



2020-21

Annual Report & Resource Accounts

For the year ended 31 March 2021

Sustainability at the heart of a living, working, active landscape valued by everyone.



Department of
**Agriculture, Environment
and Rural Affairs**

www.daera-ni.gov.uk



**INVESTORS
IN PEOPLE**

Department of Agriculture, Environment and Rural Affairs

Annual Report and Accounts for the year ended 31 March 2021

*Laid before the Northern Ireland Assembly by the
Department of Finance under
section 10(4) of the Government Resources
and Accounts Act (Northern Ireland) 2001*

8 July 2021

Annual Report and Accounts for the year ended 31 March 2021



© Crown Copyright 2021

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

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

Any enquiries regarding this document should be sent to us at: returns.frb@daera-ni.gov.uk or 028 7744 2020.

You can download this publication from our website at <http://www.daera-ni.gov.uk>

Department of Agriculture, Environment and Rural Affairs Annual Report and Accounts for the year ended 31 March 2021

Contents

Performance Report

• Permanent Secretary Overview	1
• Non-Executive Directors' Report	4
• Overview	7
• Performance Analysis	15

Accountability Report

• Corporate Governance and Director's Report	44
• Statement of Accounting Officer's Responsibilities	50
• Governance Statement	52
• Remuneration and Staff Report	68
• Assembly Accountability and Audit Report	86
• Statement of Outturn against Assembly Supply	86
• The Certificate and Report of the Comptroller and Auditor General	97

Financial Statements

• Consolidated Statement of Comprehensive Net Expenditure	104
• Consolidated Statement of Financial Position	105
• Consolidated Statement of Cash Flows	107
• Consolidated Statement of Changes in Taxpayers' Equity	109
• Notes to the Accounts	110
• List of Abbreviations	144





Performance Report

Annual Report and Accounts
for the year ended 31 March 2021

Introduction

The Department of Agriculture, Environment and Rural Affairs (DAERA) presents its Annual Report and Accounts for the financial year ended 31 March 2021.

Performance Report

Permanent Secretary Overview



*Dr Denis McMahon,
Permanent Secretary*

I am very pleased to present the Department of Agriculture, Environment and Rural Affairs (DAERA, the Department) 2020-21 Annual Report and Accounts.

I am immensely proud of the achievements of my DAERA colleagues in meeting the significant challenges which COVID-19 and the European Union (EU) Exit have brought in this historic year. We have delivered on our Minister's priorities which incorporated the Executive's New Decade, New Approach (NDNA) and the Programme for Government (PfG) commitments, highlighting how our diverse areas of work impacts upon the lives of everyone in Northern Ireland. This was due to our dedicated and highly capable, professional staff who are committed to making a difference.

Our response to the pandemic and planning for implementing the NI Protocol has enhanced our ability to work at pace, using technology in imaginative and innovative ways to ensure continuity of service to all our stakeholders. We have supported businesses and individuals through the hardships the pandemic brought whilst preparing to realise the opportunities for food and farming that the UK's exit from the EU brings. £45m was provided by us by way of COVID-19 support and £26.9m allocated for market interventions in the Agri-Food sector was the most comprehensive allocation made by any UK or EU administration for the agriculture and horticulture sectors during the pandemic. We will continue to engage and listen to our industry partners and deliver support as needed.

Although work on implementing the NI Protocol and providing support and direction during the pandemic have been at the forefront, we have continued to make crucial steps towards our strategic aims as laid out in Sustainability for the Future - DAERA's Plan to 2050 and delivering our contribution to the Programme for Government.

We supported the rural economy under Outcome 1 - 'We prosper through a strong, competitive, regionally balanced economy' with £294.7m in Direct Payments paid out and to date 971 full time jobs have been created under the LEADER element of the Rural Development Programme (RDP). Rural Policy Framework Pilot schemes have been successfully launched including a joint Website Development initiative with Tourism NI

Annual Report and Accounts

for the year ended 31 March 2021

(£1m Capital); a Rural Micro-Business Growth Scheme (up to £1m Capital); a Tourism Collaboration Experiences Scheme (£465k); and a Rural Social Economy Investment Scheme (£600k). The Project Stratum has identified 79,000 potentially eligible premises for broadband upgrades. We have committed to contributing up to £35m towards the £165m project budget.

We led on Outcome 2 - 'We live and work sustainably - protecting the environment'. Further development of the Green Growth concept recognises the importance of all the key players working together in a spirit of partnership and collaboration, towards our recovery and a shared goal of transforming our society to net zero greenhouse gas emissions by 2050. This along with our other strategies on biodiversity, ammonia, climate change, rural development and future agricultural support are vitally important to the health and wellbeing of every person in Northern Ireland. In terms of the indicators, the household recycling rate decreased by 1% to 51.2% which given the impact of COVID-19 is still a positive result. We are also driving change through our Forests for our Future Programme which commits to the planting of 18m trees by 2030 and create 9,000 hectares (ha) of new woodland to help our environment and economy. Over 280 hectares (ha) of new woodland have been planted since our "Forest of Our Future" launched in March 2020.

We also supported job creation and the development of key skills under Outcome 6 - 'We have more people working in better jobs' as CAFRE delivered training to 11,358 people with 1,037 people achieving nationally validated qualifications at Level II. Over 3,200 farmers and growers participating in the Business Development Groups (BDGs) and we have exceeded our target of 16,500 farm family members receiving Farm Family Key Skills (FFKS) training since 2016.

The Tackling Rural Poverty and Social Isolation (TRPSI) programme continued with a £11.2m annual budget that was able to benefit 279,000 people to date.

This is only a snapshot of our achievements which demonstrate some of the diverse range of responsibilities we hold. The content of this Report sets out in more detail all of the issues addressed by us in the last financial year.

We have over 3,000 staff working across more than 230 sites and manages almost 10% of the Northern Ireland landmass, waterways and coast. We support a thriving £5.2 billion farming, food and drinks processing industry which accounts for 4.65% of total employment in Northern Ireland.

I want to thank staff for what we have achieved in the past year. Through our agility and adapting to new ways of working, we worked with our stakeholders to keep food supplies flowing, waste services functioning, provided vital support to sectors and maintained protection against pollution. Our keen focus on leadership, health and wellbeing, along with staff engagement has contributed to a further increase this year on our Employee Engagement Index (EEI) to 64% meaning we are currently joint as the top Department in relation to EEI Scores. We have also been the benchmark organisation for others in how

Annual Report and Accounts for the year ended 31 March 2021

expediently and effectively we enabled our staff to work remotely and we look forward to piloting the creation of a NICS regional hub in Ballykelly House.

As we look to the year ahead, we will continue to play a pivotal role in the economic and broader recovery from the pandemic. We will work collaboratively with others to ensure we optimise the opportunities of EU Exit for the benefit of current and future generations. We will develop a future agricultural support framework better suited to local needs, one that will provide for and secure long-term sustainability within our industry and support NI in its ambition to be a world class food region. Working in partnership, we will lead on the Green Growth pathway to transform and grow the Northern Ireland economy whilst protecting our natural assets and reducing our carbon emissions in our work to tackle climate change. Our important work in protection and promoting animal and plant welfare will continue, as will our collaborations to build thriving rural communities.

We still face huge challenges but this year has shown how flexible, adaptable and resilient we can be. I remain extremely proud of this organisation, its' people, and what we have achieved under the most challenging of circumstances. I am confident that we can build on our successes and continue to be an ambitious, inclusive and outward looking organisation which makes a difference to the people we serve.

Non-Executive Directors' Report

The past year has been one of immense activity and development for us. While the main themes continued to be delivering environmental and economic outcomes, transforming the way people work across DAERA and focusing on customers, significant effort and resource has been focused on preparing for and addressing the opportunities and challenges of operating outside the EU.



Sharon McCue



Bernie Stuart

We have an Audit & Risk Assurance Committee (ARAC) which is chaired by a Non-Executive Member (NEM) with three additional independent members one of whom is also a Non-Executive. Both these Non-Executive members of ARAC are also Independent Board members of our Departmental Board. This enables ARAC to contribute to the Departmental Board's (DB) overall process for ensuring that governance, risk management and internal control processes operate effectively. Included in the ARAC agenda is a high level assurance report from each of the Arms' Length Bodies. The Chair of ARAC has presented a number of reports outlining the work of the Committee to Departmental Board. The Non-Executives meet with the Accounting Officer throughout the year to discuss and provide advice on emerging issues.

The Non-Executive members contributed to the discussion on all issues discussed by the Board throughout the year providing an independent challenge function which contributed to the development of policies and programmes as well as governance. They also brought an additional external focus to the discussion from the perspective of the people who live and work here. This included discussion on EU Exit and beyond, International Trade, New Animal Health Information System and development of policies eg the developing environmental agenda and rural development post EU Exit. In addition, as members of the NICS Non-Executive Forum, they are able to highlight cross-departmental issues affecting Non-Executives and their contribution to the wider civil service governance agenda.

During the year we invited the Chair of ARAC to sit as an independent observer on the Casework Committee. The Casework Committee is a sub-committee of the Finance Committee. It provides assurance to the Accounting Officer and Departmental Board around significant expenditure decisions made within DAERA. The Committee is intended to increase collective decision making and buy-in to projects, particularly where affordability is a significant consideration.

The Non-Executive Members have supported the Departmental Board in progressing a range of activities aimed at reviewing achievement of targets, financial performance, risk management and staff engagement as well as capacity building which included:

- **Staffing**

During the year the Board discussed our culture, values and behaviours and the importance of how we work with our stakeholders and customers and supported the steps being taken to recruit younger employees to widen the diversity of the workforce.

The Board received updates from Northern Ireland Civil Service Human Resources (NICS HR) at each meeting covering various staff related topics including addressing the large number of vacancies, absence levels and mandatory training.

- **Cyber Security**

The importance of cyber security was recognised by the Board and the steps taken by us to address threats such as Phishing and access via third party suppliers and that appropriate incident response plans were in place. Training and communication to all staff and specific training for the Board on cyber security was recognised as being essential to minimising the risk.

- **Health & Safety**

The Board continued to receive Health & Safety updates throughout the year on a wide range of issues including communications to staff, mandatory training, fire risk assessments and estate maintenance issues.

- **Risk Management**

Our range of strategic and major operational risks can broadly be categorised into those escalated from each group's responsibilities and include resourcing, delivery, communication and financial risks. There have been significant changes introduced to mirror best practice and simplify the risk management process with renewed guidance and training provided across the Department. The Departmental Corporate Risk Register (CRR) has been reviewed throughout the year at DB, Audit and Risk Assurance Committee (ARAC) and Delivery Committee.

- **Financial Performance**

The Finance Committee and the Resourcing and People Committee, both sub-committees of the Departmental Board, have ensured sound financial management is in place and have scrutinised the allocation of financial and human resources to achieve strategic objectives. We had a target of Provisional Resource and Capital Outturn to be between 99% and 100% of the Final Budget for 2020-21. Both ARAC and the Departmental Board are kept regularly apprised of the financial position throughout the year. This has been achieved with Resource Provisional Outturn of 99.8%. Capital Provisional Outturn is 94.4%. The underspend in Capital was mainly due to underspend on ring fenced funding for NI Protocol. Overall Provisional Resource and Capital Outturn was 99.1%.

Annual Report and Accounts

for the year ended 31 March 2021

- **Achievement of Targets and Objectives**

We had 16 targets which are focused on the top priorities for us, namely the transition following our exit from the EU and our recovery and renewal in the wake of COVID-19. Progress is reported on a quarterly basis to the DB and the Non-Executive members contribute to the discussion. Of the total 16 targets, by the end of March 2021, 12 were achieved, 3 partially achieved and 1 not achieved.

Board Effectiveness

The Board Operating Framework commits the Board to an annual review of its performance. This commitment is in line with Her Majesty's Treasury (HMT) and the Cabinet Office guidance "Corporate Governance in Central Government Departments: Code of Good Practice NI (2017)" which states:

"The Board should ensure that arrangements are in place to enable it to discharge its responsibilities effectively, including... a formal and rigorous annual evaluation of the Board's performance" (para 4.1).

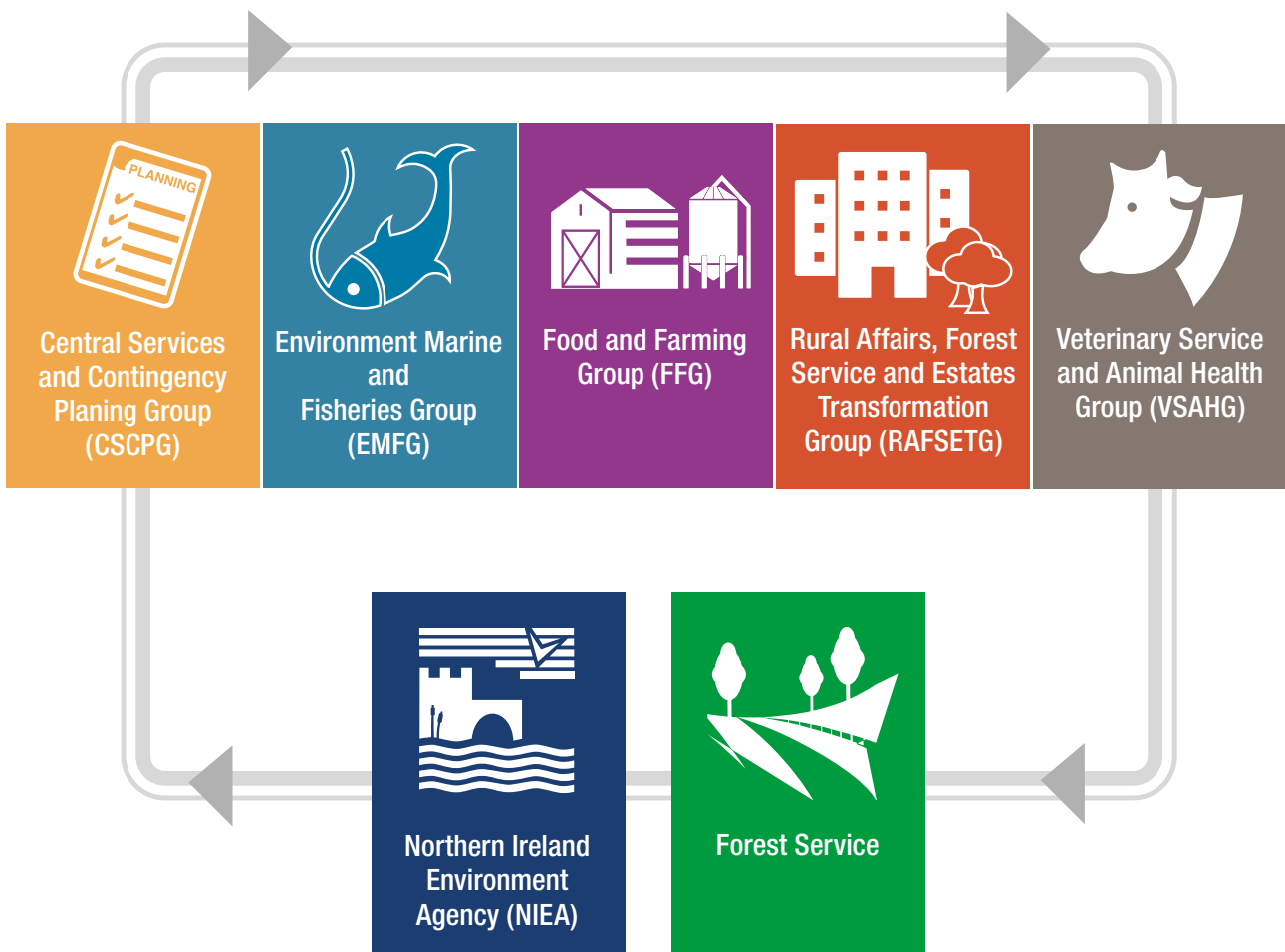
In July 2020, all Board Members completed an on-line Self-Assessment Questionnaire of 20 mandatory statements which rated Members' views on the relative strengths of the Board's effectiveness. Members were asked to either agree, or disagree with each statement and were offered the opportunity to provide general feedback and comments. The findings were mainly very positive, with scores indicating that the strategic direction and governance oversight of the Departmental Board is good. Any shortcomings from the review have been addressed. A further exercise is planned to revisit this self-assessment which will enable progress and any new pointers for improvements to be highlighted.

The Departmental Board has continued to meet remotely during the COVID-19 Pandemic. Performance assessment of individual Board members takes place, including the assessment of the independent members against their agreed objectives, and the Executives on the Board through the annual Senior Civil Service performance cycle.

Overview

This section outlines the Department, our purpose, key risks that we faced in achieving our objectives and how we have performed during 2020-21.

We have responsibility for food, farming, environment, fisheries, forestry, sustainability policy and the development of the rural sector in Northern Ireland. We are structured into five groups (including two Executive Agencies) to support the delivery of its strategic objectives:



Purpose

We were established in May 2016 following the commitment in the Stormont House Agreement to reduce the number of government departments from twelve to nine.

Success will see us deliver on our purpose of **'Sustainability at the heart of a living, working, active landscape valued by everyone'** and, thereby, improving the lives of the people living in Northern Ireland.

Our purpose is achieved through achievement of our strategic objectives as set out in Sustainability for the Future - DAERA's Plan to 2050.

Annual Report and Accounts for the year ended 31 March 2021

Our Business Plan, supported by Business Unit Plans, sets out the operational detail that contributes to the achievement of annual targets and also provides staff with a clear view of how their personal contribution aids our task on delivering and improved service to our customers and stakeholders.

 <p>1. Economic Growth</p> <p>To enhance our food, forestry, fishery and farming sectors using efficient and environmentally sustainable models which support economic growth.</p>	 <p>2. Natural Environment</p> <p>To protect and enhance our natural environment now and for future generations whilst advocating its value to and wellbeing for all.</p>
 <p>3. Rural Communities</p> <p>To champion thriving rural communities that contribute to prosperity and wellbeing.</p>	 <p>4. Exemplar Organisation</p> <p>To be an exemplar, people focused organisation, committed to making a difference for the people we serve.</p>

Our purpose complements achievement of the PfG in which we have lead responsibility for Outcome 2. The main DAERA activities relating to the delivery of PfG Outcome 2 for 2020-21 was the protection of the environment through regulation and enforcement, statutory designations, research and monitoring, funded interventions, raising public awareness of the environment and their role in protecting it. However, we have also contributed to other PfG outcomes as follows:

We live and work sustainably - protecting the environment



<p>We prosper through a STRONG, COMPETITIVE regionally balanced economy</p> 	<p>We have a MORE EQUAL SOCIETY</p> 	<p>We enjoy long, healthy, active lives</p> 	<p>We are an INNOVATIVE, CREATIVE, SOCIETY, where people can fulfil their potential</p> 
<p>We have more people working in better jobs</p> 	<p>WE CARE FOR OTHERS AND WE HELP THOSE IN NEED</p> 	<p>We are a shared society that respects diversity</p> 	<p>WE ARE A CONFIDENT, WELCOMING, OUTWARD-LOOKING SOCIETY</p> 
<p>We connect people and opportunities through our infrastructure</p> 	<p>We have created a place where people want to live & work, to visit & invest</p> 	<p>We give our children and young people the BEST START IN LIFE</p> 	<p>Northern Ireland Executive www.northernireland.gov.uk</p> 

How we are organised

We operate under the direction and control of the Minister. Following the re-establishment of the NI Executive in January 2020, Minister Poots MLA was appointed to DAERA on 14 January 2020. This is a leadership role of central importance to the environment, the agri-food industry and wider society (including rural society).

Our Purpose and Main Activities

Our principal activities include:



Annual Report and Accounts

for the year ended 31 March 2021

We were responsible for the following key activities in 2020-21:

- Overseeing the application of agricultural, environmental, marine, inland fisheries and rural development policy in NI;
- Leading and co-ordinating input to the EU Exit delivery programme to ensure we secure the best outcome for the people who live and work here;
- Ensuring we were prepared for all aspects of the Sanitary and PhytoSanitary (SPS) Inspection programmes for movements of goods from GB to NI following transition from EU;
- Helping achieve sustainability for our economy, society and environment including the development of Green Growth Strategy;
- Supporting our stakeholders during the COVID-19 pandemic;
- Working to support a green recovery and renewal following COVID-19;
- Ensuring animal health and welfare, including the eradication of animal disease, protection of health through veterinary public health controls and prevention of entry of exotic animals into NI;
- Developing and delivering policy in relation to food and farming policy, including the implementation of programmes to support the sustainable development of the agri-food sector;
- Enabling exports of agri-food products through veterinary certification based on official controls whilst assisting cross government efforts to access new markets;
- Supporting and managing the protection of, and access to, the environment including the management of country parks and nature reserves, acting as the Statutory Nature Conservation Body (SNCB) in NI;
- Developing new digital technologies to better deliver enhanced customer services;
- Ensuring our expenditure is incurred appropriately and delivers value for money for the public;
- Through the Rural Development Programme, supporting sustainable economic growth in NI's rural areas, tackling poverty, promoting social inclusion and supporting rural communities;
- Developing the skills and competence of people wishing to enter, or already working in, the NI agri-food industry and rural community;
- Developing and delivering policy and legislation to protect, conserve and enhance the environment;
- Ensuring the efficient and effective processing of subsidy and grant payments so as to ensure that regulatory, scheme and timing requirements are met;
- Managing a natural capital asset of 65,000 ha of productive forest and green space and providing public goods and services through sustainable management of this asset to deliver a balanced mix of ecosystem service.

Our Partners

The following are the bodies for which we had some degree of responsibility during the year:

- **Northern Ireland Environment Agency (NIEA)** is an Executive Agency and as such its Accounts are included in the Consolidated Accounts of the Department.
- **Forest Service** which still operates as an Executive Agency now falls outside the Departmental Accounting Boundary since its reclassification to a Public Non-Financial Corporation by the Office of National Statistics (ONS) from 1 April 2020. Their Accounts are no longer consolidated in the Departmental Group.
- We sponsored the following Executive Non-Departmental Public Bodies (NDPBs):
 - **Agri-Food and Biosciences Institute (AFBI)**;
 - **Livestock and Meat Commission for NI (LMC)**;
 - **NI Fishery Harbour Authority (NIFHA)**; and
 - **Agricultural Wages Board (AWB)** for NI.



- Council for Nature Conservation and the Countryside (CNCC) - a statutory advisory body.
- Foyle, Carlingford and Irish Lights Commission (FCILC) - a North South Implementation Body for which we are a co-sponsoring Department (with the Department of Environment Climate and Communications in the Republic of Ireland).

Other Bodies

We fund Gangmasters and Labour Abuse Authority (GLAA) enforcement in NI. The GLAA is a UK-wide body sponsored by the Home Office, which aims to curb the exploitative activities of labour providers (Gangmasters) in agriculture, horticulture, shellfish gathering and the related food processing and packaging sectors.

Annual Report and Accounts

for the year ended 31 March 2021

Business Plan Monitoring and Reporting Arrangements

Progress against the Business Plan targets was reported to the DB throughout the year. Progress is reported in accordance with the methodology previously adopted for the PfG Commitment Reports to the Executive.

The Performance Analysis Section below identifies the outcome at 31 March 2021 in relation to each of the targets included in our 2020-21 Business Plan. Of the total of 16 targets, 12 were achieved, 3 partially achieved and 1 not achieved.

Summary of performance against published Key Performance Indicators (KPI's) for 2020-21 Business Plan Targets

EU Exit	NI Protocol	EU Exit Operational Changes	COVID-19
Agile Working	Waste Statistics	Food Supply	Forest Estate
Protection of Service Animals	Payments to Farmers	Natural Environment	International Market Access
Rural Policy Framework	Bovine TB (bTB)	Regulatory Checks	Green Growth Strategy

Corporate Risks

Our Corporate Risk Register has been prepared on the basis of an assessment of the key risks impacting on the achievement of our Key Performance Targets. The key risk areas are highlighted below with additional detail on these risks can be found in the Governance Statement under Risk Control Framework.

Area	Key Risks
EU Exit	Food Supply and Security
Finance and Governance	People and Resourcing
Environment	Climate Change
COVID-19	Green Growth
Enduring Risk - Information Assurance	Enduring Risk - Animal Disease Control

Our contribution to Programme for Government 2020-21

For PfG Outcome 2 “We live and work sustainably, protecting the Environment” the Waste, Air and Biodiversity indicators have shown positive change during 2020-21, while no change has been recorded for greenhouse gas emissions or River and Marine water.

