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 Accounting Officer Responsibilities, the Accounting Officer is responsible for:

- preparing the Annual Report, which includes the Remuneration and Staff Report, in accordance with the Companies Act 2006;
- the preparation of the financial statements and for being satisfied that they give a true and fair view;

**THE CERTIFICATE OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY (continued)**

- such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- assessing the Ulster Supported Employment Limited'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 Ulster Supported Employment Limited 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 Companies (Public Sector Audit) Order (Northern Ireland) 2013.

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 Ulster Supported Employment Limited through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included the governing legislation;
- making enquires of management and those charged with governance on Ulster Supported Employment Limited's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of Ulster Supported Employment Limited'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.

**THE CERTIFICATE OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY (continued)**

As part of this discussion, I identified potential for fraud in the following areas: transaction streams and business streams that may be susceptible to material misstatement due to fraud;

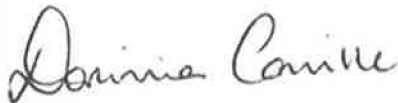
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- designing audit procedures to address specific laws and 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

**THE CERTIFICATE OF THE COMPTROLLER AND AUDITOR GENERAL TO THE  
NORTHERN IRELAND ASSEMBLY (continued)**

In addition, I am 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 the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

My detailed observations on regularity of expenditure are included in my report attached to these financial statements.



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

15 February 2024

**Statement of Comprehensive Net Expenditure  
for the year ended 31 March 2023**

|  |       | <b>2022-23</b>     | <b>2021-22</b>     |
|--|-------|--------------------|--------------------|
|  | Note  | £                  | £                  |
| Income from sale of goods and services                         | 3     | 7,910,152          | 8,813,794          |
| Other operating income   | 3a    | 164,710            | 199,938            |
| <b>Total operating income</b>                                  |       | <b>8,074,862</b>   | <b>9,013,732</b>   |
| Staff Costs  | 4     | (6,406,406)        | (6,669,347)        |
| Depreciation and amortisation                                  | 10/11 | (91,929)           | (100,518)          |
| Other operating expenditure                                    | 5     | (2,129,810)        | (2,742,789)        |
| <b>Total operating expenditure</b>                             |       | <b>(8,628,145)</b> | <b>(9,512,654)</b> |
| <b>Net Operating Expenditure</b>                               |       | <b>(553,283)</b>   | <b>(498,922)</b>   |
| Pension finance costs  | 7     | (156,000)          | (185,000)          |
| Pension administrative expenses                                | 20    | (481,000)          | (90,000)           |
| Finance income   | 6     | 34,819             | 315                |
| <b>Net Expenditure for the year</b>                            |       | <b>(1,155,464)</b> | <b>(773,607)</b>   |
| <b>Other Comprehensive Net Expenditure</b>                     |       |                    |                    |
| Items that will not be reclassified to net operating costs:    |       |                    |                    |
| Actuarial gain on pension scheme                               | 20    | 5,362,000          | 3,288,000          |
| Net (loss)/gain on revaluation of Property Plant and Equipment | 10    | (205,557)          | 35,000             |
| <b>Comprehensive Net Expenditure for the year</b>              |       | <b>4,000,979</b>   | <b>2,549,393</b>   |

The notes on pages 57 to 78 form part of these financial statements

**Statement of Financial Position  
as at 31 March 2023**

|   | Note | 2022-23<br>£     | 2021-22<br>£       |
|---|------|------------------|--------------------|
| <b>Non-Current Assets:</b>                      |      |                  |                    |
| Property, plant and equipment                   | 10   | 2,081,485        | 2,208,178          |
| Intangible assets                               | 11   | 2,897            | 3,893              |
| <b>Total non-current assets</b>                 |      | <b>2,084,382</b> | <b>2,212,071</b>   |
| <b>Current Assets</b>                           |      |                  |                    |
| Inventories                                     | 12   | 54,731           | 47,738             |
| Trade receivables, financial and other assets   | 13   | 1,121,772        | 1,065,674          |
| Cash and cash equivalents                       | 14   | 1,535,430        | 1,402,619          |
| <b>Total current assets</b>                     |      | <b>2,711,933</b> | <b>2,516,031</b>   |
| <b>Total assets</b>                             |      | <b>4,796,315</b> | <b>4,728,102</b>   |
| <b>Current liabilities</b>                      |      |                  |                    |
| Trade payables, financial and other liabilities | 15   | (1,283,218)      | (1,168,375)        |
| <b>Total assets less current liabilities</b>    |      | <b>3,513,097</b> | <b>3,559,727</b>   |
| <b>Non-current liabilities</b>                  |      |                  |                    |
| Retirement benefit obligations                  | 20   | (270,000)        | (5,296,000)        |
| <b>Total non-current liabilities</b>            |      | <b>(270,000)</b> | <b>(5,296,000)</b> |
| <b>Total assets less total liabilities</b>      |      | <b>3,243,097</b> | <b>(1,736,273)</b> |
| <b>Taxpayers' equity and other reserves</b>     |      |                  |                    |
| General reserve                                 |      | 2,637,554        | (2,547,373)        |
| Revaluation reserve                             |      | 605,543          | 811,100            |
| <b>Total equity</b>                             |      | <b>3,243,097</b> | <b>(1,736,273)</b> |

In the view of the Board an exemption from the audit requirements of Part 16 of the Companies Act 2006 is available under section 482 of that Act, since the Company meets the Department of Finance's definition of a non-profit-making Company and is subject to a public sector audit under the Companies (Public Sector Audit) Order (Northern Ireland) 2013, being an order issued under Article 5(3) of the Audit and Accountability (Northern Ireland) Order 2003. The Board therefore claims this exemption.


The financial statements on pages 53 to 78 were approved by the Board on 31 January 2024 and were signed on its behalf by:

  
W Leathem  
Chairman

Date 31 January 2024

S Jackson

Interim Accounting Officer

  
Date 31 January 2024

Registration No. NI 005192

The notes on pages 57 to 78 form part of these financial statements.

**Statement of Cash Flows**  
for the year ended 31 March 2023

|   | Note  | 2022-23<br>£     | 2021-22<br>£       |
|---|-------|------------------|--------------------|
| <b>Cash flows from operating activities</b>                               |       |                  |                    |
| Net Operating Cost after interest   |       | (1,155,464)      | (773,607)          |
| <i>Adjustments for non cash transactions</i>                              |       |                  |                    |
| Depreciation and amortisation   | 10/11 | 91,929           | 100,518            |
| Pension interest and administration expenses                              |       | 637,000          | 275,000            |
| Loss on disposal of property, plant and equipment                         |       | 1,889            | -                  |
| Difference between pension charge and cash contributions                  |       | (301,000)        | (367,000)          |
| (Increase) / decrease in Inventories                                      | 12    | (6,993)          | 102,628            |
| (Increase) / decrease in trade and other receivables                      | 13    | (56,098)         | (248,948)          |
| Increase / (decrease) in trade and other payables                         | 15    | 54,121           | (138,892)          |
| <b>Net cash outflow from operating activities</b>                         |       | <b>(734,616)</b> | <b>(1,050,301)</b> |
| <b>Cash flows from investing activities</b>                               |       |                  |                    |
| Purchase of property, plant and equipment                                 | 10    | (125,895)        | (22,412)           |
| Adjustment to opening PPE   |       | 1,603            |                    |
| Proceeds of disposal of property, plant and equipment                     |       | 13,328           | -                  |
| <b>Net cash outflows from investing activities</b>                        |       | <b>(110,964)</b> | <b>(22,412)</b>    |
| <b>Cash flows from financing activities</b>                               |       |                  |                    |
| Grant from sponsoring department  | 22    | 978,391          | 873,996            |
| <b>Net financing</b>  |       | <b>978,391</b>   | <b>873,996</b>     |
| <b>Net increase (decrease) in cash and cash equivalents in the period</b> | 14    | <b>132,811</b>   | <b>(198,717)</b>   |
| <b>Cash and cash equivalents at the beginning of the period</b>           |       | <b>1,402,619</b> | <b>1,601,336</b>   |
| <b>Cash and cash equivalents at the end of the period</b>                 | 14    | <b>1,535,430</b> | <b>1,402,619</b>   |

The notes on pages 57 to 78 form part of these financial statements.

**Statement of Changes in Taxpayers' Equity  
for the year ended 31 March 2023**

|  | <b>General<br/>Reserve</b> | <b>Revaluation<br/>Reserve</b> | <b>Total Reserves</b> |
|--|----------------------------|--------------------------------|-----------------------|
|  | <b>£</b>                   | <b>£</b>                       | <b>£</b>              |
| <b>Balance at 1 April 2021</b>             | (5,935,762)                | 776,100                        | <b>(5,159,662)</b>    |
| IAS 19 actuarial gain                      | 3,288,000                  | -                              | <b>3,288,000</b>      |
| Grant from sponsoring department           | 873,996                    | -                              | <b>873,996</b>        |
| Revaluation of property                    | -                          | 35,000                         | <b>35,000</b>         |
| Auditors Remuneration                      | (22,294)                   | -                              | <b>(22,294)</b>       |
| Comprehensive Net Expenditure for the year | (751,313)                  | -                              | <b>(751,313)</b>      |
| <b>Balance at 31 March 2022</b>            | <b>(2,547,373)</b>         | <b>811,100</b>                 | <b>(1,736,273)</b>    |

|  | <b>General<br/>Reserve</b> | <b>Revaluation<br/>Reserve</b> | <b>Total<br/>Reserves</b> |
|--|----------------------------|--------------------------------|---------------------------|
|  | <b>£</b>                   | <b>£</b>                       | <b>£</b>                  |
| <b>Balance at 1 April 2022</b>             | (2,547,373)                | 811,100                        | <b>(1,736,273)</b>        |
| IAS 19 actuarial gain                      | 5,362,000                  | -                              | <b>5,362,000</b>          |
| Grant from sponsoring department           | 978,391                    | -                              | <b>978,391</b>            |
| Revaluation of property                    | -                          | (205,557)                      | <b>(205,557)</b>          |
| Auditors Remuneration                      | (32,000)                   | -                              | <b>(32,000)</b>           |
| Comprehensive Net Expenditure for the year | (1,123,464)                | -                              | <b>(1,123,464)</b>        |
| <b>Balance at 31 March 2023</b>            | <b>2,637,554</b>           | <b>605,543</b>                 | <b>3,243,097</b>          |

The notes on pages 57 to 78 form part of these financial statements



**Notes to the Financial Statements for the year ended 31 March 2022****1. Statement of accounting policies**

Ulster Supported Employment Limited ("Usel" or "the Company") is a Company limited by guarantee, domiciled and registered in Northern Ireland. The registered number is NI005192 and the registered address is 182-188 Cambrai Street, Belfast, BT13 3JH.

These financial statements have been prepared in accordance with the 2022-23 Government Financial Reporting Manual (FReM) issued by the Department of Finance (DoF) NI. 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 most appropriate to the particular circumstances of Usel for the purpose of giving a true and fair view has been selected. The particular policies adopted by Usel are described below. They have been applied consistently in dealing with items that are considered material to the financial statements. The financial statements are prepared in accordance with the accounting and disclosure requirements of the Companies Act 2006.

Financial figures reported in these financial statements are in pounds sterling except for note 20 which are in thousand pounds sterling.

**1.1 Newly adopted standards**

Usel has reviewed the standards, interpretations and amendments to published standards that became effective during 2022-2023 and which are relevant to its operations. These have not had a significant impact on the Company's financial position or results.

**1.2 Measurement convention**

These financial statements have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets and donated assets. Retirement Benefit Obligations are stated at fair value.

**1.3 Going concern**

These financial statements have been prepared on the going concern basis with a notable reduction in the net pension liability. Department for Communities (DfC) considers it reasonable for Usel to assume that Grant-in-Aid funding will continue to be provided, as necessary, to allow Usel to discharge its liabilities as they fall due in the normal course of business. Management have prepared cashflow forecasts, incorporating the above assumptions and reflecting their best estimate of trading activity, which support Usel's ability to continue as a going concern. Management do not consider these matters to cast significant doubt upon the Company's ability to continue as a going concern.

**1.4 Property, plant and equipment**

Property, plant and equipment are stated at net current replacement cost less accumulated depreciation and accumulated impairment losses, with the exception of land and buildings which are stated at fair value.

## 1. Statement of accounting policies (continued)

### 1.4 Property, plant and equipment (continued)

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the Statement of Comprehensive Net Expenditure (SoCNE) on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

|                            |   |               |
|----------------------------|---|---------------|
| Buildings                  | - | 50 years      |
| Plant and office equipment | - | 10 years      |
| Motor vehicles             | - | 4 to 15 years |

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Non-Current Assets are capitalised if they are capable of being used for a period which exceeds one year, and they individually cost at least £1,000. We do not capitalise the criteria of a grouped asset i.e. collectively have a cost of at least £1,000 and are functionally interdependent.

Buildings are stated at open market value and other non-current assets are stated at net current replacement cost.