The Executive Office’s (TEO) public consultation on a new strategic PfG Framework closed on 22 March 2021. As part of this we are identified as having input to 8 of the 9 proposed Outcomes in the draft Strategic PfG and will have input to 22 of the Key Priority Areas (KPAs) within these outcomes. Green Growth is listed as a key Strategy under five of the nine proposed Strategic PfG Outcomes.



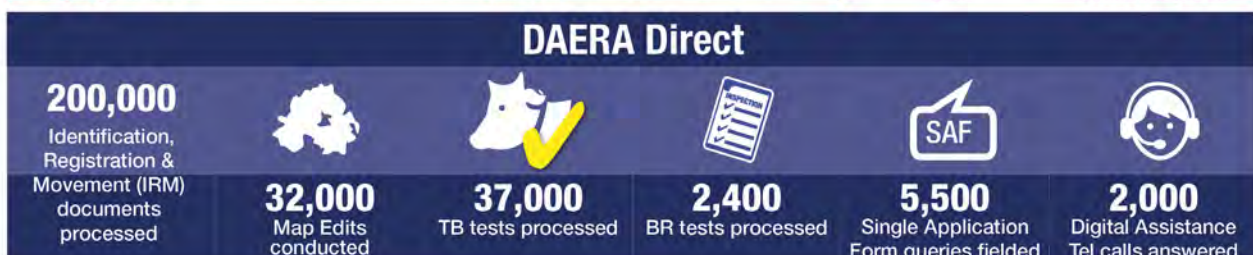
Annual Report and Accounts
for the year ended 31 March 2021



Performance Analysis



Our Performance and Key Achievements for 2020-2021



The Departmental Business Plan

The 2020-21 DAERA Business Plan set out the key work planned by us during the year. As indicated in the chart below a significant proportion of our commitments for the year as set out in the Business Plan were achieved.

A summary of the outcome at 31 March 2021 in relation to each of the targets included in our 2020-21 Business Plan can be found in the following section.



RAG Status	What we will do	Year End Position at 31 March 2021
	To co-ordinate and deliver the essential legislative and policy frameworks required by the end of the EU Exit Transition Period, supported as necessary by effective contingency plans.	Achieved
	During and post the Transition Period maintain international market access through: <ul style="list-style-type: none"> • Sanitary and Phytosanitary policy/legislation; • Assurances to importing Competent Authorities and demonstration that Northern Ireland's agri-food products' conform with the importing country's animal and public health requirements supported by delivery of Official Controls and high standards of certification. 	Achieved
	To address environment and fisheries issues in respect of Transition and implementing the NI Protocol and communicating/supporting industry to ensure continuity for businesses and protection of the environment.	Achieved

Annual Report and Accounts

for the year ended 31 March 2021

RAG Status	What we will do	Year End Position at 31 March 2021
Achieved	Deliver, as appropriate, the operational changes that will result from the transition from the EU, supporting customers and stakeholders throughout the process and informing Brexit related legislative and policy issues to protect and enhance the environment.	Achieved
Partly Achieved	Deliver an agreed Rural Policy Framework for Northern Ireland that supports sustainable rural businesses and communities following EU Exit and the implementation of pilot actions to support COVID-19 recovery.	Partly Achieved The latest draft of the Framework is awaiting approval. 5 Rural Policy Framework Pilot schemes successfully launched. As at 31 March 2021, 105 Letters of Offer had been issued up to the value of £1.978m.
Not Achieved	Collaboratively develop and launch the Department's multi-decade Green Growth Strategy and Delivery Framework for consultation.	Not Achieved Work focused heavily on scoping, governance and widespread stakeholder engagement. Minister agreed to development as outlined: 1. A strategy framework document issued Spring 2021 2. The draft strategy published in advance of COP26 in November 2021; and 3. Final strategy delivered by the end of March 2022.
Achieved	Develop and, as necessary implement, sectoral support measures in response to market or other COVID-19 related disturbances, ensuring appropriate targeting, State Aid compliance and governance and avoiding unacceptable delivery risks to existing support measures.	Achieved

Annual Report and Accounts for the year ended 31 March 2021

RAG Status	What we will do	Year End Position at 31 March 2021
	Utilise DAERA's existing estate to respond to the COVID-19 pandemic by supporting staff to work in an agile and sustainable way.	Achieved
	Develop a resilient recovery through a low carbon, natural capital, and circular economy for Green Growth.	Achieved
	Develop and implement mitigations and contingency plans for securing food supply in Northern Ireland in both the immediate and long terms.	Achieved
	<p>Manage the DAERA Forest Estate sustainably and progress the 2020-30 Afforestation Programme:</p> <ul style="list-style-type: none"> • 250 hectares of new woodland on privately owned and DAERA land; and • prepare the plans for an additional 250 hectares on other public land, supported by a new grant scheme for small woodlands. 	Achieved
	Improve the natural environment (and deliver Programme for Government outcomes) for the security of a sustainable future.	Achieved
	Progress legislation providing for the greater protection of service animals.	Achieved
	Secure the Executive's approval of the long term proposals for the eradication of Bovine TB.	<p style="text-align: center;">Partly Achieved</p> <p>It is anticipated that final Executive approval on the new Strategy will be sought in early autumn 2021, at the conclusion of the consultation process.</p>

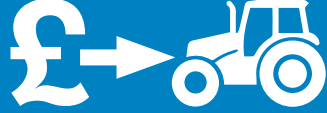








Annual Report and Accounts

for the year ended 31 March 2021

RAG Status	What we will do	Year End Position at 31 March 2021
<p style="background-color: #f4a460; color: white; padding: 5px;">Partly Achieved</p>	<p>Carry out appropriate environmental regulatory checks and monitoring and enforcement that will ensure the protection and enhancement of the environment and inform future evidence led policy, strategies and decisions to deliver improved environmental outcomes.</p>	<p>Partly Achieved</p> <p>Target of 90% for Waste Permitting, Waste Licences, Industrial Consents and Water Utility achieved.</p> <p>Target of 7 Areas of Special Scientific Interest (ASSIs) comprising 669 quadrats (survey points) to be completed. Seasonality of this ASSI work stream and COVID-19 lock-down in the fourth quarter of the year did not permit completion of outstanding work.</p>
<p style="background-color: #00a651; color: white; padding: 5px;">Achieved</p>	<p>Ensure the delivery of 2020 Direct Support to farmers, issuing full payments to 95% of eligible applicants.</p>	<p>Achieved</p>



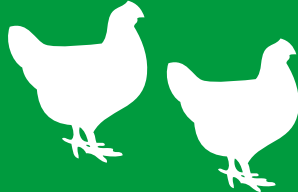

Key performance over the 2020-21 year under the four key Strategic Priorities were as follows:

Strategic Priority 1 - Economic Growth - To enhance our food, forestry, fishing and farming sectors using efficient and environmentally sustainable models which support economic growth




<p>First UK region to pay full Direct Payments to farm businesses in October.</p>	
<p>Target to pay 95% of farm businesses full payment by the end of November, surpassed - over 98% of eligible applicants receiving a payment.</p>	
<p>Full payment to 99.6% of eligible claims for Basic Payment and Greening.</p>	
<p>23,877 Direct Payment Recipients.</p>	
<p>A new delivery approach & timeline has been agreed on the Northern Ireland Food and Animal Information System (NIFAIS) which will facilitate the future delivery of this complex system.</p>	
<p>During 2020-21, College of Agriculture & Rural Enterprise (CAFRE) delivered programmes to 11,625 people.</p>	
<p>50 higher and further education programmes with 1,673 students enrolled in the 2020-21 academic year.</p>	<p>1,673 </p>
<p>In 2020, 689 students successfully completed a qualification at Level 2 or above.</p>	
<p>By 31 March 2021, 16,580 farmers had participated in Farm Family Key Skills training programmes. FFKS offers a range of courses in business planning, first aid, animal health, health and safety, responsible use of antimicrobials and coping with pressures of farming.</p>	

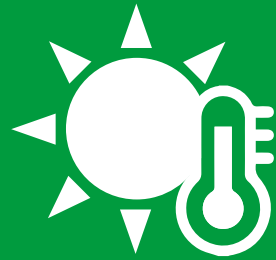






Annual Report and Accounts

for the year ended 31 March 2021

<p>104 Innovation Technology Evaluation Demonstration training events with 1,092 participants.</p>	
<p>20 Farm Innovation Visits (FIV's) training events with 284 participants.</p>	
<p>Our contingency plan and surveillance strategy, along with additional emergency measures enabled us to deal effectively with the Highly Pathogenic Avian Influenza disease outbreak which was confirmed in poultry premises for the first time in Northern Ireland. Disease eradicated successfully.</p>	
<p>Overall cost of the TB programme in 2020-21 is estimated at just over £37m with over £21m of this paid in compensation to farmers. Business case for proposed Strategy recommendations now complete.</p>	

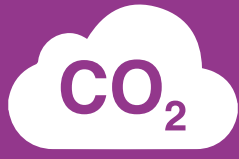





Strategic Priority 2 - Natural Environment - To protect and enhance our natural environment now and for future generations whilst advocating its value to and wellbeing for all.

<p>The Environmental Farming Scheme is an agri-environment scheme to help protect and enhance habitats, biodiversity, water quality & to sequester carbon. 4th Tranche launched during year with uptake of 152 Higher Agreements, 322 Wider Agreements.</p>	
<p>Summary Report on the 2,500 responses to Public Consultation Document. 8 week public consultation planned by mid-2021 on draft Environment Strategy.</p>	
<p>Environmental Index launched January 2021, helps us to understand how connected the people of NI are to their environment across a wide range of demographics - will be used to track changes in relationship between society and nature over time.</p>	

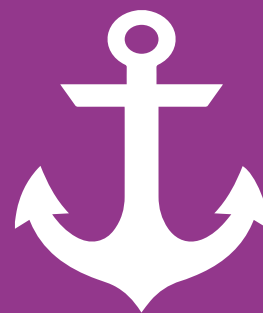
<p>Over 260 responses to the public consultation on discussion document for NI Climate Change Bill.</p> <p>Executive is currently considering the proposals for Climate Change Bill.</p> <p>We led a 'NI Climate Action' campaign on social media. Cross-cutting & collaborative campaign will generate public interest and engagement in protecting nature and tackling climate change.</p>	
<p>We launched Green Growth at the Assembly in June 2020. This is the Executive's multi decade strategy. Will map out actions needed to meet sector-specific greenhouse gas emission targets to deliver a cleaner environment, more efficient use of our resources within a circular economy and green jobs.</p> <p>We are leading the development of the Strategy using a co-design approach with key stakeholders from across local Government and the business, voluntary and community sectors.</p>	
<p>Northern Ireland household waste recycling rate for 2020-21 was 51.2%.</p>	
<p>Consultation launched on a Deposit/Return Scheme to increase recycling of drinks receptacles, improve the quality of the recycled material and reduce litter.</p>	
<p>Legal framework put in place for a circular economy package of measures on waste. Ambitious new targets of 65% of municipal waste being recycled by 2035.</p>	
<p>Following the outbreak of the COVID-19 pandemic, we provided funding for a communications campaign on bin hygiene and keeping our essential waste workers safe were necessary.</p>	 <ul style="list-style-type: none"> • Flyers delivered to 800k households • 2 Radio adverts to 2 million listeners • Social Media campaign reaching over 1.5 million people.
<p>13 million fewer bags dispensed and a 13.9% reduction from the previous year.</p>	

Annual Report and Accounts

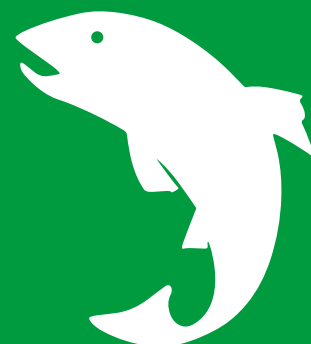
for the year ended 31 March 2021

<p>Work is underway to develop Northern Ireland's first Clean Air Strategy including the launch of a 12 week public consultation on The Clean Air Strategy Discussion Document.</p>	
<p>We financially support district councils in monitoring air quality through the Local Air Quality Management Grant. An additional £90k has been offered to three district councils to upgrade existing particulate matter monitors. With a further £315k secured to support a variety of projects relating to air quality.</p>	
<p>Northern Ireland's first air quality app launched providing instant up to date information on the air pollution levels across Northern Ireland and a five day air quality forecast.</p>	
<p>Water Quality: there is room for improvement:</p> <ul style="list-style-type: none"> • Very little improvement since 2015 where 37% of all water bodies were at 'good or better' status compared to 38% in the latest assessment. • Our rivers and lakes are showing deteriorations, coastal & transitional water bodies remain almost unchanged. 	
<p>We have continued to manage nature reserves and worked with partners to deliver additional land under favourable management helping protect habitats and species, utilising EU funding.</p>	
<p>INTERREG:</p> <p>9 projects supported under the INTERREG VA Environment priority.</p> <p>Focused on cross border designated areas; Neagh Bann and North Western International River Basin Districts and the inter-regional marine waters shared with Northern Ireland, the Republic of Ireland and Scotland.</p>	

Consulted on a Marine Plan for Northern Ireland
Working to produce the final Marine Plan which will provide the sustainable policy framework for public authorities in taking decisions which affect or might affect the marine area.
Consulted on proposed fisheries management measures intended to support fishing at sustainable levels while protecting the marine environment.



Continued to manage the Public Angling Estate > 90 waters along with our wider role in the conservation and protection of wild fish.
Angling has been noted as a welcomed form of socially-distanced outdoor exercise during COVID-19 restrictions, beneficial for both physical and mental wellbeing.
A 7% increase in Licence sales has been recorded which has been attributed to a wider trend in outdoor exercise and appreciation of nature over the last 12 months.



Launch of a revised Forest Expansion Scheme & new Small Woodland Grant Scheme
Convening of a cross-Governmental and local Government 'Afforestation Forum' to identify sites and developing plans for tree planting on council and public land.
Identified 330.28 ha of potential land for planting, across 126 sites.



Strategic Priority 3 - Rural Communities - To champion thriving rural communities that contribute to prosperity and wellbeing








The Northern Ireland Rural Development Programme (NIRDP) is worth up to £589m, including a contribution of €228m from EU funds. It helps to

- improve the competitiveness of the agri-food industry;
- improve the natural environment; and
- develop rural economies and communities, including the creation and maintenance of employment.



Annual Report and Accounts

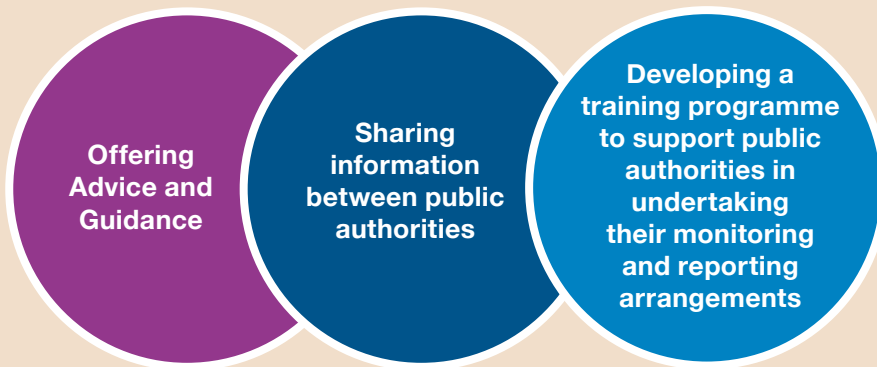
for the year ended 31 March 2021

<p>The Farm Business Improvement Scheme supports dairy, beef, sheep, horticulture, rural tourism and artisan producers through knowledge transfer, co-operation, innovation and capital investment.</p>	
<p>The Farm Business Improvement Scheme includes tiered capital investment to farmers and growers to invest in equipment and machinery with Tranche 3 of Tier 1 opened in 2020-21 with a budget of £15m.</p>	
<p>The Agri-Food Co-Operation Scheme has issued 44 letters of offer and made available a support package worth £1.3m.</p>	
<p>LEADER is an EU Programme worth £70m over the Rural Development Programme. Almost £13m paid out this year and 971 full time equivalent jobs created.</p>	
<p>Rural Tourism Scheme aims to create unique and innovative visitor attractions in rural areas to encourage visitors to stay longer.</p> <p>£1.5m spend during year.</p>	
<p>Tackling Rural Poverty and Social Isolation is an initiative led by us working in partnership with government bodies and other organisations to design and implement measures which help tackle rural poverty and social isolation.</p> <p>Assists projects such as:</p> <ul style="list-style-type: none"> • the development and enhancement of forest parks and community trails for recreational purposes; • the development of school facilities for community use, the regeneration of disused historical buildings in rural villages for delivering community services; • an Access and Inclusion Scheme to enhance public buildings; and • a small grants scheme to assist the rural community and voluntary sector to continue to provide services for rural dwellers. 	 <p>£11.2m committed</p>  <p>279,000 people benefitted</p>

The Rural Needs Act (NI) 2016 (the Act) requires public authorities to have due regard to rural needs in the development, implementation, adoption and revision of policies, strategies and plans and in the design and delivery of public services.

We published the third Rural Needs Annual Monitoring Report in December 2020.

We support public authorities in implementing the Act through:



Strategic Priority 4 - Exemplar Organisation - To be an exemplar, people focussed organisation, committed to making a difference for the people we serve.

3 Year Digital Transformation Programme commenced 2019 to deliver better public services by providing 24/7 access to a range of online services and data.



In line with the Open Data Strategy for Northern Ireland 2020-2023, we developed and launched our Information Hub in October 2020 which is a key enabler to promote the value of data as an asset and support evidence based decision making, policy development and service delivery.



Our commitment to, and investment in, digital services meant that we were in a strong position to react quickly to the COVID-19 pandemic. We led the way on work to maximise the use of video conferencing, audio conferencing and other collaboration tools to maintain a high level of productivity and cross-organisational working. An online work status application logged staff availability and issues due to COVID-19.



Annual Report and Accounts

for the year ended 31 March 2021

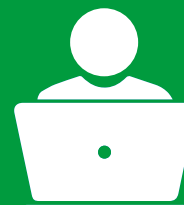
Whilst progressing the estate transformation programme, business areas were assisted in preparing and operating their premises during the pandemic to ensure the safety of staff, customers and users as well as meeting emerging accommodation needs due to EU Exit transition work.



95% of priority workers identified were able to work remotely by mid-April 2020.

2,500 staff working from home by mid-May 2020.

750,000 successful digital transactions.



12 DAERA Direct Offices

- 2,000 Digitally Assisted Calls
- 5,500 SAF enquiries
- 32,000 Map edits
- 200,000 Documents processed
- 2,400 BT tests processed
- 37,000 TB tests processed



Our work on staff engagement and leadership has been a major contributor to achieving the organisational objective of increasing staff engagement.



Our Staff Engagement and Leadership Forum acts as a communication platform for all employees, enabling them to voice their ideas as well as their concerns. We aim to ensure that both management and staff feel engaged. That work has continued throughout lockdown at a time when it has become even more vital to hear what staff have to say and to take action where we can on making improvements to the way we work and live.



CORONAVIRUS (COVID-19)



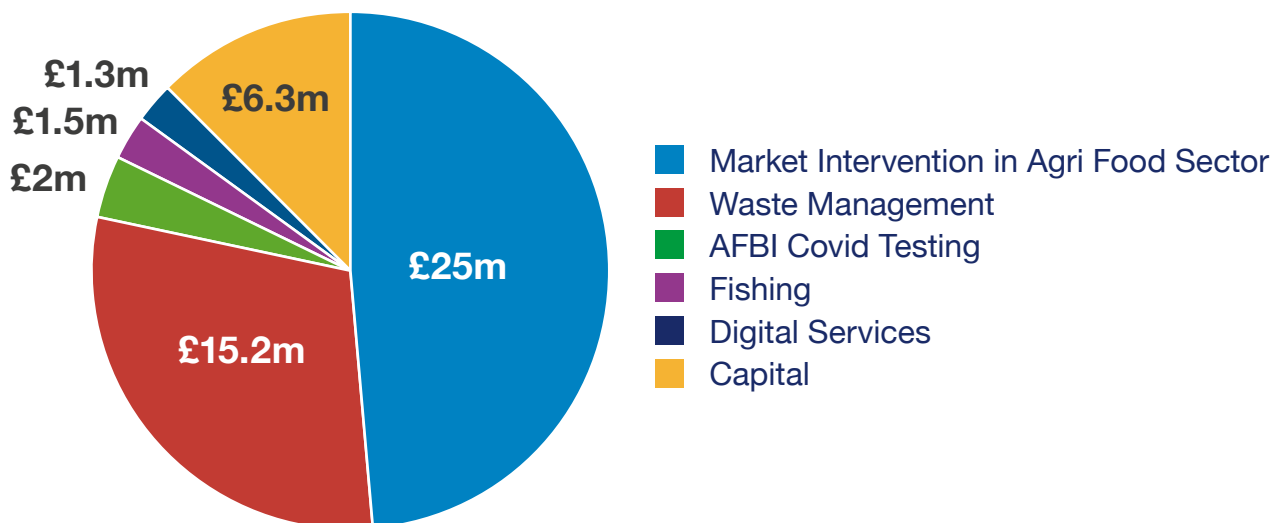
COVID-19

In 2020-21 we provided financial support during the COVID-19 pandemic, with schemes for the farming and fisheries sectors as well as for Councils' waste costs associated with higher collection, treatment and disposal costs.

The NI Executive agreed an allocation of £25m to us for market interventions in the Agri Food sector. This was the most comprehensive allocation made by any UK or EU administration for the agriculture and horticulture sectors during the Coronavirus emergency. It was based on a very strong economic rationale for providing financial assistance to agricultural and horticultural businesses, to enable them deal with short term disruptions that would substantially impact on otherwise viable businesses.

£15.2m of support was allocated to us to help Councils support the additional costs of implementing social distancing measures and ensure that staff across councils were able to fulfil these crucial waste management roles in a safe manner.

COVID-19 Budget 2020-21



In addition to this we provided £2m capital spend to facilitate staff working from home during the pandemic.

We facilitated the use of CAFRE facilities at Greenmount and Enniskillen campuses for residential accommodation for health care workers and the use of AFBI estate facilities as part of the Executive's COVID-19 testing programme. We worked closely with Department for Environment, Food and Rural Affairs (Defra), industry and other Government departments to implement specific COVID-19 requirements, particularly in relation to exports to China. In addition, a number of export health certification easements were

Annual Report and Accounts for the year ended 31 March 2021

put in place, including the issue of export health certificates to a number of countries to minimise the need for face-to-face interaction between private veterinary practitioners, exporters and our staff.

We introduced legislation to make the virus that causes COVID-19, notifiable when it is detected in animals, ensuring that we can take appropriate control measures if required to protect human health.

The public use of our forests played a vital role in offering a safe, natural and open space for exercise and associated health and well-being benefits. This year Forest Service opened recreational facilities in Hillsborough, Drumkeeragh and Cairn Wood forests in partnership with Lisburn and Castlereagh Council, Newry, Mourne and Down District Council and Ards and North Down Borough Council respectively. We collaborated across the public and the community voluntary sector to service the needs of rural communities. A number of TRPSI funded interventions to support rural businesses, dwellers and the community and voluntary sector have been made in 2020-21.

There was a significant increase in attendance at our Country Parks and Nature Reserves:



EU Exit

We are uniquely placed to promote prosperity across NI by supporting a competitive, regionally balanced economy and sustainable environment. Our areas of responsibility include environment, agriculture, forestry, fisheries, animal health and rural society. Together they underpin the social and economic fabric of rural communities. These sectors were heavily supported by funding from the EU.



The UK left the EU on 31 January 2020 and during the transition from the EU until the end of December 2020, we continued to focus resources on ensuring that all necessary plans were in place to prepare for the changes that this brought whilst taking advantage of opportunities presented by exiting the EU to grow our presence globally.

The DAERA Transition Programme steered us through the Transition Period and guided the future strategic direction post EU Exit. The identification of a minimum achievable product, 'must have' deliverables that would be required for operational readiness for the

implementation of the Ireland/Northern Ireland Protocol from 1 January 2021, focused efforts in ensuring that we could meet its obligations under the Protocol and also helped to prioritise critical areas of work.