Land and buildings are revalued by qualified valuers on a regular basis using open market value (which reflects a highest and best use basis) so that the carrying value of an asset does not materially differ from its fair value at the reporting date. External revaluations of the Company's land and buildings have been carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation Standards and IFRS 13.

Surpluses on revaluation are recognised in the SoCNE and accumulated in equity in the revaluation reserve, except to the extent that they reverse impairment losses previously charged to profit or loss, in which case the reversal is recorded in profit or loss. Decreases in value are charged against SoCNE and the revaluation reserve to the extent that a previous gain has been recorded there, and thereafter are charged through profit or loss.

### 1.5 Donated assets

Donated fixed assets are capitalised at their fair value on receipt and this value is credited to the SoCNE.

Donated fixed assets are valued and depreciated in line with property, plant and equipment. Gains and losses on revaluations are also taken to the SoCNE and, each year, an amount equal to the depreciation charge on the asset is released from the donated asset charged to the SoCNE. Any impairment on donated assets is charged to the SoCNE.

### 1.6 Intangible assets

Intangible assets comprise software licenses which are stated at net current replacement cost. Intangible assets are amortised on a straight-line basis over 5 years.

## 1. Statement of accounting policies (continued)

### 1.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost comprises direct materials, direct labour and, if appropriate, direct overheads.

### 1.8 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than investment property and inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the SoCNE. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 1.9 Financial instruments

Usel does not hold any complex financial instruments.

#### (i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

## 1. Statement of accounting policies (continued)

### 1.9 Financial instruments (continued)

#### (ii) Classification and subsequent measurement

##### Financial assets

##### *(a) Classification*

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – equity investment or debt investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

##### *(b) Subsequent measurement and gains and losses*

*Financial assets at FVTPL* - these assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

*Financial assets at amortised cost* - these assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

##### Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains

## 1. Statement of accounting policies (continued)

### 1.9 Financial instruments (continued)

#### (ii) Financial liabilities (continued)

and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

#### (iii) Impairment

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The Company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

#### *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

#### *Credit-impaired financial assets*

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

#### *Write-offs*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

### 1.10 Employee benefits

#### *Defined contribution plans*

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

## 1. Statement of accounting policies (continued)

### 1.10 Employee benefits (continued)

#### *Defined benefit plans*

The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary. When calculations result in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in the SoCNE.

When the benefits of the plan are changed or when the plan is curtailed, the resulting change in benefit that relates to past services or the gain or loss on curtailment is recognised in profit or loss. The Company recognises gains or losses on the settlement of a defined benefit plan when the settlement occurs.

### 1.11 Leases

The Company has operating leases and no finance leases. Lease rentals payable are charged to the SoCNE on a straight-line basis over the term of the lease.

### 1.12 Recognition of income

#### *Income from activities*

Income from activities relates to the operating activities of Usel, the sale of goods, provision of services and other funding income received from formally tendered contractual arrangements. All income is recognised in the period in which goods are sold or services provided.

Income and expenditure excludes VAT, as all VAT collected is payable to HM Revenue and Customs and all VAT paid is recoverable from them.

### 1.13 Reserves

The General Fund represents the accumulated financial position of Usel.

The Revaluation Reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments to PPE and intangible assets.

#### *Grant-in-Aid*

All grant-in-aid, whether for revenue or capital purposes, is treated as contributions from controlling parties giving rise to financial interest in the residual interest of Usel and is credited to the General Reserve. Grant-in-aid is recognised in the financial period in which the funding is received.

## 1. Statement of accounting policies (continued)

### 1.14 Taxation status

The Company has been granted exemption from Corporation Tax on the basis that it is a not-for-profit organisation.

### 1.15 Critical accounting estimates

The Company prepares its financial statements in accordance with FReM, the application of which often requires judgements to be made by management when formulating the Company's financial position and results. Under IFRS, the Directors are required to adopt those accounting policies most appropriate to the Company's circumstances for the purpose of presenting fairly the Company's financial position, financial performance and cash flows.

In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position of the Company should it later be determined that a different choice would be more appropriate.

Management considers the accounting estimate and assumptions discussed below to be its critical accounting estimates and, accordingly, provides an explanation. Management has discussed its critical accounting estimates and associated disclosures with the Company's Audit and Risk Assurance Committee.

**Pension liability:** The Company has a commitment to pay pension benefits to approximately 404 people. The cost of these benefits and the present value of pension liabilities depend on such factors as the life expectancy of the members, the salary progression of current employees, the return that the pension fund assets will generate in the time before they are used to fund the pension payments, price inflation and the discount rate used to calculate the net present value of the future pension payments. We use estimates provided by independent experts for all of these factors in determining the pension costs and liabilities incorporated in our financial statements. The assumptions reflect historical experience and judgement regarding future expectations.

The value of the net pension obligation at 31 March 2023 and the key financial assumptions used to measure the obligation are disclosed in note 20.

### 1.16 Accounting for government grants

The treatment of grants and grants-in-aid received under CJRS are in accordance with IAS 20 as interpreted by the FReM. For grants from the parent departments, receipts are accounted for as grants-in-aid, being credited to the income and expenditure reserve. For grants from other departments, receipts are treated as income.

**1. Statement of accounting policies (continued)****1.17 Standards issued but not yet applied**

Management consider that there are no standards issued but not yet adopted that are likely to have significant impact on these financial statements.

**2. Statement of Operating Expenditure by Operating Segment**

The factory operation manufactures industrial sewing products, recycles mattresses and carpets, and processes confidential shredding. The Company does not rely on any major customer in this segment.

Employment Services operate employment programmes on behalf of the Department for Communities (DfC) and Department for Economy (DfE); these programmes are awarded through commercial tenders. In this segment the Company relies on DfC, being a major customer. The Chief Operating Decision Maker is the Chief Executive, reporting to the non-executive Board of Directors.

|                        | <b>2022-23</b>                         |                                |               |                    |
|------------------------|--|--------------------------------|---------------|--------------------|
|                        | <b>Manufacturing<br/>and recycling</b> | <b>Employment<br/>services</b> | <b>Other</b>  | <b>Total</b>       |
|                        | <b>£</b>                               | <b>£</b>                       | <b>£</b>      | <b>£</b>           |
| Income                 | 1,266,504                              | 6,643,648                      | 164,710       | 8,074,862          |
| Gross Expenditure      | (2,214,942)                            | (6,934,708)                    | (80,676)      | (9,230,326)        |
| <b>Net Expenditure</b> | <b>(948,438)</b>                       | <b>(291,060)</b>               | <b>84,034</b> | <b>(1,155,464)</b> |

|                        | <b>2021-22</b>                         |                                |                |                  |
|------------------------|--|--------------------------------|----------------|------------------|
|                        | <b>Manufacturing<br/>and recycling</b> | <b>Employment<br/>services</b> | <b>Other</b>   | <b>Total</b>     |
|                        | <b>£</b>                               | <b>£</b>                       | <b>£</b>       | <b>£</b>         |
| Income                 | 1,125,386                              | 7,688,408                      | 199,938        | 9,013,732        |
| Gross Expenditure      | (3,795,479)                            | (5,991,860)                    | -              | (9,787,339)      |
| <b>Net Expenditure</b> | <b>(2,670,093)</b>                     | <b>1,696,548</b>               | <b>199,938</b> | <b>(773,607)</b> |

The net assets at segment level are not separately reported to the Chief Operating Decision Maker and therefore have not been disclosed above.