The Transition Period ended on 31 December 2020 and the Protocol on Ireland and Northern Ireland became operational from 1 January 2021. We achieved the minimum achievable product by 31 December 2020 and successfully ensured that we were legislatively and operationally prepared for the end of the Transition Period, with appropriate contingency arrangements (including contingency plans) in place to mitigate the risks.

As the majority of EU Exit work will transit naturally to business as usual, new areas of work will become increasingly important and consideration is being given to the appropriate strategic forum to support and progress our vision and future change programme in the longer term.

In respect of funding, a total EU Exit allocation of £18.8m for the 2020-21 financial year was received by us, with £6.9m provided directly by HMT. All funding obtained for the 2020-21 financial year was fully utilised, with an EU Exit Outturn of £18.9m. This overspend of £0.1m was managed within our non-ringfenced budget.

EU Exit allocations are spent in three key areas:

- Staffing - to undertake a range of responsibilities and functions that are being repatriated from Brussels as agriculture, the environment, fisheries, forestry and rural development are all devolved matters. Even in reserved matters, such as trade and migration, we need to have a level of analysis and input that was not previously needed. Successfully managing transition post EU Exit, including our requirements under the NI Protocol, provides a significant challenge for us. We had an outturn of £17.6m for 2020-21. At the 31 March 2021 we had a headcount of 379 (371.3 Full Time Equivalents (FTE)) working in EU Exit posts;
- EU Fund for Disease Eradication - funding was previously provided by the EU to support our work in relation to disease eradication. To support this work in the 2020-21 financial year, we allocated £1.0m of its EU Exit funding to this area; and
- Resource Support - £0.4m of the EU Exit funding was used to support staff in discharging their duties as mentioned above.

Looking forward at EU Exit funding and as part of the 2021-22 Opening Budget we have confirmation of replacement Pillar 1, Pillar 2 and Common Market Organisation (CMO) funding of £315.6m and Fisheries funding of £3.1m.

To help manage our responsibilities repatriated from Brussels, the Executive has agreed to reinstate the £18.8m non-baseline EU Exit funding that we received in 2020-21. A further £7.1m funding has not been formally allocated at the Final Budget stage, but is part of 'Anticipated' Protocol funding from HMT that will be allocated to us for 2021-22.

Annual Report and Accounts for the year ended 31 March 2021

Other EU Exit Developments

- Close working with Food Standards Agency NI and Defra to develop and publish guidance on marketing standards requirements on our website and Gov.uk to help facilitate the movement of agri-food goods subject to EU requirements.
- On-line system developed for the provision of support health attestations, for products of animal origin moving from Northern Ireland to Great Britain.
- Participated in negotiations with Defra, required to ensure access to important NI markets, following the end of EU Exit transition period and the UK's subsequent loss of harmonised EU export health certificates.
- A number of pieces of subordinate legislation were introduced relating to animal health and welfare enabling trade and veterinary medicines to continue to operate effectively after the end of the EU transition period and aligning with EU obligations in these areas in accordance with the Ireland/Northern Ireland Protocol.

Sustainability

Key sustainable development milestones for us are summarised as follows:



- ✓ Legislation to preserve existing environmental standards and protections is in place as are arrangements to continue to regulate those areas;
- ✓ 9/10 environmental frameworks have received Ministerial approval;
- ✓ Minister Poots launched Green Growth at the Assembly in June 2020 and Ministerial agreement secured on the development of the Green Growth Strategy;

- ✓ The Waste (Circular Economy) (Amendment) Regulations (Northern Ireland) 2020 came into operation on 18th December 2020, reflecting the long term EU targets in respect of recycling;
- ✓ Household waste recycling rate of 51.2% which is a slight decrease of almost 1% on the previous year due to the impact of COVID-19;
- ✓ Consultation on a discussion document on the Northern Ireland Climate Change Bill to inform development work around a draft Bill which is underway;
- ✓ Small Woodland Grant Scheme launched December 2020;
- ✓ 283 hectares of new woodland created under the Forest Expansion Scheme;
- ✓ Public consultation on The Clean Air Strategy discussion document;
- ✓ Northern Ireland Food Supply Contingency Plan and Escalation Policy now in place and will be reviewed and tested quarterly;
- ✓ Reductions in staff travel resulted in a projected saving in the region of 770 tonnes of CO₂ per annum (based on an average diesel car). It would take approximately 3,850 trees per annum to reduce the same amount from our atmosphere;
- ✓ We ensure that our procurement activity meets the best practice levels set out in the DoF guidance on Equality of Opportunity and Sustainable Development in Public Sector Procurement.

NIEA and Forest Service

Both publish their own Annual Report and Accounts and a fuller explanation of their performance can be found there.

Future Plans

Sustainability for Our Future - DAERA's Plan to 2050 was launched by the Minister in May 2021.

This is an ambitious plan that frames our work for the next 3 decades, highlighting the strategic priorities it aims to deliver in improving the lives of our people, supporting our communities and businesses and in continuing to protect and enhance our natural environment.

The plan outlines our roadmap to sustainability for the future which includes the Green Growth Strategy. This Plan to 2050 will be supported by Five Year Plans for us which will provide additional clarity around our common purpose in the medium term including key outcomes and performance measures.

The challenges of meeting these goals cannot be done in isolation or by us alone and as such, how we work, what we do and how we do it, is dependent on partnership, co-design and co-delivery.

Annual Report and Accounts

for the year ended 31 March 2021

Our 2021-22 Business Plan has commitments to:

- Develop NI's position post-EU Exit including fulfilling the UK's international obligations by implementing the 15 UK Common Frameworks within our remit.
- Develop an end to end system that will support the continued movement of agri-food and live animals from GB to NI.
- Progress our commitment to the 2020-2030 Forests for the Future Programme by planting another 600 hectares of new woodland.
- Publish the Future Agricultural Policy Framework for Northern Ireland.
- Contribute to developing a Circular Economy.
- Publish an agreed Food Strategy Framework for Northern Ireland.
- Draft a Climate Change Bill, proposition of introduction of that Bill to the Assembly and co-ordinate Northern Ireland's contribution to COP26.
- Publish the first overarching Environment Strategy for Northern Ireland and enable enactment of an Environment Bill and prepare for its implementation.
- Publish an agreed Green Growth Strategy and Climate Action Plan.
- Implement the new Strategy for the Eradication of Bovine TB within Northern Ireland.
- Publish the new Animal Health and Welfare Strategic Framework for Northern Ireland and progress legislation providing for greater protection of service animals ("Finn's Law") and banning the sale of puppies by third parties ("Lucy's Law").
- Deliver on the Rural Policy Framework for NI by ensuring the planned roll out of Fibre Broadband to rural communities.
- Introduction of a DAERA people Capacity and Capability plan.
- Deliver 1.1m transactions through online channels.
- Increase in the DAERA Employee Engagement Index (EEI) to 69%.

Protecting Against Emergencies

We are responsible for protecting against outbreaks of animal, fish and plant disease and have a key role in responding to Food and Feed Safety emergencies. We are the Lead Government Department for the response to a radiological or nuclear incident.

Business areas that are involved in emergency planning activities have contingency plans in place which are maintained, updated and tested on a regular basis.

Human Rights

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

of services. Work is ongoing to prepare our annual progress report for 2020-21 which will be sent to the Equality Commission by the end of December 2021.

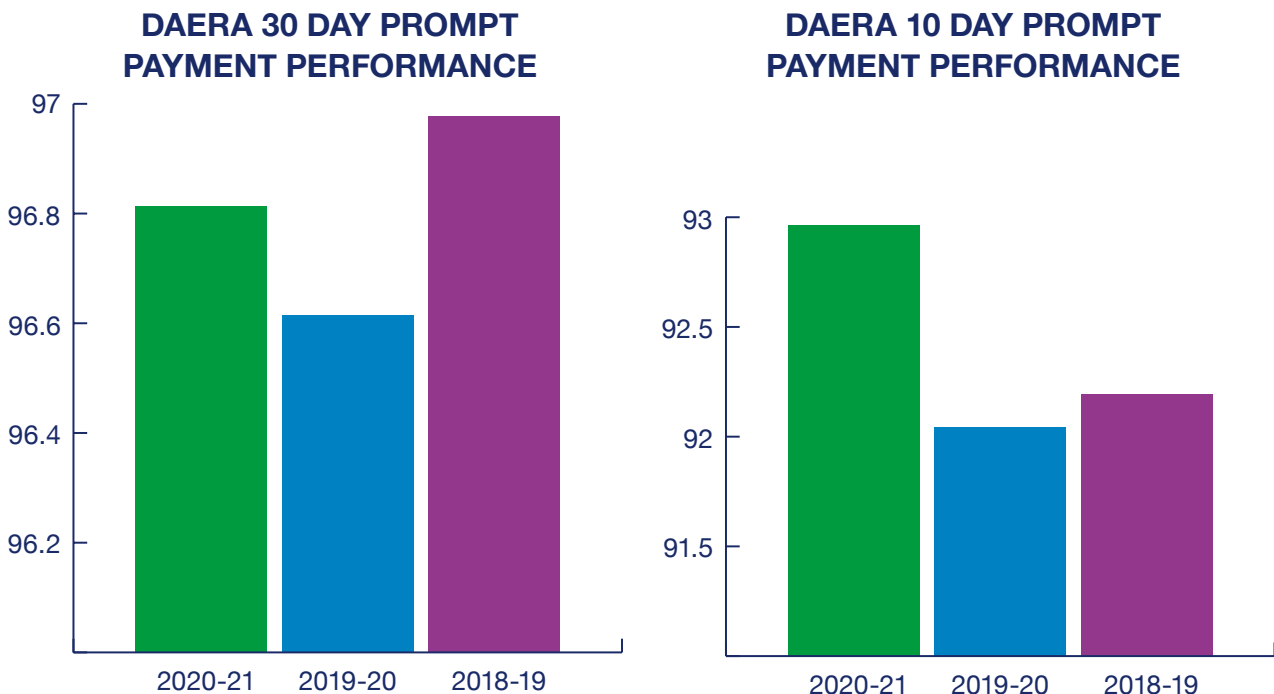
Anti-Corruption and Bribery

In line with the principles of the NICS Code of conduct, we are committed to maintaining high ethical standards. We do not tolerate fraud, bribery, any form of corruption or any illegal or unethical activity. Our Governance and EU Funding Branch has responsibility for leading on Counter Fraud related matters. The role of the Departmental Counter Fraud Forum, which includes representation from the Agencies, is to oversee, promote and provide guidance in relation to all activities associated with the prevention and detection of fraud.

Payment of Suppliers

We are committed to the prompt payment of bills for goods and services received in accordance with the Confederation of British Industry's Prompt Payers Code and British Standard BS 7890: "Achieving Good Payment Performance in Commercial Transactions". During 2020-21 96.84% of our bills were paid within this standard (the 2019-20 DAERA figure was 96.58%).

During 2020-21 92.92% of our bills were paid within the 10 day target (the 2019-20 DAERA figure was 92.01%).



We continue to work closely with the Account NI Shared Service Centre and our business areas to improve the performance in monitoring the payment to suppliers and have taken additional actions to reduce the impact of COVID-19 on supplier payments.

Our payment performance for 2020-21 is available at: https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/NICS%20Prompt%20Payment%20Table%202020-2021_2.pdf

Financial Performance 2020-21

We have had a strong year, successfully delivering our objectives in line with the budget allocation whilst at the same time managing our exit from the EU and responding to COVID-19 pandemic, ensuring support was provided to our stakeholders when it was needed.

Robust forecasting and financial management processes has underpinned our outturn Resource Departmental Expenditure Limit (DEL) Provisional Outturn (PO) of 99.8%, Capital DEL PO of 94.4% and total DEL PO of 99.1% for 2020-21. Some of our key financial outputs for the 2020-21 financial year can be seen below.



Departmental Resource Accounts are required under legislation and are published on an annual basis.

Supply Estimates are the means by which Parliamentary (Assembly) authority is secured for most government expenditure. Supply is granted on an annual basis, voted in the Main and Spring Supplementary Estimates and in the Budget Acts in NI.

Annual Report and Accounts for the year ended 31 March 2021

The Statement of Outturn against Assembly Supply (SOAS) shows that our net resource outturn for the 2020-21 financial year was £658.4m. This consisted of £588.6m in DEL, £3m in Annually Managed Expenditure (AME) and £66.9m in Non Budget.

Outturn against Budget Control Totals

Following the conclusion of January Monitoring Stage 2, the Department had the following final budgets for 2020-21 of £599.5m Resource DEL and £91m Capital DEL, to support the delivery of its strategic objectives:

On Resource DEL there is a £1.5m (0.2%) underspend against a budget of £599.5m. On Capital DEL there is a £5m (5.6%) underspend against a budget of £91m. This equates to a Total DEL underspend of £6.6m (0.9%) of the Total DEL budget of £690.6m.

It should be noted that the above figures include budget and outturn in respect of the Ring Fenced NI Protocol, which has a Resource DEL underspend of £1.1m and a Capital DEL underspend of £4.9m.

The table below shows Resource and Capital DEL Outturn Compared to Budget from 2016-17 to 2020-21 (£'m).

	2016-17	2017-18	2018-19	2019-20	2020-21
Resource DEL budget	216.0	184.1	213.3	230.7	599.5
Resource DEL outturn	198.8	183.9	213.1	230.3	598.0
Underspend	17.2	0.2	0.2	0.4	1.5
Capital DEL budget	38.8	38.9	63.8	81.7	91.0
Capital DEL outturn	38.7	38.8	63.8	81.0	86.0
Underspend	0.1	0.1	-	0.7	5.0

Annually Managed Expenditure Outturn against Budget

Particular areas of departmental expenditure are more volatile and difficult to forecast with accuracy beyond a 12 month period. Such items are budgeted for as AME, with the Department having a Final AME Budget of £17.3m. The Provisional AME Outturn of £4.7m resulted in an underspend of £12.6m which was mainly due to the underspend in the Common Agricultural Policy (CAP) Disallowance provision (£12m) and underspends in revaluation charges.

Net Cash Requirement

The Department's net cash requirement outturn was £636.2m against an estimate of £683.5m.

Annual Report and Accounts

for the year ended 31 March 2021

Reconciliation of Resource expenditure between Estimates, Accounts and Budgets

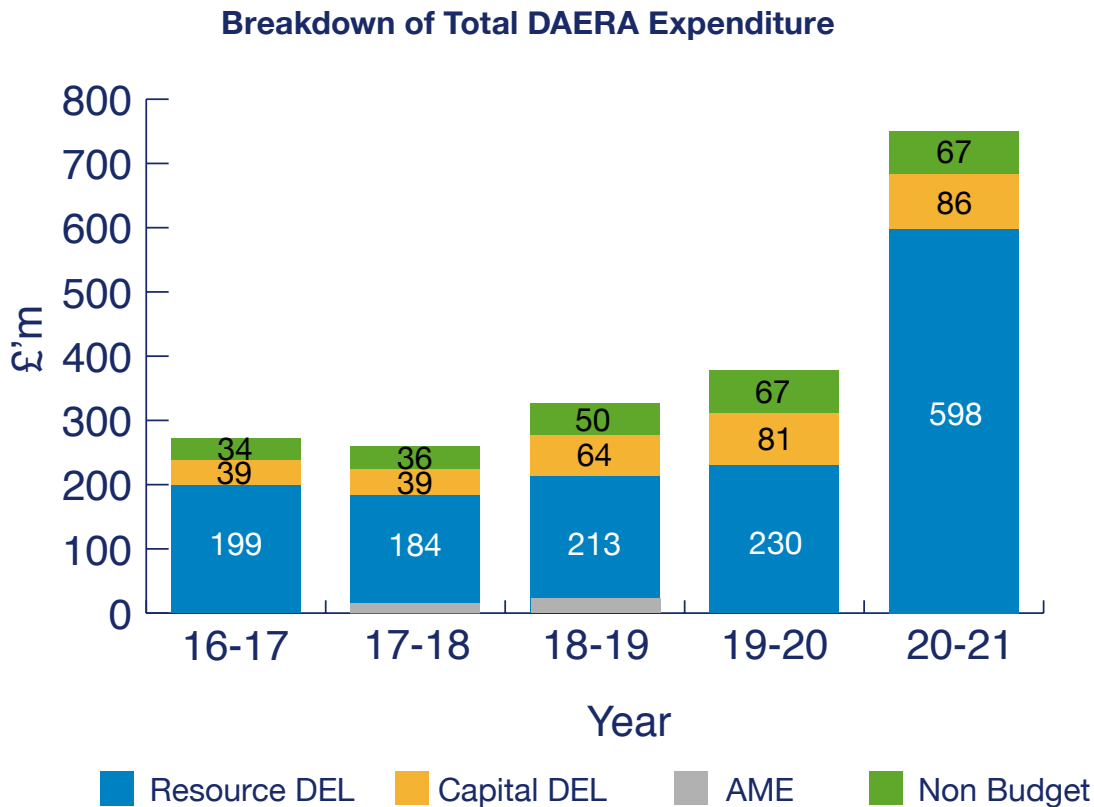
Certain misalignments exist in the financial information reported within the Estimates, Accounts and Budgets and the table below provides a reconciliation between these.

DAERA Resource Allocation	2020-21 £'000	2019-20 £'000
Net Resource Outturn (Estimates)	658,483	279,164
Other Adjustments (unrealised exchange gain)	(5)	5
Net Operating Cost (Accounts)	658,478	279,169
Less Capital Grants	(52,287)	(53,300)
Add European Union Income related to capital grants	24,229	22,923
Less notional inter-departmental charges	(16,553)	(18,282)
Less non-budget grants payable to NDPBs	(50,358)	(48,713)
Less non-voted expenditure that is outside the Resource Budget	5	(5)
Add NDPB Resource Expenditure	38,221	39,124
Resource Budget Outturn	601,735	220,916
Of which:		
Departmental Expenditure Limit (DEL)	598,064	230,348
Annually Managed Expenditure (AME)	3,671	(9,432)

Long Term Expenditure Analysis and Trends

The graph below shows the trends in departmental expenditure for the past five years since DAERA was formed at the beginning in 2016-17.

The reduction in 2017-18 related mainly to the release of the CAP Disallowance accrual. The increase in 2020-21 Resource and Capital DEL is explained further on page 39.



Resource DEL includes the administrative costs of running DAERA and programme spend on delivering our outcomes in environmental quality; food, farming, the agri-food sector and biosecurity; EU Exit requirements, marine and fisheries; and natural environment and rural affairs.

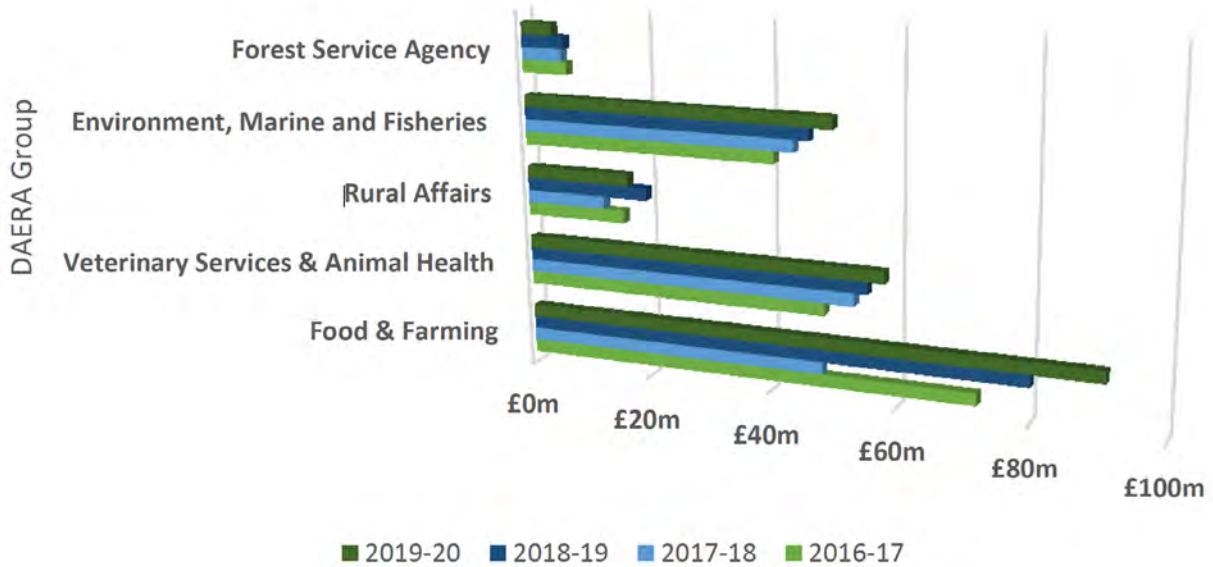
It also includes an allowance for the consumption of our assets over time (depreciation: £20.1m in 2020-21).

Compared to 2019-20 the Resource DEL outturn has increased significantly due to allocation of national funding of £294.7m for Farm Support Direct Payments for the 2020 scheme year, which previously had been EU funded, £45m COVID-19 support to Agri Food Sector Market Intervention, Waste Management and Fisheries Sector. In addition EU Exit costs were £10.9m higher than in the prior financial year. Additional increases have also been experienced across a range of areas including salary costs, financial discipline charges, depreciation, operational costs and grant funding.

Resource funding by DAERA's strategic groups is shown on page 40.

Annual Report and Accounts for the year ended 31 March 2021

Resource DEL by Group



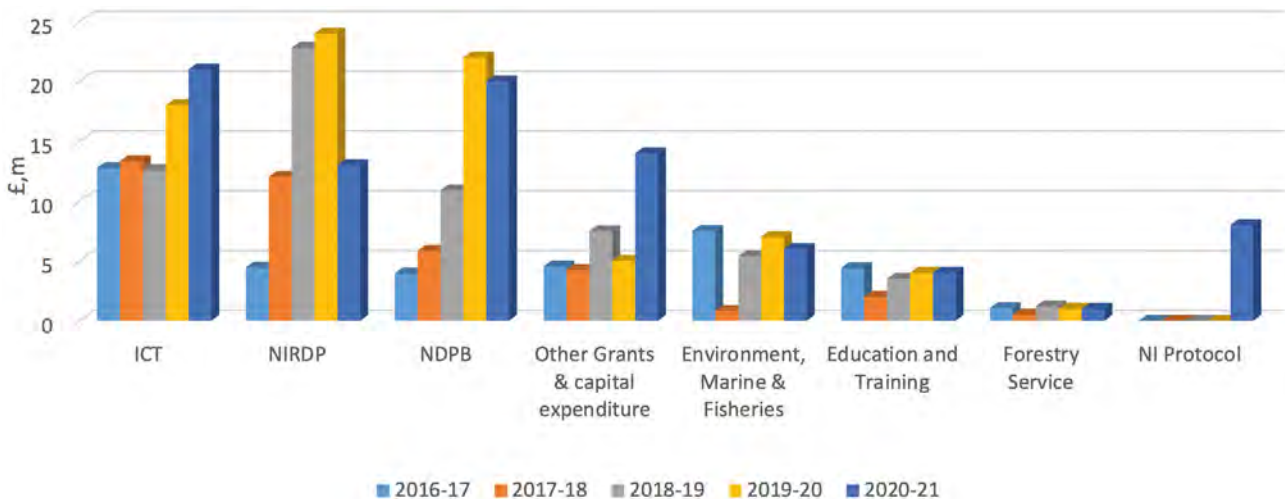
The largest area of spend and area also with the largest increase is Food and Farming, which includes spend in relation to Direct Payments, previously EU funded, COVID-19 Market Support and education and grants provided to farm businesses.

The increase within Environment, Marine and Fisheries is due to COVID-19 payments totalling £15.5m for Waste Management and £3m for the fisheries sector being made in year. Veterinary Services and Animal Health have also seen an increase to spend in relation to the Northern Ireland Protocol.

Capital covers investment in the assets we need to deliver our objectives. This includes expenditure on our estate, our ICT systems, supporting investment in our NDPBs as well as the payment of capital grants.

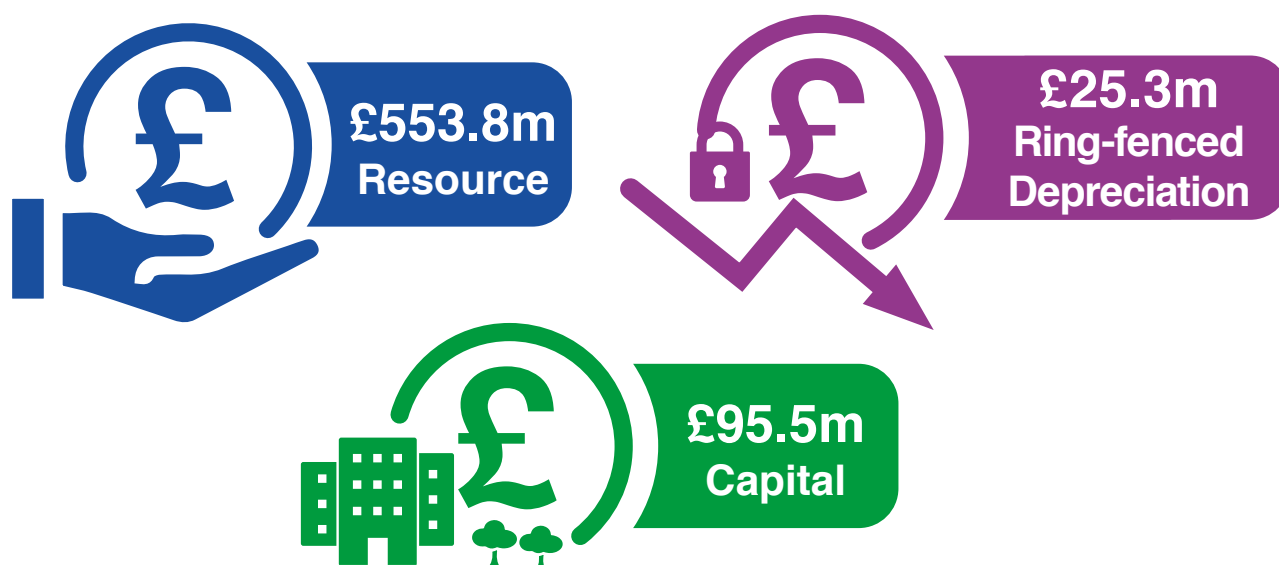
A breakdown of capital by expenditure type is shown below:

Capital by Expenditure Type



There has been continued increased investment in ICT in year as part of the Department's Digital Transformation programme. NIRDP expenditure has decreased in last year due to reduced spend primarily in relation to the LEADER and Environmental Farming Scheme (EFS). Increase in other grants and capital expenditure are as a result of increased expenditure as part of the TRSPI programme. Spend has also started to be incurred in year in relation to the capital requirements of the Northern Ireland Protocol.

Budget 2021-22



The Executive has agreed DAERA's 2021-22 Opening Budget allocation to be £553.8m Resource, £25.3m Depreciation and £95.5m Capital.

Resource

Resource Budget 2021-22	£'m
Opening rolled over baseline	205.4
EU Replacement Funding - Pillar 1	293.3
EU Replacement Funding - Pillar 2	14.4
EU Replacement Funding - CMO	7.9
EU replacement Funding - Fisheries	3.1
EU Exit Staff Costs	18.8
INTERREF National Funding	1.1
COVID-19 Funding	9.8
553.8	553.8

Annual Report and Accounts

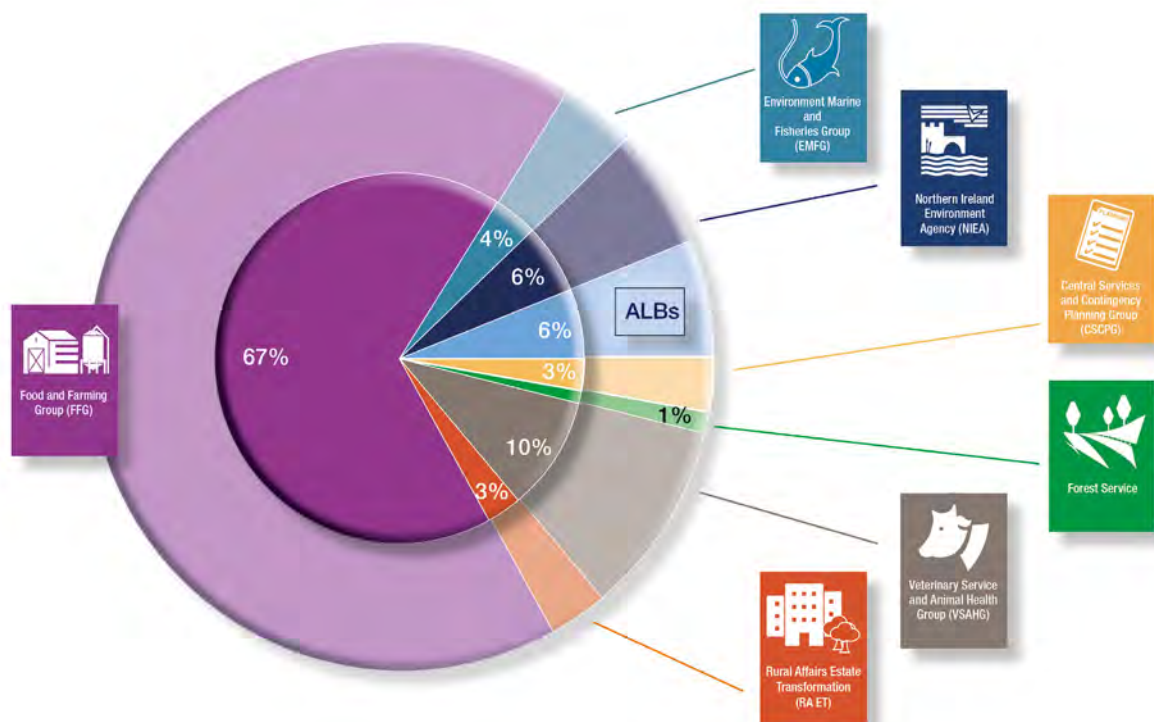
for the year ended 31 March 2021

DAERA now has confirmation of replacement Pillar 1, Pillar 2 and Common Market Organisation funding of £315.6m and Fisheries funding of £3.1m. While this provides a significant degree of certainty - particularly in relation to Direct Payments - it is disappointing that the £315.6m allocated by HMT falls short of the £330m in the Manifesto Commitment. This is because £14.4m projected EU Funding for next year has been netted off the Manifesto Commitment by HMT. The loss of this funding will not impact on the 2014-2020 Rural Development Programme, which will continue to run to completion in 2023. It will however affect DAERA's ability to explore new options and measures in a future Northern Ireland agricultural policy framework.

As the Secretary of State has not yet confirmed 'Anticipated' funding, due to the constraints of the Northern Ireland Act, the Minister of Finance has not been able to factor it into the formal Budget at this point. This means that DAERA has not been formally allocated 'Anticipated' Confidence and Supply funding in relation to TRPSI (£1.8m) or 'Anticipated' Protocol funding in relation to EU Exit staffing (£7.1m), Water Reform/Climate Change initiatives (£2m) and Ports (£7m). These are likely to be formally allocated at June Monitoring.

Whilst DAERA has been successful in securing additional EU Replacement funding, the re-instatement of funding from 2020-21 and additional Protocol funding from HMT, there remains a significant shortfall next year totalling £33.9m in 2021-22. The Department will continue to engage with Department of Finance (DoF) to manage this position and secure additional funding at in year monitoring rounds.

The graph below shows an analysis of the DAERA 2021-22 Opening Budget allocation by key function area across the department.



Capital

The £95.5m net allocation, as confirmed by the Executive, will allow DAERA to take forward priority investment in Programmes (£48.1m), IT Systems (£21.6m), Estate Transformation (£3.8m) and Research and Development (R&D) (£22m). When £35m EU funding is included (mainly from the Rural Development Programme), the Department would be taking forward £130.5m Capital in total in 2021-22 year.

Whilst DAERA has been successful in securing the above funding, more funding would have helped enhance the allocations to Green Growth Foundation Programmes, Estate Transformation and Recurring Capital in particular. The Department will continue to engage with DoF to manage this position and secure additional funding at in-year monitoring rounds.

Budgetary Outlook

Work on the Budget 2022-23 exercise will commence and be progressed throughout 2021-22. Given the current constrained economic outlook, Resource pressures will be significant as the Department deals with the additional demands of COVID-19, EU Exit, leads on and seeks to deliver the Programme for Government while faced with pay inflation.

The outcomes that fall directly under DAERA's areas of responsibility, as well as those to which the Department contributes, are very significant in relation to the NI economy. The sectors which they cover include environment, agriculture (including forestry), fisheries, animal health and welfare and rural society. Together they play a key role in underpinning the social and economic fabric of both urban and rural communities and therefore our budget must reflect this pivotal role we play.

On Capital there is an ongoing need to invest in DAERA's programmes, IT systems, R&D and ageing estate. Whilst there have been comparatively low levels of capital investment in the past, the Department will be seeking for this to be addressed over the short to medium term and has seen an annually increasing capital baseline since 2018-19.

A key focus of the Capital budget will be in respect of Green Growth. NI's environment is one of its most important assets and is crucial to every person affecting health and wellbeing, the economy and particularly rural tourism, facilitating outdoor recreation and social interaction. The draft PfG and the NDNA documents have made important commitments to improve the environment and increase sustainability and much cross-cutting work is underway to make this happen.

Therefore the Department will have to critically assess how future services can be delivered to people who live and work here within an uncertain Resource budget. It will also have to ensure that Capital is invested which maximises benefits across the above key areas. Consequently, there will be significant financial challenges over this period.



Dr Denis McMahon
Accounting Officer
Department of Agriculture, Environment and Rural Affairs
1 July 2021

Accountability Report

Corporate Governance and Director's Report

Departmental Accounting Boundary

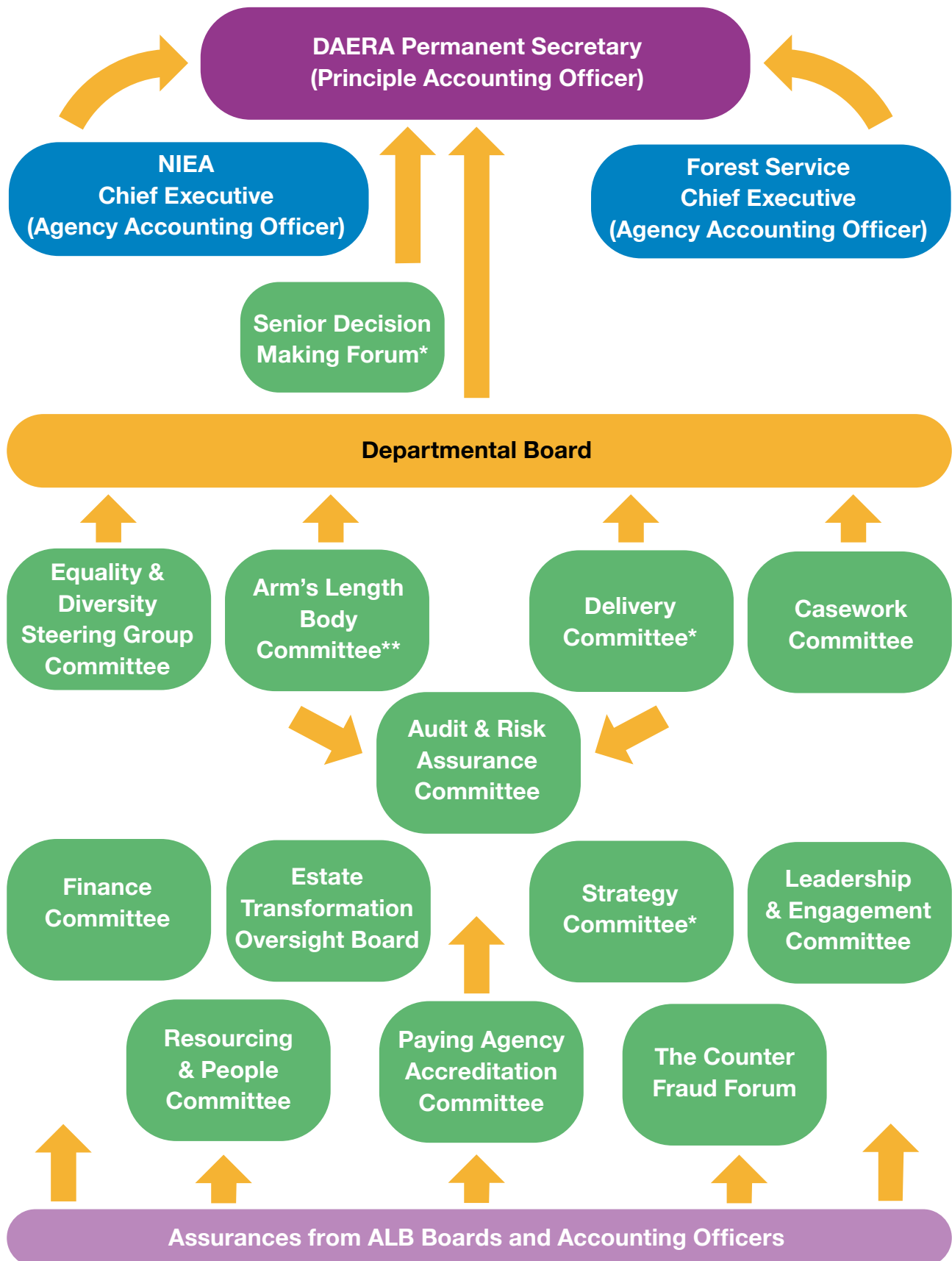
DAERA is a devolved Government Department in the NI Executive. On the 10 January 2020 the Northern Ireland Executive was re-established and Minister Edwin Poots MLA was appointed on 14 January 2020. For the period 2 February to 7 March 2021, Mr Gordon Lyons stepped in to fill the position of Minister until Mr. Poots return.

The Permanent Secretary, Dr Denis McMahan, as Principal Accounting Officer, is responsible for the overall operation and performance of the Department.

The Chief Executive's of the Forest Service and NIEA are the Agencies Accounting Officers, through the Principal Accounting Officer, for the Agencies performance and operations. On the 1st April 2020, Forest Service was reclassified to a Public Non-Financial Corporation (PC) by the ONS.

DAERA's Accounts for the financial year ended 31 March 2021 comprise a consolidation of the income and expenditure, assets and liabilities of those entities falling within the Departmental Resource Accounting boundary, being the Core Department and NIEA.

DAERA Corporate Governance Structure



* The Senior Decision Making Forum operated until Minister Poots MLA was appointed in January 2020.

** The Arm's Length Body Committee ceased to operate after December 2019 following the centralisation of sponsorship activities and the agreement of the Departmental Board.

Annual Report and Accounts

for the year ended 31 March 2021

Departmental Board

The Department is headed by its Permanent Secretary, who in 2020-21 was supported by a DB of eight senior DAERA officials, NICS HR Strategic Business Partner and two Non-Executive Members. The Board usually meets at least ten times a year to discuss Departmental business at a strategic level. During 2020-21 the Board met eleven times. During 2020-21, the composition of the Board was as follows:

Dr D McMahon	Permanent Secretary
Mr B Doherty	Senior Finance Director/Central Services and Contingency Planning Group (responsible for Digital Services Division; Corporate Services Division; Finance Division; EU Exit Contingency Planning; and Staff Engagement & Leadership)
Mrs F McCandless	Rural Affairs, Forest Service and Estate Transformation Group
Mr D Small	Environment, Marine and Fisheries Group (responsible for Environmental Policy; Regulatory & Natural Resources; Marine & Fisheries Division)
Mr N Fulton	Food and Farming Group (responsible for CAFRE); CAP Policy Economics & Statistics; Food & Farming Policy; Science Evidence & Innovation Policy; EU Area Based Schemes)
Mr R Huey	Chief Veterinary Officer (responsible for Veterinary Service and Animal Health Group)
Mrs T Teague	Director NIEA
Mr D Reid	Finance Director (from August 2020)
Mr R Downey	Finance Director (until July 2020)
Mr S McGrade	Director of Corporate Services
Mrs P Bratton	Human Resources Business Partner (NICS HR)
Mrs S McCue	Non-Executive Member
Dr B Stuart	Non-Executive Member

Interests of Board Members

None of the DB Members have any significant interests which conflict with their management responsibilities. Full details of interests are given in Note 20 to the Accounts.

Board Committees

The Board has established the following committees to oversee and/or provide advice on specific areas of work:

- Audit and Risk Assurance Committee;
- Finance Committee;
- Resourcing and People Committee;
- Casework (Sub) Committee;
- Equality and Diversity Steering Group Committee;
- Leadership and Engagement Committee;
- Strategy Committee (stood down 21 October 2020);
- Delivery Committee (stood down 8 March 2021); and
- Estate Transformation Oversight Board.

Further details on the role of the Board and its sub-committees are available within the DAERA Corporate Governance Framework.

<https://www.daera-ni.gov.uk/sites/default/files/publications/daera/daera- corporate-governance-framework-updated-february-2019.DOCX>

Departmental Reporting Cycle

DAERA's Public Expenditure proposals are considered as part of the NI Budget process, the outcome of which is contained within the Budget document published by the DoF.

More detailed information in relation to the annual resource and cash requirements is contained within the Main Estimates and Spring Supplementary Estimates documents published by DoF.

<https://www.finance-ni.gov.uk/topics/finance/main-and-supplementary-estimates>

Security of Personal Data

DAERA is compliant with the UK General Data Protection Regulation (UK-GDPR) introduced in October 2020 following Brexit. The security of our business information assets and our IT Systems is an extremely important issue for the Department and involves everyone and anyone who works for, or with, the Department in any capacity. DAERA has implemented an Information Security Management System (ISMS) that includes the publication of an Information Security Policy which describes the guiding principles that must be applied in this context. A complementary set of

Annual Report and Accounts

for the year ended 31 March 2021

Information Security Standards provides business areas with information and guidance on how these principles should be implemented. The Department has sought independent assessment of the information security measures it has in place around its most important information assets and to that end, has successfully achieved ISO27001 certification of the Paying Agency activities. Alignment of all other areas to the ISO27001 standard is now being considered. The Department's Annual Report, Departmental Security Report and Governance Statement reflect that necessary controls are in place to safeguard information assets; that when information assets are shared or disposed of as no longer necessary, that this is done safely and securely; that necessary controls are in place to deal with any information loss incident; and that staff and contractors are appropriately trained. The Department has launched an innovative cloud based training programme that enables effective delivery and management of Information Security and Data Protection training content to all staff across DAERA and AFBI.

Should such an incident occur, each business area in DAERA has an Information Asset Register in place, and a Data Breach Management Plan and assurances are sought that these are reviewed and tested annually. DAERA has introduced an online incident reporting facility that promotes timely reporting and escalation of incidents for appropriate action.

DAERA has a designated Data Protection Officer and a network of Information Asset Owners (IAOs) who take responsibility for key information assets within the Department. Data Protection and Information Management Branch provides ongoing training to each of the IAOs outlining their role and responsibilities with regard to the confidentiality, integrity and availability of the information they hold, the reporting structure in which they operate and the kind of precautions that they need to put in place in order to prevent information loss occurring and how to handle an information loss should it occur. This is augmented by the regular issue of advisory documents and comprehensive guidance on the intranet. These IAOs report through the Senior Information Risk Owner (SIRO) to the Accounting Officer.

There was one breach of data security in Financial Year 2020-21 that needed to be reported to the Information Commissioner.

Complaints Handling

DAERA is committed to providing the highest possible standards of service to all its customers, and has published core standards of service that customers can expect to receive. Central to these is the facility for customers to lodge formal complaints if things go wrong.

The Department has been operating its current complaints procedures since 1 February 2017.

Information explaining to members of the public how to lodge a complaint with the Department is available in DAERA Direct and other front facing offices. It can also be found on the DAERA website. Complaints can be made in person, by letter, by e-mail to a dedicated complaints mailbox, through social media, by telephone or by text phone.

Information relating to number and type of complaints received across the Department is collated annually and an annual report is submitted to the Departmental Top Management Team (TMT), highlighting any trends in the type of complaints being made and the learning applied by Business Areas to ensure these do not re-occur.

There were 42 new complaints relating to quality of service received by the Department in 2020-21. Of these 10 were escalated to step two by the end of March 2021. The Department will publish a breakdown of the levels and categories of complaints received during 2020-21 on its website during 2021-22.

Departmental Auditor

The financial statements are audited by the Comptroller and Auditor General (C&AG), Mr K Donnelly, in accordance with the Government Resources and Accounts Act (NI) 2001. He is Head of the NI Audit Office (NIAO). He and his staff are wholly independent of the Department, and he reports his findings to the NI Assembly.

The audit of the financial statements for 2020-21 resulted in a notional audit fee of £140k. This is included in non-staff administration costs in the Consolidated Statement of Comprehensive Net Expenditure (CSoCNE).

The NIAO also undertakes the audit of DAERA's (an accredited Paying Agency) European Agricultural Funds Accounts. NIAO acts as part of a UK consortium of audit bodies that undertakes the work of the UK Certification Body for the European Agricultural Guarantee Fund and the European Agricultural Fund for Rural Development Accounts of the UK. The 2020 EAF accounts were cleared by the European Commission on 22 April 2021.

The C&AG may also undertake other statutory activities that are not related to the audit of the Department's financial statements. These include the preparation of Value for Money studies, which report to the Assembly on the economy, efficiency and effectiveness with which the Department's financial resources have been used.



Dr Denis McMahon
Accounting Officer
Department of Agriculture, Environment and Rural Affairs
1 July 2021

Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act (NI) 2001, DoF has directed DAERA to prepare for each financial year, resource accounts detailing the resources acquired, held, or disposed of during the year and the use of resources by the Department during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of DAERA and of its net resource outturn, application of resources, changes in taxpayers' equity, and cash flows for the financial year.

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

- observe the Accounts Direction issued by DoF, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards, as set out in the *FReM* have been followed, and disclose and explain any material departures in the accounts;
- prepare the accounts on a going-concern basis; and
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

DoF has appointed the Permanent Head of the Department as Accounting Officer of DAERA. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the assets of the Department for which the Accounting Officer is responsible, are set out in the Accounting Officers' Memorandum issued by DoF and published in *Managing Public Money NI (MPMNI)*.

Disclosure to Auditor

As the Accounting Officer, I have taken all steps that I ought to have taken to make myself aware of any relevant audit information and to establish that DAERA'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.

A handwritten signature in blue ink, appearing to read 'Dr Denis McMahon', written in a cursive style.

Dr Denis McMahon
Accounting Officer
Department of Agriculture, Environment and Rural Affairs
1 July 2021

Governance Statement

This is the Annual Governance Statement for DAERA as required by DAO (DFP) 10/12. This Statement sets out the governance, risk management and internal control arrangements that have operated in the Department from 1 April 2020 to 31 March 2021.

DAERA operates in compliance with the guidance set out in the “Corporate Governance in Central Government Departments: Code of Good Practice (NI) 2017”.

As Accounting Officer for DAERA, I have responsibility for maintaining a sound system of internal control that supports the achievement of DAERA policies, aims and objectives, whilst safeguarding public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in MPMNI.

The Department also regards its Agencies and NDPBs as partners, although these latter bodies are in practice ALBs underpinned by strict accountability arrangements. During the year, in line with best practice, I have reviewed DAERA’s governance and accountability arrangements to remedy any shortcomings highlighted through reports from the NIAO, Public Accounts Committee, Internal Audit and the Audit and Risk Assurance Committee.

The Assembly passed the Budget Act (Northern Ireland) 2021 in March 2021 which authorised the cash and use of resources for all departments for the 2020-21 year, based on the Executive’s final expenditure plans for the year. The Budget Act (Northern Ireland) 2021 also authorised a Vote on Account to authorise departments’ access to cash and use of resources for the early months of the 2021-22 financial year. This will be followed by the 2021-22 Main Estimates and the associated Budget (No. 2) Bill before the summer recess which will authorise the cash and resource balance to complete for the remainder of 2021-22 based on the Executive’s 2021-22 Final Budget.