**3. Income**

|                    | <b>2022-23</b>   | <b>2021-22</b>   |
|--------------------|------------------|------------------|
|                    | <b>£</b>         | <b>£</b>         |
| Trading income     | <b>2,105,857</b> | 1,862,545        |
| Employment support | <b>817,675</b>   | 903,835          |
| Contract income    | <b>4,986,620</b> | 6,047,414        |
|                    | <b>7,910,152</b> | <b>8,813,794</b> |

All sales are within the United Kingdom and Republic of Ireland.

The Performance Report and Performance Analysis from pages 12 to 19 provide further information on the income generating activities of the company.

**3a. Other operating income**

This total includes rental support of £nil (2021-22: £25,000), income associated with the Job Start Programme of £114,889 (2021-22: £109,109), claims made through the Covid Job Retention Scheme within the 2022-23 year amounting to £nil (2021-22: £60,661) as well as miscellaneous income of £49,821 (2021-22: £5,168). The maximum number of staff furloughed at any one time throughout 2022-23 was nil people (2021-22: 24). Given the nature of support that USEL provides to its staff, and due to their health conditions, the majority were required to be furloughed in 2021-22 having classified as Clinically Extremely Vulnerable individuals.

**4. Staff costs**

|                       | <b>2022-23</b>   | <b>2021-22</b>   |
|-----------------------|------------------|------------------|
|                       | <b>£</b>         | <b>£</b>         |
| Wages and salaries    | 5,752,120        | 5,766,116        |
| Redundancy payments   | -                | 11,565           |
| Social security costs | 328,674          | 356,119          |
| Other pension costs   | 325,612          | 535,547          |
|                       | <b>6,406,406</b> | <b>6,669,347</b> |

The above balance includes £2,626,500 (2021-22: £1,873,242) of staff costs relating to 264 (2021-22: 283) participants on the Employment Support programme as at 31 March 2023.

There were £452 agency costs included within Wages and salaries (2021-22 £nil).

**5. Other operating expenditure**

|                                       | <b>2022-23</b>   | <b>2021-22</b>   |
|---------------------------------------|------------------|------------------|
|                                       | <b>£</b>         | <b>£</b>         |
| TFS Disability Support                | 912              | 384,217          |
| Materials                             | 232,811          | 343,091          |
| Ability Cafe                          | 407,790          | 312,074          |
| Computer expenses                     | 82,666           | 190,456          |
| TFS Programme                         | 225,883          | 178,690          |
| Repairs                               | 109,484          | 184,961          |
| Insurance                             | 170,874          | 166,647          |
| Legal and professional fees           | 84,337           | 170,657          |
| Compensation payment                  | 6,250            | -                |
| Waste Disposal                        | 68,429           | 109,803          |
| Motor expenses                        | 113,181          | 96,723           |
| Light, heat and power                 | 182,404          | 85,631           |
| General expenses                      | 34,653           | 67,253           |
| Training                              | 26,002           | 43,164           |
| Telephone                             | 38,414           | 36,870           |
| Tutors                                | 33,288           | 38,388           |
| Tools                                 | 36,365           | 28,789           |
| Health & Safety Costs                 | 22,529           | 29,557           |
| Audit - external audit                | 32,000           | 22,294           |
| Rent and rates                        | 26,220           | 26,362           |
| Advertising                           | 20,171           | 23,008           |
| Participant costs                     | 37,190           | 18,659           |
| Travel                                | 60,105           | 17,079           |
| Delivery costs                        | 26,609           | 15,217           |
| Cleaning                              | 13,887           | 11,239           |
| Security                              | 3,438            | 20,693           |
| Printing and stationery               | 16,526           | 10,207           |
| Canteen                               | 7,056            | 7,278            |
| Payments to hosts and sub-contractors | -                | 3,482            |
| Postage                               | 1,518            | 1,698            |
| Bank charges                          | 3,149            | 1,721            |
| Discount allowed                      | (20)             | 14               |
| Audit - internal audit                | 3,800            | 4,744            |
| <b>Subtotal</b>                       | <b>2,127,921</b> | <b>2,650,666</b> |
| <b>Non Cash costs</b>                 |                  |                  |
| Bad debts written off                 | -                | -                |
| Loss on Disposal                      | 1,889            | -                |
| Stock Provision                       | -                | 92,123           |
| <b>Subtotal</b>                       | <b>1,889</b>     | <b>92,123</b>    |
| <b>Total</b>                          | <b>2,129,810</b> | <b>2,742,789</b> |

**6. Finance income**

|                     | <b>2022-23</b> | <b>2021-22</b> |
|---------------------|----------------|----------------|
|                     | <b>£</b>       | <b>£</b>       |
| Interest Receivable | 34,819         | 315            |
|                     | <b>34,819</b>  | <b>315</b>     |

**7. Pension finance costs**

|  | <b>2022-23</b>   | <b>2021-22</b>   |
|--|------------------|------------------|
|  | <b>£</b>         | <b>£</b>         |
| Expected return on pension scheme assets | 679,000          | 500,000          |
| Interest on pension scheme liabilities   | (835,000)        | (685,000)        |
|  | <b>(156,000)</b> | <b>(185,000)</b> |

**8. Financial instruments**

As some of the cash requirements of Usel are met through Grant-in-aid provided by DfC, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body.

The majority of financial instruments relate to contracts to buy non-financial items in line with Usel's expected purchase and usage requirements and Usel is therefore exposed to little credit, liquidity or market risk.

Details of pension liabilities are included within note 20 below.