Governance Framework

The Governance Framework, which includes the system of internal control, is designed to manage the Department’s risks to a reasonable level, rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. A system of internal control has been in place for the year ended 31 March 2021, and up to the date of approval of the Annual Report and Accounts, in accordance with HMT and DoF guidance.

The Chief Executives of the NIEA and Forest Service were Agency Accounting Officers during the past year, and were directly responsible to me for their respective Agency’s performance and operations during the year.

Additional assurance is obtained through a formal Governance Reporting process. Stewardship Reports are provided by individual business areas, including those which sponsor ALBs. The Stewardship Reporting process is monitored by Finance Division and

Internal Audit; any issues of significance are highlighted in the Stewardship Reports and reported to the ARAC. I also received Certificates of Assurance from Senior Officers, providing me with their assurances and reporting any significant issues of internal control, between the mid and year-end reports.

The Department's corporate governance framework is available via the following link:

<https://www.daera-ni.gov.uk/sites/default/files/publications/daera/daera-corporate-governance-framework-updated-february-2019.DOCX>

Departmental Board

As Accounting Officer, I am supported in the discharge of my role and responsibilities by the DB of eight senior DAERA officials, NICS HR Strategic Business Partner and two Independent NEMs. The Board, which operates within the guidelines set out in the "Corporate Governance in Central Government Departments: Code of Good Practice (NI) 2017", supports, and is accountable to, the Minister and is chaired by me, as the Department's Permanent Secretary.

The independent members of the Board are considered to be independent in character and judgement. Any potential Conflict of Interest for all Board members, including independent members, is notified to NICS HR (copied to the Principal Accounting Officer and Board Secretariat).

Conflict of Interest

During 2020-21, no declared significant interests were deemed to conflict with the overall conduct of Board business. Members have undertaken to excuse themselves from participation if potential conflicts of interests arise during normal course of business.

The Board usually meets at least ten times a year to discuss Departmental business at a strategic level. During 2020-21 the Board met eleven times.

Annual Report and Accounts

for the year ended 31 March 2021

Details of the Board membership, responsibilities and attendance at meetings are as follows.

ATTENDANCE OF BOARD MEMBERS		MEETINGS ATTENDED (11)
Dr D McMahon	Permanent Secretary.	10/11
Mr B Doherty	Senior Finance Director/Central Services and Contingency Planning (responsible for Digital Services Division; Corporate Services Division; Finance Division; EU Exit Contingency Planning; and Staff Engagement & Leadership).	11/11
Mrs F McCandless	Rural Affairs, Forest Service and Estate Transformation Group.	9/11
Mr D Small	Environment Marine and Fisheries Group (responsible for Environmental Policy; Regulatory & Natural Resources and Marine & Fisheries Division).	10/11
Mr N Fulton	Food and Farming Group (responsible for the CAFRE; CAP Policy Economics & Statistics; Food & Farming Policy; Science Evidence & Innovation Policy and EU Area Based Schemes).	11/11
Mr R Huey	Chief Veterinary Officer (responsible for Veterinary Service and Animal Health Group).	9/11
Mrs T Teague	Director NIEA.	11/11
Mr D Reid	Finance Director (from August 2020).	8/8
Mr R Downey	Finance Director (until July 2020).	3/3
Mr S McGrade	Director of Corporate Services.	11/11
Mrs P Bratton	Human Resource Business Partner (NICS HR).	11/11
Mrs S McCue	Non Executive Member.	11/11
Dr B Stuart	Non Executive Member.	10/11

Roles and Responsibilities of the Board

The Board will assist the Permanent Secretary to meet his corporate governance responsibilities for the Department by discharging the following roles:

- provide strategic clarity for the Department, including its mission, vision, values and strategic objectives and oversee the implementation of the Department's strategic and business plans, including its contribution to the NI Executive's PfG, Budget, and Investment Strategy;
- oversee performance and risk management of the Department's ALBs;
- ensure sound financial management is in place and scrutinise the allocation of financial and human resources to achieve strategic objectives;

- ensure clear, consistent, comparable performance information is used to drive improvements; and monitor and steer performance against plans;
- set the Department's appetite for risk and ensure transparent, prudent and effective controls are in place to manage risk;
- ensure the Department has the capability to plan and to deliver to meet current and future needs; and
- take responsibility for propriety, regularity and value for money of public finances and safeguard the Department's assets.

Review of Board Effectiveness

The Board Operating Framework commits the Board to an annual review of its performance. This commitment is in line with in HMT and Cabinet Office guidance on "Corporate governance in central government Departments: Code of good practice NI (2017)" which states:

"The Board should ensure that arrangements are in place to enable it to discharge its responsibilities effectively, including... a formal and rigorous annual evaluation of the Board's performance" (para 4.1).

In July 2020, all Board Members completed an on-line Self-Assessment Questionnaire of 20 mandatory statements which rated Members' views on the relative strengths of the Board's effectiveness. Members were asked to either agree, or disagree with each statement and were offered the opportunity to provide general feedback and comments. The findings were mainly very positive, with scores indicating that the strategic direction and governance oversight of the Departmental Board is good. The Departmental Board has continued to meet remotely during the COVID-19 Pandemic and any shortcomings from the Review have been addressed.

Performance assessment of individual Board members takes place, including the assessment of the Independent members against their agreed objectives, and the Executives on the Board through the annual Senior Civil Service performance cycle.

Quality of the Data used by the Board

The Board receives standing information for each meeting on key areas such as finance and human resources. Briefing papers on other material issues are provided as they arise. Papers are issued a week in advance of any Board meeting to allow members to review and, where appropriate, to raise questions in advance.

Financial information is provided in accordance with the Government Financial Reporting MPMNI and guidance from the DoF, issued primarily as Dear Finance Director (FD) or

Annual Report and Accounts

for the year ended 31 March 2021

Dear Accounting Officer (DAO) letters. All transaction records are provided from the Account NI shared service system. Accordingly, the Board considers that it can take assurance as to the quality of the data it uses to inform decision-making.

Committees of the Departmental Board

The Board has established the following committees to oversee and/or provide advice on specific areas of work:

- Audit and Risk Assurance Committee;
- Finance Committee;
- Resourcing and People Committee;
- Casework (Sub) Committee;
- Equality and Diversity Steering Group Committee;
- Leadership and Engagement Committee;
- Strategy Committee (stood down 21 October 2020);
- Delivery Committee (stood down 8 March 2021); and
- Estate Transformation Oversight Board.

In compliance with the “Corporate Governance in Central Government Departments: Code of Good Practice NI (2017)”, all DAERA Committees are chaired by a member of the Board.

The roles of each of the Committees of the DB is summarised below:

Audit and Risk Assurance Committee

ARAC as a Committee of DB support me in my responsibilities for issues of risk control and governance by reviewing the comprehensiveness of assurances in meeting the Board and Principal Accounting Officer’s assurance needs and reviewing the reliability and integrity of these assurances.

ARAC ensures that high level information on risk and control is brought to my attention, through DB, in order to assist in identifying priorities for action.

ARAC has no authority, in its own right, over the operations of the Department or those units that conduct audit and assurance work, including Internal Audit. It advises on the adequacy and the appropriateness, in light of both known and emerging risks, of the work plans of those units.

Annual Report and Accounts for the year ended 31 March 2021

ARAC comprises four members, appointed by myself Principal Accounting Officer on the advice of the DB. Membership during the year consisted of the two DAERA NEMs (Sharon McCue and Dr Bernie Stuart) and two independent External members (Sharon Hetherington, Finance Director of the Department of the Economy and Donald Henry, Utility Regulator) drawn from the wider NICS and public sector. ARAC was chaired during 2020-21 by the NEM Sharon McCue.

ARAC supports me in my responsibilities for issues of risk, control and governance. ARAC does this by reviewing the assurances provided by the Department's business areas. ARAC also considers recommendations from the Department's Strategic Planning Branch in relation to the status of the Key Risks identified in the Corporate Risk Register and Corporate Balanced Scorecard.

During the past year ARAC held four formal routine meetings (on 2 April 2020, 2 September 2020, 2 December 2020 and 3 February 2021). ARAC also met at Final Accounts stage (3 June and 18 August 2020) to provide me with the level of assurance that I require before signing the Departmental Accounts. Another meeting on Risk was also held on 13 November 2020.

All ARAC meetings are attended by DAERA Senior Officers along with representatives from DAERA's Finance Division, ARAC Secretariat, and representatives from specific business areas as required.

ATTENDANCE OF ARAC MEMBERS		MEETINGS ATTENDED (7)
Mrs S McCue	Non Executive Member (Chair)	7/7
Dr B Stuart	Non Executive Member	7/7
Mr D Henry	Independent External Member	6/7
Ms S Hetherington	Independent External Member	5/7

ARAC Annual Report

The Chair of ARAC has also provided me with her ARAC Annual Report which summarises the work for the year, provides me with assurance that good governance exists within the Department and where any improvements were necessary action has been taken, or is being taken, to address any issues.

The work of the ARAC is assisted by the Counter Fraud Forum and the Paying Agency Accreditation Committee.

Annual Report and Accounts

for the year ended 31 March 2021

Finance Committee

The Finance Committee is responsible for considering a wide range of strategic financial issues. These include developing detailed proposals in respect of Spending Reviews and monitoring rounds; the monitoring of savings plans and monitoring value for money through the development of improved financial and performance reporting. The Committee is chaired by the Senior Finance Director (Group Head of Central Services and Contingency Planning). In addition to the Chair, membership of the Committee includes Departmental Group Heads, the Finance Director, the Director of Common Agricultural Policy, Economics and Statistics, the Corporate Services Director and the Head of Financial Planning Branch.

A sub-committee of the Finance Committee is the Casework Committee.

The Casework Committee is chaired by the Senior Finance Director with the Finance Director, Chief Agricultural Economist and Independent Observer (currently the Chair of ARAC) in attendance and provides assurance to the Accounting Officer and DB around significant expenditure decisions made within DAERA. The Committee increases collective decision making and buy-in to projects, particularly where affordability is a significant consideration.

Resourcing and People Committee

The Resourcing and People Committee is responsible for considering DAERA strategic workforce planning including how best to manage priority resourcing requirements at a Departmental level against the backdrop of reduced resources and affordability. The Committee is responsible for providing assurance to the Permanent Secretary that the Department is operating within its affordable staffing limit and will apply a corporate approach to ensure that staff resources have been effectively allocated across the organisation. The Committee is chaired by the Group Head of Central Services and Contingency Planning and will include Departmental Group Heads, the Finance Director, the Director of Corporate Services, the Head of Business Management Branch, the Directors of Brexit Division and Forest Service, the HR Business Partner for DAERA and a representative from the NICS HR Resourcing.

Equality and Diversity Steering Group Committee

The Equality and Diversity Steering Group Committee, chaired by the Permanent Secretary. Its purpose is to ensure DAERA fulfils its equality/diversity, good relations and human rights obligations.

Leadership and Engagement Committee

The Leadership and Engagement Committee, chaired by the Permanent Secretary. Its purpose is to build leadership capacity and promote the benefits of engaged, cohesive teams, to oversee and steer measures which will increase the DAERA EEI and to champion and communicate best practice to promote staff engagement within DAERA.

Strategy Committee

The Strategy Committee was formally stood down by the Departmental Board on 21 October 2020 following a Committee Effectiveness Review. This is a result of key strategies being brought directly to DB for consideration negating the need for additional layers which resulted in slowing down the decision making process.

Delivery Committee

The Delivery Committee was formally stood down on 8 March 2021 following a Committee Effectiveness Review.

Going forward the Strategic Planning Branch will provide updates on risk management and progress against business plans to ARAC and DB. The ARAC Terms of Reference and Governance Framework have been amended to reflect these new arrangements.

Estate Transformation Oversight Board

The Estate Transformation Oversight Board is chaired by the Group Head of Rural Affairs, Forest Service & Estate Transformation. The Oversight Board was established in July 2019 and consists of Departmental representatives from business areas with estate interests. Its purpose is to oversee the development and delivery of a programme of estate transformation for DAERA. As such the Board is responsible for considering the key initiatives and projects which need to be undertaken to achieve a strategic and long term planning approach for the DAERA estate.

Risk and Control Framework

The Department's corporate governance arrangements are underpinned by a robust risk management process embedded into DAERA's systems and procedures. The DAERA Corporate Risk Register was based upon the Department's key strategic risks and its format was in line with best practice guidance. In total 12 key risks were identified during the course of 2020-21. The following 10 were still on the Corporate Risk Register at the end of the 2020-21 year:

1. Failure to ensure that the Department meets its obligations under the Ireland/Northern Ireland Protocol.
2. There is a risk that we may not be able to keep food on our shelves due to disruptions in the security of our food supply chains due to the impact of COVID-19 and the impact of EU Exit.

Annual Report and Accounts

for the year ended 31 March 2021

3. There is a risk that: the funding available is insufficient; is not deployed or controlled effectively; and/or the associated expenditure has not followed proper approvals or guidance (e.g. MPMNI, DoF delegated limits) which could result in essential services not being maintained and the Department's strategic objectives not being progressed.
4. There is a risk that the Department will not have the right people in the right place at the right time due to lack of work force planning and a cumbersome and protracted NICS recruitment approach. As a result DAERA may not be able to operate efficiently and effectively to deliver its services and put its existing staff under increased pressure.
5. There is a risk that we will fail to protect the Environment and deliver sustainability through Green Growth due to lack of resources and the competing priorities of agriculture and environment, resulting in failure to meet DAERA's vision, PfG and statutory targets.
6. There is a risk that the Department will not effectively address climate change, fail to deliver the NDNA commitment within mandate, and fail to support the UK Government's target of being Net Zero by 2050. Causes include lack of resources and collaborative working, along with inadequate policy development and limited stakeholder engagement.
7. There is a risk that further outbreaks of COVID-19 will negatively impact on our level of service to our customers and achievement of business targets.
8. There is a risk that the Department will not effectively deliver a Green Growth Strategy and Delivery Framework and will fail to contribute to the UK Government's target of being Carbon Neutral by 2050. Causes include lack of resources and competing priorities, overlapping structures/responsibilities causing confusion and impacting collaboration; along with inadequate co-design.

Enduring Risks

9. Inability to contain and control an outbreak of Epizootic disease in a timely manner.
10. Significant business impact resulting from ineffective Information Assurance.

Ownership of each Key Risk is allocated to a Senior Responsible Officer (SRO) at Grade 5 and each SRO provided updates to Delivery Committee and ARAC meetings throughout the year.

A key element of the Department's Risk Management Strategy is DAERA's appetite for risk which helps risk owners identify operationally acceptable risks in the Department. Business areas with the appropriate skills and expertise continue to assess and manage

risks at an operational level. If the business area considers the level of risk is going to rise beyond the acceptable threshold, then that risk is elevated for senior management review. This mechanism ensures that the Department's risk appetite is considered in a timely fashion and assessed at the most appropriate level within the Department.

Analysis of, and response to, risk is key to corporate governance and DB has overall responsibility for the management of risks associated with the delivery of the Department's functions. DB relied on a variety of mechanisms to confirm that the Department's corporate and other risks were being managed effectively. These mechanisms included:

- scrutiny of the Corporate Risk Register by DB;
- Group Risk Register considered on a rolling basis by DB;
- assurances received from ARAC, as advised by the Delivery Committee;
- Scrutiny, challenge and advice on risk registers provided by the Department's qualified Risk Practitioners;
- the work undertaken by the Department's Internal Audit Branch; and
- Risk Registers produced and monitored at Group and Divisional level.

Assurances

A key element of the Departmental risk management processes is the provision of regular assurances. All business areas across the Department, and also ALB Accounting Officers, provide quarterly and annual assurance statements that effective risk management arrangements are in place. This is in addition to the assurances I require confirming there is robust governance over a range of other specific areas.

Information Risk

Cabinet Office guidance on the control and security of information and data requires the management of information risk to explicitly feature in an organisation's Governance Statement. I ensured that information assurance is actively managed as one of the Key Risks on DAERA's CRR. Key sources of information assurance for DAERA are the Department's SIRO, supported by trained IAOs and the Department's Security Assurance Group which comprises of the Departmental Security Officer, the Departmental IT Security Officer, Information Management Branch and the Departmental Data Protection Officer. Other assurance is also provided to me by the IT Assist, the Department's Delivery Committee (stood down 8 March 2021), the NICS IT Accreditation Panel, the DAERA IT Accreditation Committee, and other committees responsible for the Department's key IT systems.

Annual Report and Accounts

for the year ended 31 March 2021

In addition, Internal Audit helps the SIRO fulfil his assurance obligations through coverage of key information risk areas in their annual programme. This includes an in-depth review of system security operating procedures for key IT systems.

Whistleblowing/Raising Concerns

During 2020-21 the Department continued to operate the Whistleblowing/Raising Concerns recording system. This requires all Divisions to maintain a Register to record all disclosures received in each Division, or ALB. The maintenance of Registers is a mandatory requirement across the Department.

Updates are commissioned in advance of each ARAC meeting to ensure that senior management and ARAC have the most up-to-date information on Whistleblowing disclosures.

During 2020-21 a total of 31 Whistleblowing/Raising Concerns notifications were received by the Department and reported to ARAC. These notifications included allegations of corruption, misconduct by staff members and conflicts of interest. This compared to the same number of 31 notifications in 2019-20.

All Whistleblowing notifications are investigated and addressed by the relevant business area and in cases of suspected fraud an investigation by the DoF Fraud Investigation Service is requested.

During the year the Department completed a self-assessment checklist contained within against the Northern Ireland Audit Office (NIAO) new guidance 'Raising Concerns: A Good Practice Guide for the Northern Ireland Public Sector'. The results of which were positive with some further work required in improving awareness and implementing training on Whistleblowing/Raising Concerns for staff.

Internal Audit

The Department's Internal Audit Branch (IAB) operates to the defined Public Sector Internal Audit Standards. IAB submits quarterly progress reports to ARAC and an Annual Report which includes the Head of Internal Audit's objective evaluation of, and opinion on, the adequacy and effectiveness of the Department's framework of governance, risk management and control, together with recommendations for improvement.

IAB's Annual Report for 2020-21 confirmed an overall satisfactory opinion in respect of the Department's governance, risk management and control framework.

Enterprise Shared Services

I draw assurance from the inter-Departmental assurance reports received from the Head of Internal Audit in DoF on the various components of Enterprise Shared Services. These

include Account NI which is responsible for the Department's transaction processing, HR Connect which is responsible for the Department's Human Resource management arrangements, and IT Assist which provided our IT support services.

Ministerial Directions

I can confirm that, as Accounting Officer, I am in compliance with the "Accounting Officer responsibilities" set out in MPMNI Chapter 3, by ensuring that, should the Minister decide to continue with a course of action which I have advised against, the Minister is requested to provide me with a formal Ministerial Direction to proceed with that course of action. Such a Direction is likely to mean that the associated expenditure is novel or contentious and therefore outside of the Departmental delegated expenditure limits.

The Minister may decide, in these circumstances, that the issue should be discussed by the Executive. If this happens and a decision reached at the Executive is to agree to the course of action proposed by the Minister, it will be recorded in the minutes which can be treated as formal approval. As Accounting Officer I ensure that Ministerial Directions are formally notified to DoF and to the C&AG.

There were 4 Ministerial Directions given by Minister Poots in the 2020-21 year. Minister Poots issued a Direction on 27 January 2021 for short term financial support to inland fishermen on Lough Neagh who have been adversely impacted as a result of not being able to fish due to the COVID-19 pandemic. The scheme will cost up to £0.3m.

There were 2 Ministerial Directions given on 29 March 2021. One was in relation to the COVID-19 disruption payment of £60 to higher education and further education students at CAFRE to address digital poverty. The total cost will be approximately £0.1m. A second was to deliver a scheme that would compensate eligible wool producers for losses incurred due to the impact of the pandemic. That support scheme will cost approximately £1.265m and will be funded from the DAERA 2020-21 COVID-19 budget.

A further Ministerial Direction was issued on 31 March 2021 for a support scheme to all eligible farmers severely impacted by flooding in the Glenelly and OwenKillew river catchment areas. The total cost of the Scheme is expected to be approximately £3.45m.

All four Ministerial Directions were approved by the Finance Minister.

The Executive also approved a support package designed by Department for Economy to make COVID-19 disruption payments of £500 to eligible full-time higher education students. Minister Poots agreed that eligible CAFRE students should also receive the disruption payment at a cost of £0.2m.

Annual Report and Accounts

for the year ended 31 March 2021

Review of the effectiveness of the system of internal control

As Accounting Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by the work of the internal auditors and the SROs within the Department who have responsibility for the development and maintenance of the internal control framework. I also take account of comments made by the external auditors in their management letter and other reports.

The SROs are required to proactively report any weakness in the Department's systems of internal control through the stewardship and risk management reporting process. I have been advised on the effectiveness of the system of internal control by the Board, the ARAC and the Delivery Committee. Plans to address any weaknesses identified and to ensure continuous improvement of the system are in place.

In addition, the Head of Internal Audit has provided me with a satisfactory opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control for 2020-21.

The Department's system of internal control, as outlined above, will continue to operate and we will continue to strengthen controls where appropriate. For the incoming year, the Department plans to:

1. continue to review its CRR with a view to ensuring that, where necessary, further improvements to the process of risk management will be made;
2. continue to promote and develop counter fraud awareness across the Department and Whistleblowing/Raising Concerns based on the recommendations from the NIAO Raising Concerns Report;
3. improve financial management generally, and the quality of financial information to the DB; and
4. continue to improve monitoring of ALB Governance arrangements and compliance with all key guidance.

Internal Audit

For 2020-21, the Annual Internal Audit report provided a satisfactory opinion. The opinion of DAERA IAB was based on the results of 34 Final Reports and 3 Draft Reports. 23 of these reports had positive opinions, 2 issued with a 'limited' opinion (1 uplifted to Satisfactory after follow-up) and there were 12 Special Exercises where no opinion was relevant.

Key issues reported by DAERA IAB over the period

Limited Opinion Audit Reports 2020-21

There was two limited opinion reports issued during 2020-21. A subsequent follow-up review was completed in respect of one of the limited opinion reports, namely Environment, Marine and Fisheries Group Waste Recycling Grants (issued in June 2020), and the opinion uplifted to satisfactory.

Waste Recycling Grants

A final report for the audit of Waste Recycling Grants issued on 2 June 2020, with a 'Limited' opinion. Internal Audit's opinion was based on a number of findings including one Priority 1 issue relating to a decision to fund standalone projects rather than assess collectively which they considered could be construed as disaggregation with the associated risk of expenditure being deemed irregular. Other issues raised included business case(s) not being completed from the outset to justify allocation of spend and a lack of segregation of duties. A follow up audit was subsequently completed in March 2021 and concluded that the control framework had improved sufficiently to justify raising the previous opinion from 'limited' to 'satisfactory'.

Financial Provisions for Waste Management Activities

An audit review of Financial Provisions was included in the re-prioritised internal audit plan (August 2020), following concerns highlighted by management. A draft report for this review issued on 24 March 2021, with an overall 'Limited' opinion. The review identified control weaknesses including three Priority 1 issues in regard to; the Financial Provisions Policy and use of parent company guarantees; the need for financial advice/expertise when assessing financial provisions and a lack of controls to ensure annual reviews of financial provisions are completed in line with the extant policy.

A further report for the internal audit review of the EFS Tranche 4: Governance, Regularity and Oversight included a Priority 1 recommendation in relation to the timely completion and approval of the scheme Monitoring and Evaluation framework. Priority 1 recommendations also remain outstanding in relation to 3 previously issued internal audit reports. These were the audit of NIFAIS System User Acceptance testing of Financial Controls, Business Continuity Planning and the review of NIEA Enforcement Division.

Annual Report and Accounts for the year ended 31 March 2021

Other Control Issues Reported

Other control issues identified through stewardship reporting include:

COVID-19

The Department at the start of the year was affected by the lockdown restrictions announced on the 23 March 2020, with the closure of DAERA buildings and home working for staff. Business Continuity Plans were activated across the Department and processes put in place to enable remote working for staff. Alternative ways of working which include alternative controls and risk based approaches have been adopted. The functions of the Department most affected are:

- Official Controls and inspections across farms and licensed/registered processing establishments;
- Verification of grant applications;
- Testing of residues for veterinary medicine;
- Planning consultation;
- Ecological surveillance and monitoring; and
- Delays to Water Reform Programme.

NI Protocol

There continues to be ongoing challenges associated with delivering full implementation of NI Protocol import controls in NI Ports from 1st January 2021 due to: resourcing constraints; access to suitable inspection facilities; implementation of new processes and procedures; and stakeholder uncertainty around the processes and procedures required to meet legal obligations.

Staffing

The high level of vacancies in some areas and delays in recruitment processes are having an impact on the Department delivering its priorities. Reprioritisation of resources has had an impact on routine work and governance issues such as business plans and performance review requirements.

Programmes

The NIFAIS project has been delayed for most of 2020 due to a pause and then the impact of Covid-19. However during the pause a new approach for delivery has been agreed between the Supplier and DAERA, along with a new Project Charter which resets the relationship for moving forward. An independent Value for Money assessment was also completed during the pause, in the form of a Business case Addendum, and this has recently been approved by DoF.

Environmental Farming Scheme option Drinking Trough Pipework. The control issue was identified during the EAF 2019 audit with the Commission proposing an initial correction of €438,454. While work has progressed to enhance controls in this area this was not in time to have an impact on the European Agricultural Fund (EAF) 2020 audit. A further ring-fenced amount of €998,828 has been identified which will be dealt with by the Commission through the conformity enquiry for EAF 2019.

Illegality and Irregularity

The Sea Fish Industry (Coronavirus) (Fixed Cost) Scheme (Northern Ireland) 2021 (S.R. 2021 No. 65) provided £135K support to 46 applicants. The payments were made between 19 March 2021 and 15 April 2021.

In her report of 27 April 2021 to the Assembly, the Examiner of Statutory Rules has drawn special attention on the grounds that the Scheme was not *intra vires*. In making the Scheme, the Department incorrectly cited powers in section 15 of the Fisheries Act 1981, which have been repealed by the Fisheries Act 2020. The Department has acknowledged this and is taking steps to remedy its error. The Departmental Solicitors Office advice is being sought in relation to bringing in a replacement Statutory Rule under powers in the Fisheries Act 2020 and the illegality of the payments that have occurred.

North South Body

In the absence of a DAERA Minister until 11 January 2020, it was not possible to secure North South Ministerial Council (NSMC) approval of the 2017-2019 Business Plans for the Loughs Agency. While arrangements were made with DoF to ensure legality of payments in 2017-2020, in the absence of business plans, expenditure was irregular until the NSMC approved the Business Plans.

The NSMC Aquaculture and Marine meeting held on 21 October 2020 approved the Business Plans and Budgets/Grants for 2017, 2018, 2019 and 2020 as well as the Corporate Plans for 2017-2019 and 2020-2022.

Remuneration and Staff Report

The purpose of this remuneration and staff report is to set out DAERA's remuneration policy for ministers and directors, how that policy has been implemented and the amount awarded to directors. In addition this report provides details on remuneration of staff and other important key staff related issues which are key to accountability.

1. Departmental Remuneration Report 2020-21

Remuneration Policy

The pay remit for the Northern Ireland (NI) public sector, including senior civil servants (SCS), is approved by the Minister of Finance. The Minister has set the 2020-21 NI public sector pay policy (September 2020) in line with the overarching HMT parameters. Annual NICS pay awards are made in the context of the wider public sector pay policy. The pay award for NICS staff, including SCS, for 2020-21 has been finalised but not yet paid.

The pay of SCS is based on a system of pay scales for each SCS grade containing a number of pay points from minima to maxima, allowing progression towards the maxima based on performance.

Service Contracts

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

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

Further information about the work of the Civil Service Commissioners for Northern Ireland can be found at: www.nicscommissioners.org

Remuneration and pension entitlements [Audited information]

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

Annual Report and Accounts for the year ended 31 March 2021

Remuneration and pension entitlements - Ministers (Audited Information)

Ministers (Audited Information)	Salary (£)		Benefits in kind (to nearest £100)		Pension Benefits* (to nearest £1,000)		Total (to nearest £1,000)	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Minister Poots MLA (from 1 Apr 20 - 1 Feb 21 and 8 Mar 21 - 31 Mar 21)	43,415	11,000 (48k FYE)	-	-	12,000	3,000	55,000	14,000
Minister Lyons MLA (from 2 Feb 21 - 7 Mar 21)	4,913	-	-	-	-	-	5,000	-

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

Remuneration and pension entitlements - Officials (Audited Information)

Officials (Audited Information)	Salary (£'000)		Pension Benefits* (to nearest £1,000)		Total (£'000)	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Dr D McMahon Permanent Secretary	125-130	115-120	57,000	50,000	180-185	165-170
Mr B Doherty Deputy Secretary	95-100	85-90	70,000	135,000	165-170	220-225
Mr N Fulton Deputy Secretary	100-105	95-100	73,000	49,000	170-175	145-150
Mr R Huey Deputy Secretary	100-105	95-100	50,000	32,000	150-155	125-130
Mrs F McCandless Deputy Secretary	100-105	95-100	55,000	45,000	155-160	140-145
Mr D Small Deputy Secretary	100-105	95-100	60,000	37,000	160-165	135-140
Mrs T Teague Deputy Secretary	90-95	5-10 (90-95 FYE)	181,000	1,000	275-280	5-10
Mr D Reid Finance Director (from 1 August 20)	45-50 (75-80 FYE)	45-50 (70-75 FYE)	18,000	25,000	65-70	70-75
Mr R Downey Finance Director (to 31 July 20)	25-30 (70-75 FYE)	20-25 (70-75 FYE)	41,000	10,000	65-70	30-35

Annual Report and Accounts

for the year ended 31 March 2021

Officials	Salary (£'000)		Pension Benefits* (to nearest £1,000)		Total (£'000)	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Mr S McGrade Corporate Services Director	70-75	70-75	37,000	140,000	105-110	210-215
Ms S McCue Non-Executive Board Member	10-15	5-10	-	-	10-15	5-10
Dr B Stuart Non-Executive Board Member	20-25	10-15	-	-	20-25	10-15

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

Salary

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation and any severance or ex gratia payments.

DAERA was under the direction and control of Minister Poots MLA until 1 February 2021 and then from 8 March 2021. Minister Lyons covered the period from 1 February 2021 to 7 March 2021. Their salary and allowances were paid by the Northern Ireland Assembly and have been included as a notional cost in these accounts. These amounts do not include costs relating to the Minister's role as MLA's which are disclosed in the appropriate legislature accounts.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. No members of senior management disclosed above received Benefits In Kind in 2020-21 or 2019-20.

Bonuses

Bonuses relate to the performance in the year in which they become payable to the individual. No bonuses were paid to senior officials in the years 2020-21 or 2019-20.

Annual Report and Accounts for the year ended 31 March 2021

Fair pay disclosure [Audited Information]

	2020-21	2019-20
Band of Highest Paid Director's Total Remuneration	£125k - £130k	£115k - 120k
Median Total Remuneration*	£32,331	£30,635
Ratio	3.9	3.8

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

The banded remuneration of the highest-paid director in DAERA in the financial year 2020-21 was £125k - £130k (2019-20, £115k - £120k). This was 3.9 times (2019-20, 3.8) the median remuneration of the workforce, which was £32,331 (2019-20, £30,635).

No employees received remuneration in excess of the highest paid director in either year.

Remuneration ranged from £18k to £122k (2019-20, £18k to £117k).

There have been no payments made to past directors in 2020-21 or 2019-20.

Pension Entitlements - Ministers [Audited information]

Minister	Accrued pension at pension age as at 31-3-21	Accrued pension at pension age as at 31-3-20	Real increase in pension at pension age	CETV at 31-3-21	CETV at 31-3-20	Real increase/ (decrease) in CETV*
	£'000	£'000	£'000	£'000	£'000	£'000
Minister Poots MLA (from 1 Apr 20 - 1 Feb 21 and 8 Mar 21 - 31 Mar 21)	5-10	5-10	0-2.5	121	108	7
Minister Lyons MLA (from 2 Feb 21 - 7 Mar 21)	0-2.5	-	0-2.5	2	1	-

Ministerial pensions

Pension benefits for Ministers are provided by the Assembly Members' Pension Scheme (Northern Ireland) 2016 (AMPS). In 2011, the Assembly passed the Assembly Members (Independent Financial Review and Standards) Act (Northern Ireland) 2011 establishing a Panel to make determinations in relation to the salaries, allowances and pensions payable to members of the Northern Ireland Assembly. In April 2016 the Independent Financial Review Panel issued The Assembly Members (Pensions) Determination (Northern Ireland) 2016 which introduced a Career Average Revalued Earnings scheme for new and existing members. The scheme is named Assembly Members' Pension Scheme (Northern Ireland)

Annual Report and Accounts

for the year ended 31 March 2021

2016. Assembly Members aged 55 or over on 1 April 2015 and in continuous service between 1 April 2015 and 6 May 2016 will retain their Final Salary pension arrangements under transitional protection until 6 May 2021. The McCloud judgement found that the transitional protection offered to members of the Judiciary and Firefighters Schemes when their schemes were reformed was discriminatory on grounds of age. In light of this decision, the government has agreed to provide remedy to eligible members across the main public sector schemes. This judgement could have an impact on Members who missed out on the Transitional Protection policy in the Assembly Members' Pension Scheme because of their age but the applicability and approach to the McCloud judgement in this scheme is still under consideration.

As Ministers are Members of the Legislative Assembly they also accrue an MLA's pension under the AMPS (details of which are not included in this report). Pension benefits for Ministers under transitional protection arrangements are provided on a "contribution factor" basis which takes account of service as a Minister. The contribution factor is the relationship between salary as a Minister and salary as a Member for each year of service as a Minister. Pension benefits as a Minister are based on the accrual rate (1/50th or 1/40th) multiplied by the cumulative contribution factors and the relevant final salary as a Member. Pension benefits for all other Ministers are provided on a career average (CARE) basis.

Benefits for Ministers are payable at the same time as MLAs' benefits become payable under the AMPS. Pensions are increased annually in line with changes in the Consumer Prices Index. Ministers pay contributions of either 9% or 12.5% of their Ministerial salary, depending on the accrual rate. There is also an employer contribution paid by the Consolidated Fund out of money appropriated by Act of Assembly for that purpose representing the balance of cost. This is currently 14.4% of the Ministerial salary.

The accrued pension quoted is the pension the Minister is entitled to receive when they reach normal pension age for their section of the Scheme. Ministers under transitional protection arrangements may retire at age 65. Ministers in the CARE scheme have a pension age aligned to their State Pension Age.

The Cash Equivalent Transfer Value (CETV)

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

Annual Report and Accounts for the year ended 31 March 2021

The real increase in the value of the CETV

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

Pension Entitlements - Officials [Audited Information]

Officials Table	Accrued pension at pension age as at 31-3-21 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31-3-21 or date of leaving if earlier	CETV at 31-3-20 or date of commencement if later	Real increase/ (decrease) in CETV*	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Dr D McMahon Permanent Secretary	25 - 30	2.5 - 5	418	359	37	-
Mr B Doherty Deputy Secretary	45 - 50 plus lump sum of 125 - 130	2.5 - 5 plus lump sum of 2.5 - 5	1,017	929	54	-
Mr N Fulton Deputy Secretary	50 - 55	2.5 - 5	1,041	949	57	-
Mr R Huey Deputy Secretary	35 - 40 plus lump sum of 115 - 120	2.5 - 5 plus lump sum of 7.5 - 10	920	877	51	-
Mrs F McCandless Deputy Secretary	30 - 35 plus lump sum of 60 - 65	2.5 - 5 plus lump sum of 0 - 2.5	586	527	36	-
Mr D Small Deputy Secretary	50 - 55 plus lump sum of 155 - 160	2.5 - 5 plus lump sum of 7.5 - 10	1,240	1,138	62	-
Mrs T Teague Deputy Secretary (from 26 February 20)	40 - 45 plus lump sum of 85 - 90	7.5 - 10 plus lump sum of 15 - 17.5	727	566	138	-
Mr D Reid Finance Director (from 1 August 20)	20 - 25 plus lump sum of 40 - 45	0 - 2.5 plus lump sum of 0	347	335	8	-
Mr R Downey Finance Director (until 31 July 20)	20 - 25 plus lump sum of 45 - 50	0 - 2.5 plus lump sum of 2.5 - 5	357	325	28	-
Mr S McGrade Corporate Services Director	35 - 40 plus lump sum of 80 - 85	0 - 2.5 plus lump sum of 0 - 2.5	646	599	23	-

Annual Report and Accounts

for the year ended 31 March 2021

Compensation for loss of office [Audited Information]

No compensation payments were made or due to any of the senior management of DAERA under Civil Service Compensation Scheme (NI) (CSCS (NI)) in the year ending 31 March 2021 or 31 March 2020.

Northern Ireland Civil Service (NICS) Pension Schemes

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

The alpha pension scheme was introduced for new entrants from 1 April 2015. The alpha scheme and all previous scheme arrangements are unfunded with the cost of benefits met by monies voted each year. The majority of existing members of the classic, premium, classic plus and nuvos pension arrangements also moved to alpha from that date. Members who on 1 April 2012 were within 10 years of their normal pension age did not move to alpha and those who were within 13.5 years and 10 years of their normal pension age were given a choice between moving to alpha on 1 April 2015 or at a later date determined by their age. Alpha is a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current accrual rate is 2.32%.

Discrimination identified by the courts in the way that the 2015 pension reforms were introduced must be removed by the Department of Finance. It is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period. The different pension benefits relates to the different schemes eg classic, alpha etc and is not the monetary benefits received. This is known as the 'McCloud Remedy' and will impact many aspects of the Civil Service Pensions schemes including the scheme valuation outcomes. Further information on this will be included in the NICS pension scheme accounts which are available at: <https://www.finance-ni.gov.uk/publications/dof-resource-accounts>

Currently new entrants joining can choose between membership of alpha or joining a 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

New entrants joining on or after 30 July 2007 were eligible for membership of the nuvos arrangement or they could have opted for a partnership pension account. Nuvos is also a CARE arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current accrual rate is 2.3%.

Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (classic, premium and classic plus). From April 2011, pensions payable under classic, premium, and classic plus are reviewed annually in line with changes in the cost of living. New entrants joining on or after 1 October 2002

Annual Report and Accounts for the year ended 31 March 2021

and before 30 July 2007 could choose between membership of premium or joining the partnership pension account.

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

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

Active members of the pension scheme will receive an Annual Benefit Statement. The accrued pension quoted is the pension the member is entitled to receive when they reach their scheme pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Scheme Pension age is 60 for members of classic, premium, and classic plus and 65 for members of nuvos. The normal scheme pension age in alpha is linked to the member's State Pension Age but cannot be before age 65. Further details about the NICS pension schemes can be found at the website: www.finance-ni.gov.uk/topics/working-northern-ireland-civil-service-pensions-ni

All pension benefits are reviewed annually in line with changes in the cost of living. Any applicable increases are applied from April and are determined by the Consumer Prices Index (CPI) figure for the preceding September. The CPI in September 2020 was 0.5% and HMT has announced that public service pensions will be increased accordingly from April 2021.

Employee contribution rates for all members for the period covering 1 April 2021 - 31 March 2022 are as follows:

Scheme Year 1 April 2021 to 31 March 2022

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution rates - All members
From	To	From 01 April 2021 to 31 March 2022
£0	£24,199.99	4.6%
£24,200.00	£55,799.99	5.45%
£55,800.00	£153,299.99	7.35%
£153,300.00 and above		8.05%

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NICS pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2015 and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. However, the real increase calculation uses common actuarial factors at the start and end of the period so that it disregards the effect of any changes in factors and focuses only on the increase that is funded by the employer.

2. Staff Report

DAERA staff figures and costs for 2020-21 reflect the new departmental boundary which excludes the Forest Service. The Department has continued to recruit in the main to the requirements of the EU Exit.

2.1 Staff costs comprise [Audited Information]:

	2020-21			2019-20	
	Permanent staff* £'000	Others £'000	Minister £'000	Total £'000	Total £'000
Wages and salaries	96,306	5,442	38	101,786	99,213
Social security costs	10,352	-	5	10,357	9,944
Other pension costs	29,997	(1)	6	30,002	28,768
Sub total	136,655	5,441	49	142,145	137,925
Recoveries from outward secondments	-	-	-	-	-
Total net costs**	136,655	5,441	49	142,145	137,925

Of which:

	Charged to Administration £'000	Charged to Programme £'000	Total £'000
Core Department	37,703	76,181	113,884
Agency	-	28,261	28,261
Total net costs	37,703	104,442	142,145

* The 2020-21 figures include the cost of the Department's Special Advisor who was paid in the pay band £50k - £55k (2019 £50k - 55k).

** Excluded from the total is £4,301,039 (2019-20 £3,675,392) which has been charged to capital.

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

The Public Service Pensions Act (NI) 2014 provides the legal framework for regular actuarial valuations of the public service pension schemes to measure the costs of the benefits being provided. These valuations inform the future contribution rates to be paid into the schemes by employers every four years following the scheme valuation. The Act

Annual Report and Accounts

for the year ended 31 March 2021

also provides for the establishment of an employer cost cap mechanism to ensure that the costs of the pension schemes remain sustainable in future.

The Government Actuary's Department (GAD) is responsible for carrying out scheme valuations. The Actuary reviews employer contributions every four years following the scheme valuation. The 2016 scheme valuation was completed by GAD in March 2019. The outcome of this valuation was used to set the level of contributions for employers from 1 April 2019 to 31 March 2023.

The 2016 Scheme Valuation requires adjustment as a result of the 'McCloud remedy'. The Department of Finance have also commissioned a consultation in relation to the Cost Cap Valuation which will close on 25 June 2021. By taking into account the increased value of public service pensions, as a result of the 'McCloud remedy', scheme cost control valuation outcomes will show greater costs than otherwise would have been expected. On completion of the consultation the 2016 Valuation will be completed and the final cost cap results will be determined.

For 2020-21, employers' contributions of £29,921k were payable to the NICS pension arrangements (2019-20 £28,689k) at one of three rates in the range 28.7% to 34.2% of pensionable pay, based on salary bands.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £81k (2019-20 £79k) were paid to one or more of the panel of two appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (2019-20, 8% to 14.75%) of pensionable pay.

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

Employer contributions of £2k, 0.5% (2019-20 £2k, 0.5%) of pensionable pay, were payable to the NICS Pension schemes to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions due to the partnership pension providers at the reporting period date were £NIL. Contributions prepaid at that date were £NIL.

1 person (2019-20: 4 persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £6k (2019-20: £4k).

Annual Report and Accounts for the year ended 31 March 2021

2.2 Average number of persons employed [Audited information]

The average number of whole-time equivalent persons employed during the year was as follows. These figures include those working in the department as well as the agency and other bodies included within the consolidated departmental accounts.

Departmental Strategic Objective	2020-21				2019-20	
	Permanent staff	Others	Minister*	Special adviser*	Total Number	Total Number
RFR A	2,903	121	1	1	3,026	3,114
Staff engaged on capital projects	85	-	-	-	85	53
Total	2,988	121	1	1	3,111	3,167
Core department	2,454	83	1	1	2,539	2,395
Agency/agencies	534	38	-	-	572	772

2.3 Reporting of Civil Service and other compensation schemes - exit packages [Audited Information]

Exit package cost band	2020-21	2019-20
	Core Department & Agency	Core Department & Agencies
	No of other departures agreed	No of other departures agreed
<£10,000	-	9
£10,000 - £25,000	-	-
£25,000 - £50,000	-	2
£50,000 - £100,000	-	2
Total number of exit packages	-	13
Total Resource Cost £'000	-	228

There were no compulsory redundancies in 2020-21 or 2019-20.

Redundancies and other departure costs have been paid in accordance with the provisions of the CSCS(NI), a statutory scheme made under the Superannuation (Northern Ireland) Order 1972. The table above shows the total cost of exit packages agreed and accounted for in 2020-21 and 2019-20. £Nil exit costs were paid out in 2020-21, the year of departure (2019-20 £228k). Where the department has agreed early retirement costs, the additional costs are met by the Department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

Annual Report and Accounts for the year ended 31 March 2021

Staff Composition

The following is an analysis of staff numbers at the 31 March 2021:

Group	Male	Female*	Total
Board Members	6	2	8
Senior Managers	31	11	42
Other Employees	1,679	1,503	3,182
Total	1,716	1,516	3,232

* This excludes 2 female Non-Executive board members.

Departmental employees are eligible for pension benefits that are disclosed in Note 1.16 and Note 3 to the Accounts and the Remuneration Report.

There were no Equal Pay payments made to a member of DAERA staff in the 2020-21 financial year. There are 51 DAERA staff yet to sign agreements totalling £34,276.

Sickness absence rates for the Department for the period April 2020 to March 2021 were 7.6 working days lost per staff year equivalent. A sickness target was not set for 2020-21. In the previous year, 2019-20, the Department achieved 9.9 working days lost per staff year equivalent against a target of 9.27 days.

The Department ensures that all staff are kept informed of plans and developments through online briefings, team briefings, circulars and the publication of business and training plans.

Staff have access to welfare services and trade union membership. The Department uses the established Whitley process of staff consultation. The Whitley Council and Committees provide an agreed forum for discussion and they are attended by employer and employee (trade union) representatives. Staff turnover for the Department and its agencies are shown below. The Department continues to monitor turnover rates and support initiatives to maintain a healthy level of turnover. The annual Civil Service People Survey, coupled with other research, helps us to understand our people's experience of working in DAERA and take appropriate action to improve effectiveness, including where turnover becomes problematic.

	Departmental Turnover Rate Turnover Percentage	General Turnover Rate Turnover Percentage
DAERA	5.9%	2.4%

Off Payroll engagements

No Off Payroll Engagements at year end or any point during 2020-21 year.

Off Payroll engagements of Board Members and/or Senior Officials

The following tables discloses off payroll engagements of Board Members and/or Senior Officials with significant financial responsibility between 1 April 2020 and 31 March 2021:

	Main Department	Agency
Number of off payroll engagements of Board Members, and/or senior officials with significant financial responsibility, during the financial year.	-	-
Total number of individuals on payroll and off payroll that have been deemed "Board Members and or Senior Officials with significant financial responsibility," during the financial year. This figure should include both on payroll and off payroll engagements.	15	-

Consultancy Costs

The following table is an analysis of consultancy and temporary staff costs:

	2020-21		2019-20	
	£'000 Core	£'000 Consolidated	£'000 Core	£'000 Consolidated
Consultancy	41	41	73	73
Temporary staff costs	2,772	5,442	2,298	5,164
Total	2,813	5,483	2,371	5,237

Employment, training and advancement of disabled persons

The Northern Ireland Civil Service applies the recruitment principles as set out in the Recruitment Code of the Civil Service Commissioners for Northern Ireland, appointing candidates based on merit through fair and open competition. Recruitment and selection training, which includes raising awareness of unconscious bias, is offered to all members of NICS recruitment panels. Unconscious bias training is available to all staff.

To maintain and promote a diverse and inclusive workforce, the NICS has policies in place to support adjustments to the working environment required by disabled persons.

The NICS has a wide and active network of Diversity Champions and one of its' Deputy Secretaries is the NICS Diversity Lead for Disability. The NICS has a Disability Working Group and is a lead partner with Employers for Disability Northern Ireland. During 2020-21 the NICS established a Disability Staff Network. This Network plays a key role in promoting disability equality and inclusion across the NICS.

Annual Report and Accounts

for the year ended 31 March 2021

The NICS is committed to working towards creating a truly inclusive workplace where all colleagues feel valued. The NICS promotes a number of schemes for disabled people, including a Work Experience Scheme for People with Disabilities.

Other Employee Matters

The 2018-21 NICS People Strategy sets out the shared view of the people priorities across the NICS under the following themes:

- a well-led NICS;
- high performing NICS;
- outcomes-focused NICS; and
- an inclusive NICS in which diversity is truly valued - a great place to work

People Survey 2020 Areas of Success

The 2020 NICS People Survey was conducted by NISRA across the nine NICS ministerial Departments as well as the Public Prosecution Service and the Health & Safety Executive for NI. All staff working in these organisations were invited to take part in the survey. For DAERA there were 3,217 (2019-20: 3,175) staff invited to complete the survey, of which 1,537 (2019-20: 1,837) participated, a response rate of 46.2% (2019-20: 58%). The Employee Engagement Index is the weighted average of the responses to the five employee engagement questions, and it ranges from 0% to 100%. DAERA responses indicated an Employee Engagement Index of 64% (2019-20: 58%) , compared to the NICS average of 57% (2019-20: 51%). The full survey can be accessed at: <https://www.finance-ni.gov.uk/publications/nics-people-survey-results>

Equality, Diversity and Inclusion

In the NICS, we are committed to building an inclusive workplace culture where diversity is truly valued at all levels, where you are valued for who you are and where you can bring your true self to work. We want to make use of all the talent that exists across the NICS to ensure we are a well-led, high performing, outcome-focused Service and a Service that is a great place to work.