**9. Auditor remuneration**

|                | <b>2022-23</b> | <b>2021-22</b> |
|----------------|----------------|----------------|
|                | <b>£</b>       | <b>£</b>       |
| Internal Audit | 3,800          | 4,744          |
| External Audit | 32,000         | 22,294         |
|                | <b>35,800</b>  | <b>27,038</b>  |

**10 Property, plant and equipment**

|                          | <b>Buildings</b> | <b>Plant and<br/>office<br/>Equipment</b> | <b>Motor<br/>vehicles</b> | <b>Donated<br/>Assets</b> | <b>Total</b>     |
|--------------------------|------------------|---|---------------------------|---------------------------|------------------|
|                          | <b>£</b>         | <b>£</b>                                  | <b>£</b>                  | <b>£</b>                  | <b>£</b>         |
| <b>Cost or Valuation</b> |                  |   |                           |                           |                  |
| At 1 April 2022          | 1,750,000        | 524,650                                   | 186,718                   | 20,000                    | 2,481,368        |
| Additions                | 180,557          | 6,060                                     | -                         | -                         | 186,617          |
| Disposals                | -                | (26,252)                                  | -                         | (7,700)                   | (33,952)         |
| Revaluation              | (180,557)        | -   | -                         | -                         | (180,557)        |
| Impairments              | (60,000)         | -   | -                         | -                         | (60,000)         |
| Transfers                | -                | (1,603)                                   | -                         | -                         | (1,603)          |
| <b>At 31 March 2023</b>  | <b>1,690,000</b> | <b>502,855</b>                            | <b>186,718</b>            | <b>12,300</b>             | <b>2,391,873</b> |
| <b>Depreciation</b>      |                  |   |                           |                           |                  |
| At 1 April 2022          | -                | 213,302                                   | 50,568                    | 9,320                     | 273,190          |
| Charged in the year      | 35,000           | 42,139                                    | 12,372                    | 1,422                     | 90,933           |
| Disposals                | -                | (15,270)                                  | -                         | (3,465)                   | (18,735)         |
| Revaluation              | (35,000)         | -   | -                         | -                         | (35,000)         |
| <b>At 31 March 2023</b>  | <b>-</b>         | <b>240,171</b>                            | <b>62,940</b>             | <b>7,277</b>              | <b>310,388</b>   |
| <b>Net book value</b>    |                  |   |                           |                           |                  |
| <b>At 31 March 2023</b>  | <b>1,690,000</b> | <b>262,684</b>                            | <b>123,778</b>            | <b>5,023</b>              | <b>2,081,485</b> |
| At 31 March 2022         | 1,750,000        | 311,348                                   | 136,150                   | 10,680                    | 2,208,178        |

## 10.1 Property, plant and equipment

|                          | <b>Buildings</b> | <b>Plant and<br/>Office<br/>Equipment</b> | <b>Motor<br/>Vehicles</b> | <b>Donated<br/>Assets</b> | <b>Total</b>     |
|--------------------------|------------------|---|---------------------------|---------------------------|------------------|
|                          | <b>£</b>         | <b>£</b>                                  | <b>£</b>                  | <b>£</b>                  | <b>£</b>         |
| <b>Cost or Valuation</b> |                  |   |                           |                           |                  |
| At 1 April 2021          | 1,750,000        | 502,238                                   | 186,718                   | 20,000                    | 2,458,956        |
| Additions                | -                | 22,412                                    | -                         | -                         | 22,412           |
| <b>At 31 March 2022</b>  | <b>1,750,000</b> | <b>524,650</b>                            | <b>186,718</b>            | <b>20,000</b>             | <b>2,481,368</b> |
| <b>Depreciation</b>      |                  |   |                           |                           |                  |
| At 1 April 2021          | -                | 163,717                                   | 38,120                    | 7,320                     | 209,157          |
| Charged in the year      | 35,000           | 49,585                                    | 12,448                    | 2,000                     | 99,033           |
| Revaluations             | (35,000)         | -   | -                         | -                         | (35,000)         |
| <b>At 31 March 2022</b>  | <b>-</b>         | <b>213,302</b>                            | <b>50,568</b>             | <b>9,320</b>              | <b>273,190</b>   |
| <b>Net book value</b>    |                  |   |                           |                           |                  |
| <b>At 31 March 2022</b>  | <b>1,750,000</b> | <b>311,348</b>                            | <b>136,150</b>            | <b>10,680</b>             | <b>2,208,178</b> |
| At 31 March 2021         | 1,750,000        | 338,521                                   | 148,598                   | 12,680                    | 2,249,799        |

**11. Intangible assets**

|                          | <b>Software<br/>Licences<br/>£</b> |
|--------------------------|------------------------------------|
| <b>Cost or Valuation</b> |                                    |
| At 1 April 2022          | 8,240                              |
| Additions                | -                                  |
| Disposals                | -                                  |
| <b>At 31 March 2023</b>  | <b>8,240</b>                       |
| <b>Amortisation</b>      |                                    |
| At 1 April 2022          | 4,347                              |
| Charged in the year      | 996                                |
| Disposals                | -                                  |
| <b>At 31 March 2023</b>  | <b>5,343</b>                       |
| <b>Net book value</b>    |                                    |
| <b>At 31 March 2023</b>  | <b>2,897</b>                       |
| At 31 March 2022         | 3,893                              |

**11.1 Intangible assets**

|                          | <b>Software<br/>Licences<br/>£</b> |
|--------------------------|------------------------------------|
| <b>Cost or Valuation</b> |                                    |
| At 1 April 2021          | 8,240                              |
| Additions                | -                                  |
| Disposals                | -                                  |
| <b>At 31 March 2022</b>  | <b>8,240</b>                       |
| <b>Amortisation</b>      |                                    |
| At 1 April 2021          | 2,862                              |
| Charged in the year      | 1,485                              |
| Disposals                | -                                  |
| <b>At 31 March 2022</b>  | <b>4,347</b>                       |
| <b>Carrying value</b>    |                                    |
| <b>At 31 March 2022</b>  | <b>3,893</b>                       |
| At 31 March 2021         | 5,378                              |

**12. Inventories**

|                  | <b>2022-23</b> | <b>2021-22</b> |
|------------------|----------------|----------------|
|                  | <b>£</b>       | <b>£</b>       |
| Raw materials    | 39,215         | 19,955         |
| Work in progress | 10,384         | 13,827         |
| Finished goods   | 5,132          | 13,956         |
|                  | <b>54,731</b>  | <b>47,738</b>  |

**13. Trade receivables, financial and other assets**

|                     | <b>2022-23</b>   | <b>2021-22</b>   |
|---------------------|------------------|------------------|
|                     | <b>£</b>         | <b>£</b>         |
| Receivables - trade | 379,295          | 450,178          |
| Other receivables   | 151,159          | 128,867          |
| Prepayments         | 90,807           | 125,556          |
| Accrued income      | 461,202          | 361,073          |
| Value Added Tax     | 39,309           | -                |
|                     | <b>1,121,772</b> | <b>1,065,674</b> |

All receivables are due within one year.

**14. Cash and cash equivalents**

|   | <b>2022-23</b>   | <b>2021-22</b>   |
|---|------------------|------------------|
|   | <b>£</b>         | <b>£</b>         |
| <b>Balance at 1 April</b>               | 1,402,619        | 1,601,336        |
| Net change in cash and cash equivalents | 132,811          | (198,717)        |
| <b>Balance at 31 March</b>              | <b>1,535,430</b> | <b>1,402,619</b> |

**The following balances at 31 March were held at:**

|                                   |                  |                  |
|-----------------------------------|------------------|------------------|
| Commercial banks and cash in hand | 1,535,430        | 1,402,619        |
| Bank overdraft                    | -                | -                |
| <b>Balance at 31 March</b>        | <b>1,535,430</b> | <b>1,402,619</b> |

**15. Trade payables, financial and other liabilities**

|   | <b>2022-23</b>   | <b>2021-22</b>   |
|---|------------------|------------------|
|   | <b>£</b>         | <b>£</b>         |
| <b>Amounts falling due within one year:</b> |                  |                  |
| Trade payables                              | 343,529          | 379,200          |
| Value Added Tax                             | -                | 169,344          |
| Other taxation and social security          | 91,685           | 61,658           |
| Other payables                              | 311,788          | 187,447          |
| Accruals                                    | 535,424          | 370,726          |
| Deferred income                             | 792              | -                |
|   | <b>1,283,218</b> | <b>1,168,375</b> |

**16. Members' liability**

Each member of the Company is liable to contribute, in the case of a winding up, a sum not exceeding £1. There were 7 members at the Statement of Financial Position date.

**17. Capital commitments**

The Company had no contracted capital commitments at 31 March 2023 or 31 March 2022, not otherwise included in these financial statements.

**18. Commitments under leases**

At 31 March 2023 the Company had annual commitments under non-cancellable operating leases. Total future minimum lease payments under operating leases are given in the table below for each of the following periods:

|   | <b>2022-23</b> | <b>2021-22</b> |
|---|----------------|----------------|
|   | <b>£</b>       | <b>£</b>       |
| <b>Buildings</b>                                  |                |                |
| Not later than one year                           | -              | -              |
| Later than one year and not later than five years | -              | -              |
| later than five years                             | -              | -              |
|   | -              | -              |
| <b>Other</b>                                      |                |                |
| Not later than one year                           | 2,898          | 1,138          |
| Later than one year and not later than five years | -              | 1,138          |
| later than five years                             | -              | -              |
|   | <b>2,898</b>   | <b>2,276</b>   |



**18. Commitments under leases (continued)**

£2,898 (2021-22: £27,557) was included as an operating lease expense in the Statement of Comprehensive Net Expenditure.

**19. Financial performance targets**

The Department for Communities does not consider it appropriate to set financial targets for Usel.

**20. Pension liability**

The Company operates a defined benefit pension for its employees which was closed to new entrants in January 2014. Following departmental approval of a pension benefit re-design business case and a formal consultation process during 2022 the Defined Benefit Scheme was closed on 31 December 2022 and all members transferred to the Defined Contribution Scheme from 1 January 2023. The company entered a deficit recovery plan for the Defined Benefit Scheme from 1 September 2022 to 5 April 2034. The assets of the scheme are held separately from those of the Company. Contributions to the scheme are charged to the Statement of Comprehensive Net Expenditure to spread the cost of the pension over employees' working lives with the Company at rates determined by a qualified actuary on the basis of triennial valuations using the Projected Unit Method.

The IAS 19 valuation for inclusion in the financial statements at 31 March 2023 is based on the roll forward of results of the last full funding valuation certified by the actuary as at 31 March 2021. Membership data as at 31 March 2021 has been updated using cashflow data in the intervening period as a proxy for membership movement. Key financial assumptions including discount rate and inflation are updated as at the current year end date. The remaining demographic assumptions are consistent with those applied to the 2021 triennial funding valuation.

An independent Trustee was appointed to Chair the Board of Trustees on 1 August 2019. The Trust Board also has two members nominated by the Directors and two members nominated by the members of the Pension Scheme. Mercer manage the investment of funds on behalf of the Trustees. Mercer Limited has been appointed by the Trustees to act as their Administrators and Advisors on the operation of the Scheme.

**20. Pension liability (continued)**

| <b>Change in benefit obligation</b>     | <b>2022-23</b> | <b>2021-22</b> |
|---|----------------|----------------|
|   | <b>£'000</b>   | <b>£'000</b>   |
| Benefit obligation at beginning of year | 29,812         | 32,389         |
| Current service cost                    | 188            | 412            |
| Past Service cost                       | -              | -              |
| Interest costs                          | 835            | 685            |
| Plan participants' contributions        | 94             | 112            |
| Benefit payments from plan              | (536)          | (580)          |
| Insurance premiums for risk benefits    | (16)           | (24)           |
| Actuarial gains                         | (9,399)        | (3,182)        |
| Benefit obligation at end of year       | <b>20,978</b>  | <b>29,812</b>  |

| <b>Change in plan assets</b>                      | <b>2022-23</b> | <b>2021-22</b> |
|---|----------------|----------------|
|   | <b>£'000</b>   | <b>£'000</b>   |
| Fair value of plan assets at beginning of year    | 24,516         | 23,713         |
| Expected return on plan assets                    | 679            | 500            |
| Employer contribution                             | 489            | 779            |
| Member contributions                              | 94             | 112            |
| Benefits paid                                     | (536)          | (580)          |
| Administrative expenses paid                      | (481)          | (90)           |
| Insurance premiums for risk benefits              | (16)           | (24)           |
| Return on plan assets (excluding interest income) | (4,037)        | 106            |
| Fair value of plan assets at end of year          | <b>20,708</b>  | <b>24,516</b>  |

**Amounts recognised in the statement of financial position**

|                               | <b>2022-23</b> | <b>2021-22</b> |
|-------------------------------|----------------|----------------|
|                               | <b>£'000</b>   | <b>£'000</b>   |
| Defined benefit obligation    | (20,978)       | (29,812)       |
| Fair value of plan assets     | 20,708         | 24,516         |
| Funded status - net liability | <b>(270)</b>   | <b>(5,296)</b> |