The NICS People Strategy includes a range of actions that will help accelerate our ambition of a truly inclusive NICS, which reflects the society we serve.

As a key element of the People Strategy, our ambitious diversity and inclusion programme of work is delivered through the implementation of an annual NICS Diversity Action Plan, and overseen by the leadership of the NICS Board, the NICS Diversity Champions Network, Departmental Diversity Champions and Thematic Diversity Champions, NICS colleague networks and NICS HR, as well as through partnership working with stakeholder organisations.

The NICS Diversity Action Plan sets out our priorities for action by diversity and inclusion theme, cross-cutting priorities, departmental priorities and includes supporting plans on communications and outreach.

Equality is a cornerstone consideration in the development and review of all HR policies which determine how staff are recruited and appointed, their terms and conditions, how they are managed and developed, assessed, recognised and rewarded. The NICS' commitment to equality of opportunity is outlined in its [Equality, Diversity and Inclusion Policy](#). The full report can be viewed at the following link: <https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/EQIA%20Screening%20Template%20-%20Equality%20Diversity%20and%20Inclusion%20Policy.pdf>

As part of the NICS efforts to ensure equality of opportunity, the NICS continually conducts comprehensive reviews into the composition of its workforce and recruitment activity, publishing a wide range of NICS human resource statistics, <https://www.nisra.gov.uk/statistics/government/ni-civil-service-human-resource-statistics>

The annual “Equality Statistics for the Northern Ireland Civil Service” reports work force composition and trends over time and, where appropriate, makes comparisons with the wider labour market and the Civil Service in Great Britain.

The NICS continues to meet its statutory obligations under the Fair Employment & Treatment (NI) Order 1998, which includes submission of an annual Fair Employment Monitoring Return and a tri-annual Article 55 Review to the Equality Commission for NI (ECNI), both of which assess the composition of the NICS workforce and the composition of applicants and appointees. In addition, the NICS conducts a similar formal review of the gender profile of its workforce. The findings are published in the NICS Article 55 and Gender Reviews <https://www.finance-ni.gov.uk/publications/article-55-reviews>

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

As a public authority, the NICS has due regard to the need to promote equality of opportunity and regard to the desirability of promoting good relations across a range of categories outlined in the Section 75 of the Northern Ireland Act 1998 in carrying out its functions. Further information on the department's equality scheme is available at: <https://www.daera-ni.gov.uk/daeras-equality-scheme>

Learning and Development

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

Development and delivery of generic staff training is centralised in NICS HR⁽¹⁾. Training is delivered using a variety of learning delivery channels (including on-line, webinars), providing flexible access to learning. Coherent learning pathways are aligned to both corporate need and the NICS Competency Framework.

¹ NICS HR is the NICS' centralised human resources function. It falls under the responsibility of the Department of Finance.

Annual Report and Accounts

for the year ended 31 March 2021

Talent management is a key theme of the NICS People Strategy and this year the focus was on improving the quality of the development conversation between managers and staff, with the introduction of a talent management toolkit.

The NICS offers a wide range of career development opportunities through mentoring, secondment and interchange opportunities, elective transfers, temporary promotion, job rotation and job shadowing.

Employee Consultation and Trade Union Relationships

The Department of Finance is responsible for the NICS Industrial Relations Policy. The centralised human resource function, NICS HR, consults on HR policy with all recognised Trade Unions and local departmental arrangements are in place to enable consultation on matters specific to a department or individual business area.

Health and Safety

DAERA remains committed to ensuring, so far as reasonably practicable, the health, safety and welfare of its employees and others affected by its undertakings. This commitment is confirmed in the Health & Safety Policy Statement and TMT and DB have Health & Safety as a standing agenda item at their weekly meeting.

The main Health & Safety focus for 2020-21 has been actions towards compliance with DAERA Health & Safety Management Framework, approved by the DAERA Board in June 2017:

- Health & Safety has been integrated into the Departments governance process, with inclusion in the DAERA Strategy, Risk Management process and senior management Stewardship Reports;
- The DAERA Board review Health and Safety performance on a regular basis;
- A Department wide “Health and Safety Organisation” document, establishing staff Health and Safety responsibilities, is in place;
- Nine new Department wide “Health and Safety Arrangements”, outlining how key Health and Safety issues should be managed, have been completed in 2020-21; and
- Health and Safety articles are a regular feature in the Team Brief and Officers in Charge/Premises Officers are supported with regular Health and Safety Updates.

Staff consultation has been encouraged at Departmental level through the Whitley Sub- committee and various Health and Safety Committees are in place at a more local level. A DAERA representative also attend the Inter-departmental Health and Safety Forum and Commercial Crown Fire Committee.

Estate Transformation

In line with a previous PfG target the DAERA Ballykelly relocation project was completed by the end of April 2018 with over 250 posts relocated to the new building. As at March 2021 the total number of posts based at Ballykelly remains at 334. The Department's overall objective, agreed in 2016 with the then Minister, was to have at least 320 posts in Ballykelly by 2021.

Assembly Accountability and Audit Report

Statement of Outturn against Assembly Supply [Audited Information]

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

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

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

Should an entity exceed the limits set by their Supply Estimate, called control limits, their accounts will receive a qualified opinion.

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

The supporting notes detail the following: Outturn detailed by Estimate line, providing a more detailed breakdown (Note 1); a reconciliation of outturn to net operating expenditure in the CSoCNE, to tie the SOAS to the financial statements (Note 2); a reconciliation of net resource outturn to net cash requirement (Note 3); an analysis of income payable to the Consolidated Fund (Note 4), a reconciliation of income recorded within the Statement of Comprehensive Net Expenditure to operating income payable to the Consolidated Fund (Note 5); and detail on non-operating income - excess Accruing Resources (Note 6).

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

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

Annual Report and Accounts for the year ended 31 March 2021

Summary Table of Resource Outturn 2020-21

								2020-21	2019-20
Outturn					Estimate			Net total estimate compared with estimate: saving/(excess)	Prior Year Outturn
Request for Resources		Gross Expenditure	Accruing Resources	Net Total	Gross Expenditure	Accruing Resources	Net Total		Net Total
	Note	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Request for Resources A	SoAS 1	732,525	(74,042)	658,483	767,402	(82,811)	684,591	26,108	50,989
Total resources		732,525	(74,042)	658,483	767,402	(82,811)	684,591	26,108	50,989
Non-operating cost Accruing Resources			(54)	(54)		(251)	(251)	197	(227)

Net Cash Requirement 2020-21

					2020-21	2019-20
		Outturn	Estimate	Net total outturn compared with estimate: saving/(excess)		Prior Year Outturn
	Note	£'000	£'000	£'000		£'000
Net cash requirement	SoAS3	636,155	684,055	47,900		19,418

Summary of income payable to the Consolidated Fund

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

	Note	2020-21 Forecast		2020-21 Outturn	
		Income £'000	<i>Receipts</i> £'000	Income £'000	<i>Receipts</i> £'000
Total	SoAS4	-	-	-	-

Explanations of variances between estimate and outturn are given in Note SOAS1 and in the Performance Report.

Annual Report and Accounts

for the year ended 31 March 2021

Notes to the Statement of Assembly Supply - 2020-21

SoAS Note 1 - Outturn detail by Estimate Line

	2020-21 Outturn					2020-21 Estimate			2019-20 Outturn	
	Admin £'000	Other Current £'000	Grants £'000	Gross Resource Expenditure £'000	Accruing Resources £'000	Net Total £'000	Virement £'000	Net total outturn with Virement £'000	Net total outturn compared with Estimate adjusted for virements £'000	Prior-year Outturn £'000
Request for Resources A - Promote sustainable development of the agri-food industry and the countryside; stimulate the economic and social revitalisation of rural areas; protect and enhance the natural environment; promote sustainable development of the sea fishing and aquaculture industries; and manage protect, develop and expand forests in a sustainable way.										
Departmental Expenditure in DEL:										
1. Food and Farming Group	27,676	342,804	47,392	417,872	(9,190)	407,943	760	408,703	21	90,901
2. Veterinary Service and Animal Health Group	6,451	75,922	109	82,482	(14,633)	66,406	1,447	67,853	4	58,420
3. Rural Affairs Group	6,482	7,759	6,591	20,832	(246)	20,039	570	20,609	23	16,654
4. Environment, Marine and Fisheries	13,257	47,877	27,976	89,110	(14,782)	74,655	(286)	74,369	41	50,490
5. Forest	2,244	10,786	1,054	14,084	(12)	13,764	308	14,072	-	4,914
6. Common Agricultural Policy	-	(51)	18,006	17,955	(17,955)	-	-	-	-	-
7. EU Community Initiatives	-	-	20,264	20,264	(17,224)	2,319	721	3,040	-	1,165

Annual Report and Accounts for the year ended 31 March 2021

	2020-21 Outturn					2020-21 Estimate			2020-21 Outturn
	Admin £'000	Other Current £'000	Grants £'000	Gross Resource Expenditure £'000	Accruing Resources £'000	Net Total £'000	Net total outturn with Virement £'000	Net total outturn compared with Estimate adjusted for virements £'000	
Annually Managed Expenditure:									
8. Forest Service Timber	-	-	-	-	-	-	-	-	(18,553)
9. Provisions	-	2,546	-	2,546	-	2,546	14,670	12,124	4,143
10. Revaluations due to changes in market values	-	371	-	371	-	371	1,050	679	3,942
11. Fisheries	-	98	-	98	-	98	100	2	93
Non-Budget:									
12. The Agri-Food and Biosciences Institute	-	-	47,810	47,810	-	47,810	55,518	4,188	46,556
13. Foyle, Carlingford and Irish Lights Commission	-	-	2,548	2,548	-	2,548	2,608	60	2,157
14. Northern Ireland Fishery Harbour Authority	-	-	-	-	-	375	375	375	-
15. Notional Charges	16,553	-	-	16,553	-	16,553	25,144	8,591	18,282
Total	72,663	488,112	171,750	732,525	(74,042)	658,483	684,591	26,108	279,164

Annual Report and Accounts

for the year ended 31 March 2021

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

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

The main reasons for the underspend of £26m are as follows:

- The Estimates contain a high provisions limit of £14.7m in order to ensure there is sufficient cover should the Department face unexpected potential liabilities. In year the only provisions made were for £2.5m for increased in the personal injuries, holiday pay and one CAP disallowance.
- On notionals the Department had a budget of £25m to cover costs that came in at £16.5m. Again this is due to the Department having cover on other notional costs if unexpected costs are charged.

Annual Report and Accounts for the year ended 31 March 2021

SoAS Note 2: Reconciliation of outturn to net operating expenditure

				2020-21	2019-20
	Note	Outturn £'000	Supply Estimate £'000	Outturn compared with Estimate £'000	Outturn £'000
Net Resource outturn (Note a)	SoAS1	658,483	684,591	26,108	279,164
Unrealised exchange loss (Note b)		(5)	-	5	5
Non-supply income (CFERs)	SoAS4	-	-	-	-
Net Operating Cost in Consolidated Statement of Comprehensive Net Expenditure (Note a)	CSOCNE	658,478	684,591	26,113	279,169

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

Note a - Net operating cost is the total of expenditure and income appearing in the CSOCNE. Net resource outturn is the total of those elements of expenditure and income that are subject to Assembly approval and included in the Department's Supply Estimate.

Note b - This adjustment was required to take account of a change in budgeting rules which classified unrealised exchange losses or gains as 'outside the vote'.

Annual Report and Accounts

for the year ended 31 March 2021

SoAS Note 3: Reconciliation of net resource outturn to net cash requirement for 2020-21

2020-21				
	Note	Outturn total £'000	Estimate £'000	Net total outturn compared with Estimate: saving/ (excess) £'000
Resource Outturn	SOAS1	658,483	684,055	25,572
Capital:				
Acquisition of property, plant and equipment	7,8	37,576	43,787	6,211
Non-operating Accruing Resources				
Net Book value of asset disposals	4,5	(54)	(251)	(197)
Accruals to cash adjustments				
<i>Adjustments to remove non-cash items</i>	4,5			
Depreciation		(15,795)	(16,891)	(1,096)
New provisions, and adjustments to previous provisions		(1,245)	(14,670)	(13,425)
Other non-cash items		(16,159)	(25,144)	(8,985)
Adjustments to reflect movements in working balances				
- Increase/(Decrease) in inventories		(30)		
- Increase/(Decrease) in receivables		14,099		
- (Increase)/Decrease payables due within one year		(40,721)		
Total changes in working capital other than cash		(26,652)	12,500	39,152
Changes in payables falling due after more than one year				
Use of provision	18	1	133	132
Net cash requirement		636,155	683,519	47,364

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

Explanation of variance between Estimate and Outturn

A prudent estimate was made in December 2020 when forecasting the cash requirements of the Department to 31 March 2021. The variance of £47m mainly related to the year end when there were larger Trade Payables than expected.

SoAS4: Income Payable to the Consolidated Fund

The Department had no income or receipts in 2020-21 (2019-20 income nil and receipts nil).

SoAS Note 5: Reconciliation of income recorded within the CSocNE to operating income payable to the Consolidated Fund

		2020-21	2019-20
	Note	£'000	£'000
Operating income	6	74,042	370,768
Gross income		74,042	370,768
Income authorised to be Accruing Resources	SoAS1	(74,042)	(370,768)
Operating income payable to the Consolidated Fund	SoAS4	-	-

SoAS Note 6: Non-operating income - Excess Accruing Resources

The Department had no non-operating income in 2020-21 (2019-20: nil).

Annual Report and Accounts

for the year ended 31 March 2021

Assembly Accountability Disclosure

Business activities attracting fees and charges [Audited Information]

This note is for fees and charges purposes and not for IFRS 8 Operating Segments purposes.

The table below summarises the range of activities undertaken by the Department against which it receives income, in excess of £5m. It is important to note that in a vast majority of cases the price for the goods and services is established by market rates. Where appropriate, the Department aims to secure full cost recovery.

Income Source	2020-21 Income	2020-21 Full Cost	2020-21 Surplus/ (Deficit)	Financial Objective
	£'000	£'000	£'000	
NIEA - Resource Efficiency Pollution	8,156	8,308	(152)	Full cost recovery* - achieved with marginal under recovery.
Food Standards Agency	7,433	8,116	(683)	Full cost recovery* - achieved with under recovery of bonus payments.
Total	15,589	16,424	(835)	

*Small portion of over/under recovery

Income Source #	2019-20 Income	2019-20 Full Cost	2019-20 Surplus/ (Deficit)	Financial Objective
	£'000	£'000	£'000	
Timber and Other Forest Products	10,887	1,276	9,611	Recover full cost plus rate return in line with comparable businesses - achieved.
NIEA - Resource Efficiency Pollution	8,541	8,432	109	Full cost recovery* - achieved with marginal under recovery.
Food Standards Agency	7,291	7,544	(253)	Full cost recovery - achieved with marginal over recovery.
Total	26,719	17,252	9,467	

*Small portion of over/under recovery

Remote Contingent Liabilities [Audited Information]

In addition to contingent liabilities reported within the meaning of International Accounting Standard (IAS) 37, the Department also reports liabilities for which the likelihood of a transfer of economic benefits in settlement is too remote to meet the definition of contingent liability.

For 2020-21, in addition to the items covered in the Provisions Note 18 and the contingent liabilities Note 19, one of the Department's agencies is currently considering various options that may be required in relation to an illegal landfill site (2019-20: nil).

Regularity of Expenditure [Audited Information]

A Stewardship Reporting exercise is undertaken three times a year and Finance Division has a role in reviewing Economic Appraisals to ensure the regularity and propriety of proposals.

Business Areas are asked on a quarterly basis to confirm that the information held on the Losses and Special Payments Register is correct.

Losses and special payments [Audited Information]

Losses Statement

	2020-21	2019-20
	Core Dept & Agency	Core Dept & Agencies
Total number of losses/cases	52	69
Total value of losses £'000	69	268

These cases include abandoned claims, other losses, and unvouched or incompletely vouched expenditure.

Special Payments

	2020-21	2019-20
	Core Dept & Agency	Core Dept & Agencies
Total number of special payments	10	9
Total value of special payments £'000	22	33

These cases include Ex Gratia payments.

Annual Report and Accounts for the year ended 31 March 2021

North/South Bodies

The Business Plan and Budget of North/South Implementation Bodies is subject to the approval of the North South Ministerial Council, including Finance Ministers. Following the re-establishment of the Northern Ireland Executive on 10 January 2020, NSMC approval of the historical 2017, 2018 and 2019 Business Plans for the Loughs Agency was secured on 21 October 2020. The 2020 Business plan was also approved by NSMC on 21 October 2020.

There were no gifts made by the Department where the total value exceeds £250,000.



Dr Denis McMahon
Accounting Officer
Department of Agriculture, Environment and Rural Affairs
1 July 2021

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

Opinion on financial statements

I certify that I have audited the financial statements of the Department of Agriculture, Environment and Rural Affairs for the year ended 31 March 2021 under the Government Resources and Accounts Act (Northern Ireland) 2001. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and interpreted by the Government Financial Reporting Manual.

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

In my opinion the financial statements:

- give a true and fair view of the state of the Department's affairs as at 31 March 2021 and of its net operating expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance directions issued thereunder.

Emphasis of Matter

I draw attention to Note 7.1 of the financial statements, which describes the 'material valuation uncertainties' for land and buildings due to the consequences of the COVID-19 pandemic. My opinion is not modified in respect of the matter.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Outturn against Assembly Supply properly presents the outturn against voted Assembly control totals for the year ended 31 March 2021 and shows that those totals have not been exceeded; and
- the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Annual Report and Accounts

for the year ended 31 March 2021

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISA's) (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 the Department of Agriculture, Environment and Rural Affairs in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2019, and have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Department of Agriculture, Environment and Rural Affairs use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

The going concern basis of accounting for the Department of Agriculture, Environment and Rural Affairs 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 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 Accounting Officer is responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my 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. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

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

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

Matters on which I report by exception

In the light of the knowledge and understanding of the Department of Agriculture, Environment and Rural Affairs and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and Accountability Report.

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

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

Annual Report and Accounts

for the year ended 31 March 2021

Responsibilities of the Accounting Officer for the financial statements

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

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- such internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- assessing the Department of Agriculture, Environment and Rural Affairs 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.

Auditor's responsibilities for the audit of the financial statements

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

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

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

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to the Department of Agriculture, Environment and Rural Affairs through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included the Government Resources and Accounts Act (Northern Ireland) 2001;
- making enquiries of management and those charged with governance on [the Department of Agriculture, Environment and Rural Affairs compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;

- completing risk assessment procedures to assess the susceptibility of the Department of Agriculture, Environment and Rural Affairs financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, expenditure recognition, posting of unusual journals;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- documenting and evaluating the design and implementation of internal controls in place to mitigate risk of material misstatement due to fraud and non-compliance with laws and regulations;
- communicating with component auditors to request identification of any instances of non-compliance with laws and regulations that could give rise to a material misstatement of the group financial statements;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate, risk assessment of journals and reviewing the design and controls of the Basic Payment, Greening and Young Farmer Schemes.
- 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; and

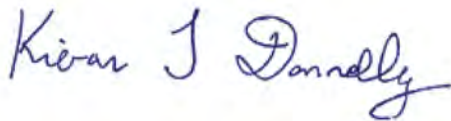
A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Annual Report and Accounts for the year ended 31 March 2021

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Outturn against Assembly Supply properly presents the outturn against voted Assembly control totals and that those totals have not been exceeded. I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Report

I have no observations to make on these financial statements.



KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
1 Bradford Court
Galwally
BELFAST
BT8 6RB

07 July 2021

Financial Statements



Department of Agriculture, Environment and Rural Affairs

Consolidated Statement of Comprehensive Net Expenditure for the Year ended 31 March 2021

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

		2020-21	2019-20
	Notes	Core Dept & Agency £'000	Core Dept & Agencies £'000
Revenue from contracts with customers	6	(34,266)	(50,116)
Other Operating Income	6	(39,776)	(320,652)
Total Operating Income		(74,042)	(370,768)
Staff costs	3	142,145	137,925
EU expenditure	4,5	37,159	319,034
National grant expenditure and disallowance	4,5	433,954	92,227
Funding to Public Corporation	4,5	11,739	-
Purchase of goods and services	4,5	30,951	33,978
Depreciation and impairment charges	4,5	16,521	24,522
Provision expense	4,5	518	4,186
Other operating expenditure	4,5	59,533	56,618
Growing Timber Revaluation	4,5	-	(18,553)
Total Operating Expenditure		732,520	649,937
Net Operating Expenditure		658,478	279,169
Net Expenditure for the year		658,478	279,169
Other Comprehensive Net Expenditure Items that will not be reclassified to net operating costs:			
Net (gain)/loss on revaluation of Property, Plant and Equipment	7	(1,996)	23,534
Net (gain)/loss on revaluation of Intangible Assets	8	(161)	(963)
Comprehensive Net Expenditure for the year ended 31 March 2021		656,321	301,740

All income and expenditure are derived from continuing operations.