**20. Pension liability (continued)****Components of pension cost**

|  | <b>2022-23</b> | <b>2021-22</b> |
|--|----------------|----------------|
|  | <b>£'000</b>   | <b>£'000</b>   |
| Current service cost                     | 188            | 412            |
| Past service cost                        | -              | -              |
| <b>Total service cost</b>                | <b>188</b>     | <b>412</b>     |
| Interest cost                            | 835            | 685            |
| Interest (income) on plan assets         | (679)          | (500)          |
| <b>Total net interest cost</b>           | <b>156</b>     | <b>185</b>     |
| <b>Administrative expenses and taxes</b> | <b>481</b>     | <b>90</b>      |

|   |                |                |
|---|----------------|----------------|
| Defined benefit cost included in the Statement of Net Comprehensive Expenditure   | 825            | 687            |
| Total re-measurements included in other comprehensive income  | (5,362)        | (3,288)        |
| <b>Total defined benefit cost recognised in the Statement of Net Comprehensive Expenditure and other comprehensive income</b> | <b>(4,537)</b> | <b>(2,601)</b> |

| <b>Net defined benefit liability reconciliation</b>                             | <b>2022-23</b> | <b>2021-22</b> |
|---|----------------|----------------|
|   | <b>£'000</b>   | <b>£'000</b>   |
| Net defined benefit liability   | 5,296          | 8,676          |
| Defined benefit cost included in the Statement of Net Comprehensive Expenditure | 825            | 687            |
| Total re-measurements included in other comprehensive income                    | (5,362)        | (3,288)        |
| Employer contributions  | (489)          | (779)          |
| <b>Net defined liability as of end of year</b>                                  | <b>270</b>     | <b>5,296</b>   |

| <b>Defined benefit obligation by participant status</b> | <b>2022-23</b> | <b>2021-22</b> |
|---|----------------|----------------|
|   | <b>£'000</b>   | <b>£'000</b>   |
| Actives   | 7,486          | 11,771         |
| Vested deferred   | 8,903          | 12,331         |
| Retirees  | 4,589          | 5,710          |
| <b>Total</b>  | <b>20,978</b>  | <b>29,812</b>  |

**20. Pension liability (continued)**

| <b>Fair value of plan assets</b> | <b>2022-23</b> | <b>2021-22</b> |
|----------------------------------|----------------|----------------|
|                                  | <b>£'000</b>   | <b>£'000</b>   |
| Cash and cash equivalents        | 436            | 528            |
| Equity instruments               | 6,176          | 6,776          |
| Debt instruments                 | 6,323          | 11,060         |
| Derivatives                      | 5,750          | -              |
| Investment funds                 | 2,023          | 6,152          |
| <b>Total</b>                     | <b>20,708</b>  | <b>24,516</b>  |

**Significant actuarial assumptions****Weighted average assumptions to determine benefit obligations**

|                              | <b>2022-23</b> | <b>2021-22</b> |
|------------------------------|----------------|----------------|
|                              | <b>%</b>       | <b>%</b>       |
| Discount rate                | 4.80           | 2.80           |
| Rate of increase in salaries | 2.70           | 3.10           |
| Rate of pension increases    | 2.80           | 3.10           |
| Inflation assumption - RPI   | 3.10           | 3.50           |
| Inflation assumption - CPI   | 2.70           | 3.10           |

**Assumed life expectancy on retirement at age 65**

|  | <b>2022-23</b> | <b>2021-22</b> |
|--|----------------|----------------|
|  | <b>Years</b>   | <b>Years</b>   |
| <b>Female</b>                              |                |                |
| Retiring today (member age 65)             | 22.8           | 22.7           |
| Retiring in 20 years (member age 45 today) | 24.2           | 24.1           |
| <b>Male</b>                                |                |                |
| Retiring today (member age 65)             | 20.5           | 20.5           |
| Retiring in 20 years (member age 45 today) | 21.8           | 21.8           |

**20. Pension liability (continued)****Weighted average assumptions to determine defined benefit cost**

|                              | <b>2022-23</b> | <b>2021-22</b> |
|------------------------------|----------------|----------------|
|                              | <b>%</b>       | <b>%</b>       |
| Discount rate                | 2.80           | 2.10           |
| Rate of increase in salaries | 3.10           | 2.70           |
| Rate of pension increases    | 3.10           | 3.00           |
| Inflation assumption - RPI   | 3.50           | 3.10           |
| Inflation assumption - CPI   | 3.10           | 2.70           |

**Sensitivity Analysis**

|  | <b>2022-23</b> | <b>2021-22</b> |
|--|----------------|----------------|
|  | <b>£'000</b>   | <b>£'000</b>   |
| <i>Present value of defined benefit obligation</i> |                |                |
| Discount rate - 25 basis points                    | 21,874         | 31,401         |
| Discount rate + 25 basis points                    | 20,135         | 28,333         |
| Price inflation - 25 basis points                  | 20,464         | 29,114         |
| Price inflation + 25 basis points                  | 21,707         | 30,545         |
| Mortality assumption - 1 year                      | 21,448         | 30,715         |

**Other required disclosure amounts**

The contributions expected to be paid to the plan during the next financial year amount to £500,000 (2021-22: £384,000)

**21. Contingent liabilities**

The Company did not have any contingent liabilities at 31 March 2023 or at 31 March 2022.

**22. Related party transactions**

Usel is a Non-Departmental Public Body (NDPB) sponsored by the Department for Communities (DfC), which is regarded as a related party. During the year, Usel has had various transactions with DfC and with other entities for which DfC is regarded as the sponsoring department.

None of the Board members, members of the management staff or other related parties have undertaken any material transactions with Usel during the year. A copy of related parties information is available on request at [www.Usel.co.uk](http://www.Usel.co.uk)

The following balances included in Usel's Financial Statements relate to transactions with the DfC.

**22. Related party transactions (continued)**

| Department for Communities | Balance due to DfC (ES)<br>£ | Balance due from DfC (ES) | Retention Monies due<br>£ | DfC Loan<br>£ | DfC Loan write-off<br>£ | Grants received<br>£ |
|----------------------------|------------------------------|---------------------------|---------------------------|---------------|-------------------------|----------------------|
| 31-Mar-23                  | 198,665                      | 373,460                   | -                         | -             | -                       | 978,391              |
| 31-Mar-22                  | 93,342                       | 22,881                    | -                         | -             | -                       | 873,996              |

**Key management personnel compensation**

Compensation totalling £280,458 was paid to key management personnel in 2022-23 (2020-21: £277,093). Compensation of key management personnel includes salaries, non-cash benefits and contributions to defined contribution pension plans. This includes amounts paid to the Chief Executive. Amounts paid to all other Board members are disclosed in the Remuneration and Staff Report.

**23. Events after the reporting date**

There were no events after the reporting date which would require adjustment to the financial statements.

The Accounting Officer authorised these financial statements for issue on 15 February 2024.

**Appendix 1**

**Schedule 1**

**Application of the Accounting and Disclosure Requirements of the Companies Act 2006 and Accounting Standards**

**Companies Act 2006**

- 1 The disclosure exemptions permitted by the Companies Act 2006 shall not apply to Ulster Supported Employment Limited unless specifically approved by Department of Finance (DoF);
- 2 The Companies Act 2006 requires certain information to be disclosed in the Directors' Report. To the extent that it is appropriate, the information relating to Ulster Supported Employment Limited shall be contained in the Foreword;
- 3 When preparing its Income and Expenditure Account, Ulster Supported Employment Limited shall have regard to the Profit and Loss Account format prescribed in the Companies Act 2006;
- 4 When preparing its Statement of Financial Position, Ulster Supported Employment Limited shall have regard to Statement of Financial Position format prescribed in the Companies Act 2006. The Statement of Financial Position totals shall be struck at "Total assets less current liabilities";
- 5 The Foreword and Statement of Financial Position shall be signed by the Accounting Officer and dated.

**Schedule 2**

**Additional disclosure requirements**

- 1 The foreword shall, inter alia:
  - (a) state that the financial statements have been prepared in a form directed by the Department for Communities with the consent of DoF; and
  - (b) include a brief history of Ulster Supported Employment Limited and its statutory background.
- 2 The notes to the financial statements shall include details of the key corporate financial targets set by the Department together with the performance achieved.

## Ulster Supported Employment Limited

2022-23

### Report of the Comptroller and Auditor General to the Northern Ireland Assembly

#### Introduction

1. Ulster Supported Employment Limited (USEL) is a Non-Departmental Public Body, established in 1962. USEL is a leading provider in supporting people with disabilities or health conditions into employment. USEL is a separate legal entity with its own independent board and Accounting Officer. It is sponsored by the Department for Communities (the Department), but it is not part of the Department nor are its financial statements consolidated with those of the Department. In 2022-23 it recorded £978k (2021-22, £874k) of grant-in-aid funding from the Department.

#### Purpose of the Report

2. I am required to examine, certify and report upon the financial statements prepared by USEL under the Companies (Public Sector Audit) Order (Northern Ireland) 2013. I have qualified my regularity opinion for USEL's financial statements for the year ended 31 March 2023 due to insufficient evidence available to satisfy myself that a significant proportion of other operating expenditure and other pension costs incurred had been properly approved in accordance with procedures agreed with USEL's parent department the Department for Communities.

#### Qualified opinion on the regularity of other operating expenditure and other pension costs

3. In addition to forming an opinion on whether the financial statements show a true and fair view, I am required to give an opinion on the regularity of transactions by considering if income and expenditure has been applied for the purposes intended by the Assembly and whether the transactions comply with the authorities which govern them. As part of this work, I must gather independent audit evidence to assess whether expenditure transactions have been properly approved.
4. Significant weaknesses in procurement practices in Ulster Supported Employment Limited were identified in 2023 following on from concerns raised under its whistleblowing procedures. It was subsequently identified that significant exceptions had arisen in Ulster Supported Employment Limited's expenditure approval process across a range of other operating expenditure that was tested. As a result, sufficient appropriate audit evidence was not available for me to determine whether USEL's other operating expenditure in 2022-23 totalling £1.671 million has been incurred with the required delegated approvals in place. USEL was unable to provide business case approvals or evidence that the correct procurement approach was followed for a significant number of expenditure transactions tested. The remaining balance of other operating expenditure in 2022-23 relates to expenditure streams such as insurance, audit fees, and light, heat and power for which I was able to obtain reasonable assurance.



Report of the Comptroller and Auditor General to the Northern Ireland Assembly  
(continued)

5. Furthermore, sufficient appropriate audit evidence was not available for me to determine whether USEL's other pension costs of £97k in 2022-23 has been incurred with the required approvals in place. USEL Management advised me of a number of instances whereby employees were given higher pension contribution rates than others. No documentation could be provided to me for the rationale or appropriateness of these awards.
6. I consider the value of expenditure transactions for which I have been unable to obtain sufficient appropriate audit evidence to confirm regularity to be material to USEL's financial statements and have therefore qualified my audit opinion on regularity on this basis.
7. I am concerned that there appears to have been a disregard of the required approval processes and a breakdown in the effectiveness of procurement internal controls within USEL. I asked USEL to explain why the required delegated approvals were not available for the other operating expenditure and other pension costs transactions tested.
8. USEL has told me that there were serious issues in their procurement internal controls, communication and knowledge which became apparent when a member of staff left in 2022. The Senior Management Team and Interim Accounting Officer realised the seriousness of the issues identified, noting this on the risk register, and in order to help address these issues it sought to recruit an experienced procurement manager with public sector experience.

Report of the Comptroller and Auditor General to the Northern Ireland Assembly  
(continued)

**Recommendations for the Future**

9. USEL should establish a corrective action plan in order to address the regularity issues encountered during the year. This should start with identifying how the operating effectiveness of controls failed and clearly outlining how this will be addressed. The action plan should be monitored, with progress reported to those charged with governance on an ongoing basis.
10. USEL has told me that an experienced public sector procurement manager has been recruited and is in the process of finalising a procurement procedure document with USEL's sponsor branch. The procurement manager is also embarking on delivering training sessions within USEL and the Board to upskill and reduce the knowledge gap on public procurement within USEL. The procurement manager has also updated the contracts register and brought it in line with USEL's procurement needs and Department of Finance guidance. The contract register is presented on a monthly basis to the Board and on a quarterly basis to USEL's Audit and Risk Assurance Committee (ARAC) which sponsor branch attend. USEL has also developed a financial report which is run on a monthly basis to ensure that expenditure is in line with approved contractual limits and that the contracts register is complete at all times. Any internal and external audit issues raised are tracked and reported on a quarterly basis in the ARAC to ensure that recommendations are being addressed within USEL on a timely basis. USEL has also requested their internal auditors focus on procurement, contract management and corporate governance, including delegated authorities, for 2024-25 which should give additional comfort that USEL have improved the controls and processes in relation to the qualification.
11. The regularity of transactions will be tested as part of my audit of USEL's 2023-24 financial statements. I will keep progress made by USEL under review and will consider implications for my regularity audit opinion from further matters identified.



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

15 February 2024