The notes on pages 110 to 143 form part of these accounts

Department of Agriculture, Environment and Rural Affairs

Consolidated Statement of Financial Position as at 31 March 2021

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

		2020-21	2019-20
	Notes	Core Dept & Agency £'000	Core Dept & Agencies £'000
Non-current assets			
Property, plant and equipment	7.1	236,652	320,509
Biological assets	7.2	1,502	232,990
Heritage assets	7.3	1,568	2,735
Intangible assets	8	64,421	50,902
Financial assets		26	26
Total non-current assets		304,169	607,162
Current assets			
Assets classified as held for sale	13	-	1,535
Inventories	14	920	950
Trade and other receivables	16	49,725	36,959
Cash and cash equivalents	15	12,569	821
Total current assets		63,214	40,265
Total assets		367,383	647,427
Current liabilities			
Trade and other payables	17	(123,238)	(71,678)
Cash and cash equivalents	15	(1,725)	(2,154)
Provisions	18	(2,459)	(1,911)
Total current liabilities		(127,422)	(75,743)
Total assets less current liabilities		239,961	571,684

The notes on pages 110 to 143 form part of these accounts

Annual Report and Accounts for the year ended 31 March 2021

		2020-21	2019-20
	Notes	Core Dept & Agency £'000	Core Dept & Agencies £'000
Non-current liabilities			
Provisions	18	(3,487)	(2,791)
Total non-current liabilities		(3,487)	(2,791)
Total assets less total liabilities		236,474	568,893
Taxpayers' equity & other reserves:			
General fund		141,035	435,060
Revaluation reserve		95,439	133,833
Total equity		236,474	568,893



Dr Denis McMahon
Accounting Officer
Department of Agriculture, Environment and Rural Affairs

1 July 2021

The notes on pages 110 to 143 form part of these accounts

Department of Agriculture, Environment and Rural Affairs

Consolidated Statement of Cash Flows for the year ended 31 March 2021

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

		2020-21	2019-20
	Notes	Core Dept & Agency £'000	Core Dept & Agencies £'000
Cash flows from operating activities			
Net operating cost	CSoCNE	(658,478)	(279,169)
Adjustments for non-cash transactions		33,092	28,290
Adjustment for Forest Service opening cash		93	-
(Increase)/Decrease in trade and other receivables <i>less movements in receivables relating to items not passing through the Consolidated Statement of Comprehensive Net Expenditure</i>	16	(12,766)	(1,330)
		(1,333)	482
(Increase)/Decrease in inventories	14	30	62
Increase/(Decrease) in trade and other payables <i>less movements in payables relating to items not passing through the Consolidated Statement of Comprehensive Net Expenditure</i>	17	51,560	(968)
		(11,978)	(1,053)
Use of Provisions	18	(1)	(107)
Net cash outflow from operating activities		(599,781)	(253,793)
Cash flows from investing activities			
Purchase of property, plant and equipment		(15,233)	(9,774)
Purchase of intangible assets	8.1	(21,209)	(17,680)
Proceeds of disposal of property, plant and equipment		68	114
Net cash outflow from investing activities		(36,374)	(27,340)

The notes on pages 110 to 143 form part of these accounts

Annual Report and Accounts

for the year ended 31 March 2021

		2020-21	2019-20
	Notes	Core Dept & Agency £'000	Core Dept & Agencies £'000
Cash flows from financing activities			
From the Consolidated Fund (Supply) - current year	CSoCITE	646,999	279,800
From the Consolidated Fund (Supply) - prior year	CSoCITE	1,333	851
Net financing		648,332	280,651
Net increase/(decrease) in cash and cash equivalents in the year before adjustment for receipts and payments to the Consolidated Fund	15	12,177	(482)
Cash and cash equivalents at the beginning of the year	15	(1,333)	(851)
Cash and cash equivalents at the end of the year	15	10,844	(1,333)

The notes on pages 110 to 143 form part of these accounts

Department of Agriculture, Environment and Rural Affairs

Consolidated Statement of Changes in Taxpayers' Equity for the year ended 31 March 2021

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

	Notes	General Fund £'000	Revaluation Reserve £'000	Taxpayers' Equity £'000
Balance at 31 March 2019		410,874	160,344	571,218
Net Assembly Funding - drawn down		279,800	-	279,800
Supply receivable adjustment		1,333	-	1,333
Comprehensive Net Expenditure for the year		(279,169)	(22,571)	(301,740)
Non-Cash Adjustments				
Accommodation and other charges		18,151	-	18,151
Auditor's remuneration		131	-	131
Movements in Reserves				
Transfers between reserves		3,940	(3,940)	-
Balance at 31 March 2020		435,060	133,833	568,893
Net Assembly Funding - drawn down		646,999	-	646,999
To Remove Forest Service Opening Balance		(291,985)	(36,821)	(328,806)
Supply payable adjustment	17	(10,844)	-	(10,844)
Comprehensive Net Expenditure for the year		(658,478)	2,157	(656,321)
Non-Cash Adjustments				
Accommodation and other charges	4,5b	16,413	-	16,413
Auditor's remuneration	4	140	-	140
Movements in Reserves				
Transfers between reserves		3,730	(3,730)	-
Balance at 31 March 2021		141,035	95,439	236,474

The notes on pages 110 to 143 form part of these accounts

Department of Agriculture, Environment and Rural Affairs

Resource Accounts at 31 March 2021

Notes to the Departmental Resource Accounts

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2020-21 Government Financial Reporting Manual (*FReM*) issued by DoF. The accounting policies contained in the *FReM* apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the *FReM* permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of DAERA for the purpose of giving a true and fair view has been selected. The particular accounting policies adopted by the Department are described below. They have been applied consistently in dealing with items considered material to the accounts.

In addition to the primary statements prepared under IFRS, the *FReM* also requires the Department to prepare one additional primary statement. The *Statement of Outturn against Assembly Supply* and supporting notes show outturn against Estimate in terms of the net resource requirement and the net cash requirement which are included in the Accountability and Audit Report.

1.1 Accounting convention

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

1.2 Basis of consolidation

These accounts comprise a consolidation of the non-agency part of the Department (the core department), and those entities which fall within the departmental boundary as defined in the *FReM*, interpreted for NI.

From April 2020 the Forest Service, an executive agency of DAERA has been reclassified as a Non Financial Public Corporation. As a public corporation the assets, liabilities, income and expenditure of the Forest Service Agency are not consolidated in the accounts of DAERA. The 2019-20 comparatives have not been adjusted for this and the notes supporting the Forest Service assets, liabilities, income and expenditure are retained to explain the comparatives.

Forest Service Agency produces its own Annual Report and Accounts which can be found on its website.

1.3 Property, plant & equipment and biological assets

Capitalisation

Expenditure on property, plant and equipment of over £5,000 is capitalised. Within the Department the grouping of computer equipment, in respect of items falling below this threshold, has also been undertaken.

On initial recognition property, plant and equipment and intangible assets are measured at cost including any expenditure, such as installation, directly attributable to bringing them into working condition. Items classified as “under construction” are recognised in the Consolidated Statement of Financial Position (CSoFP) to the extent that money has been paid or a liability has been incurred.

Subsequent expenditure on an asset, that meets the criteria in compliance with IAS 16, is capitalised, otherwise it is written off to revenue.

Valuation

Land and buildings are carried at the last professional valuation, in accordance with the Appraisal and Valuation Manual produced jointly by the Royal Institute of Chartered Surveyors (RICS), the Incorporated Society of Valuers and Auctioneers (ISVA) and the Institute of Revenue Rating and Valuation (IRRV).

Professional revaluations of land and buildings (with the exception of Forest Land) are undertaken every five years by Land and Property Services (LPS) Division of DoF. LPS practices comply with RICS Valuation Standards (The Red Book) which provides a regulated framework and practice guidance and standards, including compliance with International Valuation Standards. LPS revalued all Core Land and Buildings at 1 April 2020 and NIEA buildings at 1 April 2016 and Forest Service was revalued at 1 April 2019.

Properties are valued on the basis of open market value existing use, unless they are specialised, in which case they are valued on the basis of depreciated replacement cost.

From 1 April 2012, land and buildings are revalued annually, between professional valuations, using the Building Cost Information Service index provided by LPS. Properties surplus to requirements are valued on the basis of open market value less any material, directly attributable, selling costs.

Forest Land now forms part of the Combined Asset Valuation (CAV) of forestry land and timber thereon and is valued annually by LPS. The fair value for the land is calculated by deducting the fair value of the timber from the CAV. All valuations have been carried out by LPS in accordance with the current edition of the Appraisal and Valuation Manual produced jointly by the RICS, the ISVA and the IRRV.

The value of trees grown for commercial purposes is included in non-current assets at a fair value basis less estimated selling costs. The fair value is determined by applying the present value of expected net cash flows from the asset (future revenues based on the

Annual Report and Accounts

for the year ended 31 March 2021

sale of mature timber), discounted at a current market determined pre-tax rate to calculate the fair value of the timber asset at any point in time. Revaluations are directly charged to the CSoCNE.

The Department's Heritage Assets comprise the Peace Maze at Castlewellan Forest Park and Glenariff Walkway and lands that have been declared as National Nature Reserves, Nature Reserves or Areas of Special Scientific interest. These are shown separately on the face of the CSoFP and also in Note 7.3. Heritage Assets are valued at historical cost.

Assets under Construction are carried at cost.

With the exception of the Forestry Land and Timber above and items under construction, fair value is estimated by restating the value annually by reference to indices compiled by the ONS.

Other property, plant and equipment were re-valued using the latest available indices.

In accordance with IAS41 livestock and fish stocks are included in Biological Assets. Due to difficulty in calculating fair value reliably, livestock is valued at market value and fish stocks are valued at the lower of cost and net realisable value at the end of the reporting period.

Depreciation

Land at Baronscourt is being handed back from the Forest Service Agency to its owner in stages up to the year 2024. Depreciation is being charged over that period. There is no depreciation charge on the Department's own land.

Heritage Assets will be maintained in perpetuity and consequently have not been depreciated.

Assets under Construction are not depreciated until they are commissioned.

For all other categories of property, plant and equipment, depreciation is charged on a straight line basis, to write off the cost or valuation, less estimated residual value, where relevant, of each asset over its estimated useful life. Depreciation is charged in full in the month of acquisition, with no charge in the month of disposal. The useful lives, which are reviewed regularly and where necessary revised, are:

- | | |
|--|-----------------|
| • Freehold & Long Leasehold Land | Not depreciated |
| • Other Land | Terms of lease |
| • Buildings | 10 - 75 years |
| • Plant, Machinery, Information Technology | 3 - 40 years |
| • Transport & Equipment | 5 - 15 years |

1.4 Intangible Assets

Software Licences

Purchased computer software and associated licences are capitalised as intangible assets where expenditure of £5,000 or more is incurred. In addition similar licences falling below this threshold, which when grouped exceed the threshold, are also capitalised. The value of the capitalised licences is restated at current value at the balance sheet date in accordance with the movement in the Retail Price Index. The licences are amortised over their expected useful life, which can be from 1 to 15 years depending on the licence.

Land Rights

Other intangibles relate to Forest Service land rights (shooting and turbarry rights). The forest land rights, being land based, are as a consequence revalued every 5 years by a professional valuer. The valuation of land rights used in these accounts was provided by LPS as at 1 April 2019. There is no in year amortisation charge as the life span is land-based and therefore assumed to be infinite.

Developed Software

Developed software is the Forest Service Geographic Information System which is used in the management and monitoring of Forest Service forests and grant aided woodlands. This software is amortised over the expected useful life of the asset, which can be from 1 to 7 years.

Sporting and Fishing Rights

Sporting and fishing rights are valued at modified historical cost, as this is considered a proxy for fair value in the absence of value in use, or the fair value attributed at the time of acquisition subsequently indexed. Sporting and fishing rights are not amortised. This is supported by annual impairment reviews using the latest available indices published in 'Retail Price Indices' which are the indices applied to internally developed software, externally developed software, software licences and licences, trademarks and artistic originals as prepared by the ONS to ensure that the carrying value of the intangible asset does not exceed its recoverable amount.

1.5 Financial Assets

Financial interests, in bodies that are outside the departmental boundary, are treated as fixed asset investments as they are held for the long term. These comprise non-tradeable shares, at historic cost, in United Dairy Farmers Limited, a dairy farmer co-operative registered in NI.

Annual Report and Accounts

for the year ended 31 March 2021

1.6 Current Assets Held for Sale

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

1.7 Inventories

Consumable materials and supplies are valued at the lower of cost and net realisable value.

1.8 Income

Revenue from contracts with customers is income that relates directly to operating activities of the Department and comprises fees and charges, to be recovered for services provided to external customers, sale of timber, and public repayment work. It includes the Department's accruing resources and any income payable to the Consolidated Fund. Other Operating Income is Income received from the EU under CAP for Peace and Reconciliation, and other EU initiatives.

1.9 Funding to, and public corporation dividend from Forest Service

DAERA makes an annual funding payment, equal to the agreed annual subsidy limit, to Forestry Service, which is accounted for as expenditure in the DAERA accounts. DAERA receives a dividend from Forestry Service reflecting the expected rate of return on funding provided. The dividend rate has been agreed with DoF and is currently set at zero per cent whilst Forest Service is loss-making. If Forestry Service makes a surplus before revaluation gains on biological assets in the future, HMT's real rate of 3.5 per cent will apply.

1.10 Foreign Exchange

Transactions, which are denominated in a foreign currency, are translated into sterling at the exchange rate ruling on the date of each transaction. Balances at year end are restated using the exchange rate at the year end and any exchange gain or loss is treated as income or expenditure.

1.11 Grants

The Department recognises grant expenditure in the year in which the recipient carries out the activity that creates an entitlement to the grant support, in so far as it is practicable to do so. EU income due to the Department is accrued in line with the relevant expenditure.

1.12 Provisions

The Department provides for legal or constructive obligations, which are of uncertain timing, or amount at the CSoFP date, on the basis of the best estimate of the expenditure required to settle the obligation.

Legal claims and other provisions are provided for at the full assessed amount in each case.

1.13 Value Added Tax (VAT)

VAT is recovered on an accruals basis. The CSoCNE and CSoFP are stated net of VAT. Any amounts of Irrecoverable VAT are charged to the CSoCNE when incurred.

1.14 Third-Party assets

The Department holds a number of bank accounts on behalf of third parties. These third parties include student trust funds, college club and society accounts, other trust funds and statutory accounts. In addition, a number of these trusts hold Treasury Stock and shares in the NI Central Investment Fund for Charities.

1.15 Administration and programme expenditure

An analysis of the split between administration and programme is included at note 4b. The classification of expenditure as administration or as programme follows the definition of administration costs set out in the Consolidated Budgeting Guidance issued by HMT and adopted by DoF for NI. Programme costs reflect non-administration costs, including payments of grants and other disbursements by the Department, as well as certain staff costs where they relate directly to service delivery. All of agency/agencies income and expenditure relates directly to service delivery and as such are designated as programme.

1.16 Employee Benefits including pensions

Under the requirements of “IAS 19: Employee Benefits”, staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave that has been earned at the year end. Expenditure is based on a specific report run from the Personnel system which calculates the year-end balance using leave balances on the system.

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (NI) (PCSPS (NI)). The defined benefit schemes are unfunded. The Department recognises the expected cost of these elements on a systematic and rational basis over the year during which it benefits from employees’ services by payment to the PCSPS (NI) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS (NI). In respect of the defined contribution schemes, the Department recognises the contributions payable for the year. See Remuneration note.

Further details of the civil service pension arrangements can be found at the website Civil Service Pensions: (civilservicepensionscheme.org.uk)

Annual Report and Accounts

for the year ended 31 March 2021

1.17 Contingent Liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, the Department discloses for Assembly reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to the Assembly in accordance with the requirements of MPMNI.

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

1.18 Financial Instruments

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A financial instrument is recognised when, and only when, the entity becomes a party to the contractual provisions of the instrument. A previously recognised financial asset is de-recognised when, and only when, either the contractual rights to the cash flows from that asset expire, or the entity transfers the asset such that the transfer qualified for de-recognition. A financial liability is de-recognised when, and only when, it is extinguished.

Trade Receivables

Trade receivables are recognised and carried at fair value less a provision for non-recovery. The Department applies the simplified approach for expected credit losses as permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivable.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand and balances at commercial banks.

Trade payables

Trade payables are not interest bearing and are recognised initially at fair value.

1.19 Related Party Transactions

The Department has had a number of transactions with other government departments and other central government bodies. Most of these transactions have been with NI Departments and their executive agencies.

In terms of related party interests of the Department's officials, in the interests of transparency the Department considers it necessary that its top managerial officials and members of the Departmental Board and the Ministers declare all of the following:

- any interests in DAERA other than through the normal relationship of employee/ employer, for example receipt of grants/subsidies for family farms;
- any interest in anybody with which DAERA has dealings including membership of Boards of those bodies even when such membership is part of the officer's job; and
- any such interest held by a close family member.

1.20 Functional Currency and Rounding

The functional currency is Sterling and, except where otherwise stated, figures have been rounded to the nearest thousand pounds.

1.21 Critical Accounting Estimates and Key Adjustments

As a result of the uncertainties inherent in all business activities, many items in financial statements cannot be measured with precision but can only be estimated. Where estimates have been required in order to prepare these financial statements in conformity with *FReM*, management have used judgements based on the latest available, reliable information. Management continually review estimates to take account of any changes in the circumstances on which the estimate was based or as a result of new information or more experience.

1.22 Changes to accounting standards not yet effective

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

IFRS 16 Leases

IFRS 16 Leases replaces IAS 17 Leases and is effective with EU adoption from 1 January 2019. In line with the requirements of the *FReM*, IFRS 16 will be implemented, as interpreted and adapted for the public sector, with effect from 1 April 2022.

The impact of adopting IFRS 16 in 2022-23 will be:

SoCNE Impacts IFRS 16	£'000
Depreciation expected - 2022-23	3,420
Interest expense expected - 2022-23	671
IAS 17 basis Rental payments expected - 2022-23	3,783
Increased Expenditure	308
CSoFP Impacts IFRS 16	£'000
Existing IAS 17 Operating Leases - Right of Use Assets - 1 April 2022	31,912
Existing IAS 17 Operating Leases - Lease Liabilities - 1 April 2022	(30,767)

Annual Report and Accounts

for the year ended 31 March 2021

IFRS 10, IFRS 11, IFRS 12

The IASB issued new and amended standards (IFRS 10, IFRS 11 & IFRS 12) that affect the consolidation and reporting of subsidiaries, associates and joint ventures. These standards were effective with EU adoption from 1 January 2014.

Accounting boundary IFRS are currently adapted in the *FReM* so that the Westminster departmental accounting boundary is based on ONS control criteria, as designated by Treasury. A similar review in NI, which will bring NI departments under the same adaptation, has been carried out and the resulting recommendations were agreed by the Executive in December 2016. With effect from 2022-23, the accounting boundary for departments will change and there will also be an impact on departments around the disclosure requirements under IFRS 12. ALBs apply IFRS in full and their consolidation boundary may have changed as a result of the new Standards.

1.23 Forest Service

The Forest Service Agency was reclassified to a Non Financial Public Corporation by the ONS. This reclassification was effective from 1 April 2020. These accounts have been prepared on this basis, with the Forest Service no longer being reported on as part of the Departmental Boundary in 2020-21. The 2019-20 comparatives have not been restated.

As a result the following adjustments have been made to the accounts to reflect the removal of the Forest Service balances.

Note/Statement	Adjustment	DR £'000	CR £'000
Cashflow	Removal of opening cash balance		93
CSoCITE	Removal of General Fund Balance	291,985	
	Removal of Revaluation Reserve Balance	36,821	
7.1 (a) PPE	Removal of opening cost		99,550
	Removal of opening depreciaton	6,676	
7.2 Biological Assets	Removal of opening timber valuation		231,637
7.3 Heritage Assets	Removal of opening balance		1,167
8.1 Intangible Assets	Removal of opening cost		728
	Removal of opening depreciaton	106	
13. Assets held for sale	Removal of timber balance		1,535
14. Inventories	Removal of balance		47
16. Trade Receivables	Removal of balance		3,327
17. Trade payables	Removal of balance	1,306	
18. Provisions	Removal of opening balance	1,190	
Total		338,084	338,084

2 Statement of Operating Costs by Operating Segment

The Department has used the factors identified in IFRS 8 Operating Segments to identify the reportable segments. The Department's reporting structure is based on clearly defined business units.

The individual business units engage in separate business activities in line with the Department's aims and objectives incurring expenditure and earning revenue. The accounting system design and reporting structure has been based on this organisational structure to enable discrete financial information to be readily available. Each division is funded through the NI Estimate and Budget process to promote sustainable development of the agri-food industry and the countryside, stimulate the economic and social revitalisation of rural areas, protect and enhance the natural environment, promote sustainable development of the sea fishing and aquaculture industries and manage, protect and expand forests in a sustainable way. Details of the activities of each segment are disclosed below.

The information provided is disclosed at Consolidated level with intra Departmental transactions being eliminated on consolidation. A large proportion of the Department's activities are based on the distribution of EU CAP funding to the local community.

	2020-21			2019-20		
	Gross Expenditure £'000	Income £'000	Net Expenditure £'000	Gross Expenditure £'000	Income £'000	Net Expenditure £'000
Veterinary Services & Animal Health	68,238	14,603	53,635	67,408	13,784	53,624
Food & Farming	402,081	17,606	384,475	366,905	307,410	59,495
Environment, Marine & Fisheries	108,266	32,063	76,203	74,541	23,227	51,314
Rural Affairs, Forest Service & Estates Transformation	36,812	3,748	33,064	44,670	19,788	24,882
Central Services & Contingency Planning	117,123	6,022	111,101	96,413	6,559	89,854
Total	732,520	74,042	658,478	649,937	370,768	279,169

In accordance with IFRS 8, as total assets, net assets or additional information are not reported separately to the Departmental Board, no disclosure in respect of assets and liabilities has been made.

2.1 Reconciliation between Operating Segments and CSoCNE

There is no reconciliation between operating segments and the CSoCNE as there are no reconciling items.

Annual Report and Accounts for the year ended 31 March 2021

2.2 Reconciliation between Operating Segments and CSoFP

There is no requirement to disclose CSoFP information by operating segment.

3 Staff Costs

	2020-21	2019-20
	Core Dept & Agency £'000	Core Dept & Agencies £'000
Wages and salaries	101,786	99,213
Social security costs	10,357	9,944
Other pension costs	30,002	28,768
Sub Total	142,145	137,925
Less recoveries in respect of outward secondments	-	-
Total Net Costs	142,145	137,925

of which:

Charged to Administration	37,703	35,980
Charged to Programme	104,442	101,945
	142,145	137,925

Annual Report and Accounts for the year ended 31 March 2021

4 Other Administration Costs

4(a) Administration Costs

	2020-21	2019-20
	Core Dept & Agency £'000	Core Dept & Agencies £'000
Purchase of Goods & Services		
Office services	2,034	2,219
Contracted out services	3,188	3,019
Professional costs	971	986
Consultancy costs	21	61
Other expenses	678	549
Total Purchases of Goods & Services	6,892	6,834
Depreciation & impairment charges		
Non - cash costs:		
Depreciation - property, plant and equipment	561	348
Amortisation of intangible assets	9,217	9,033
Impairment/revaluation of asset	-	(3)
Total	9,778	9,378
Other operating expenditure		
Rentals under operating leases	132	130
Staff related costs	1,393	2,048
Accommodation costs	260	389
Loss on disposal of assets	-	-
Sub-Total Other operating expenditure	1,785	2,567
Notional Charges		
Notional auditor's remuneration	140	131
Notional accommodation	6,047	6,799
Other notional costs	10,318	11,342
Sub-Total Notional Charges	16,505	18,272
Total Administration Costs	34,960	37,051

Annual Report and Accounts

for the year ended 31 March 2021

4(b) Total Operating Expenditure Reconciliation

2020-21			
	Administration Expenditure £'000	Programme Expenditure £'000	Total £'000
Staff costs	37,703	104,442	142,145
EU expenditure	-	37,159	37,159
National grant expenditure and disallowance	-	433,954	433,954
Forest Service Public Corp Funding	-	11,739	11,739
Purchase of goods & services	6,892	24,059	30,951
Depreciation & impairment	9,778	6,743	16,521
Provision expenses	-	518	518
Other operating expenditure	18,290	41,243	59,533
Total	72,663	659,857	732,520

Total Operating Expenditure Reconciliation

2019-20			
	Administration Expenditure £'000	Programme Expenditure £'000	Total £'000
Staff costs	35,980	101,945	137,925
EU expenditure	-	319,034	319,034
National grant expenditure and disallowance	-	92,227	92,227
Purchase of goods & services	6,834	27,144	33,978
Depreciation & impairment	9,378	15,144	24,522
Provision expenses	-	4,186	4,186
Other operating expenditure	20,839	35,779	56,618
Growing timber revaluation	-	(18,553)	(18,553)
Total	73,031	576,906	649,937

Annual Report and Accounts for the year ended 31 March 2021

5 Programme Costs

5(a) Programme Costs

	2020-21	2019-20
	Core Dept & Agency £'000	Core Dept & Agencies £'000
Grant Expenditure		
EU Grants & Subsidies:		
Capital grants & subsidies	24,229	22,923
Area Aids Basic Payment Scheme	-	287,360
COVID19 Grant	1,209	-
Current grants & subsidies - other	11,721	8,751
Total	37,159	319,034
National Grants & Subsidies:		
Grant in aid	50,357	48,713
COVID19 market support	27,445	-
COVID19 other support	15,500	-
Capital grants & subsidies	27,004	30,543
Current grants & subsidies inc Areas Aids and Basic Payment Scheme	315,072	12,876
Total	435,378	92,132
CAP Disallowance	(1,424)	95
Total	471,113	411,261
Funding to Public Corporation*		
Resource subsidy to Forest Service	1,185	-
Capital subsidy to Forest Service	1,054	-
Other subsidy to Forest Service	9,500	-
Total	11,739	-
Purchase of Goods & Services		
Office services	1,727	1,959
Contracted out services	3,196	5,531
Private veterinary practitioners fees & expenses	8,410	8,439
Professional & legal costs	5,699	4,988
Consultancy costs	38	12
Consumables & materials	1,641	2,787

Annual Report and Accounts

for the year ended 31 March 2021

	2020-21	2019-20
	Core Dept & Agency £'000	Core Dept & Agencies £'000
Other goods and services	3,348	3,428
Total	24,059	27,144
Depreciation & Impairment Charges		
Non-Cash Costs:		
Depreciation - property, plant & equipment	8,204	9,495
Amortisation of intangible assets	(2,187)	1,704
Impairment/revaluation of assets	726	3,945
Total	6,743	15,144
Bad Debts	(1,917)	78
Provision expense	2,435	4,108
Provisions Total	518	4,186
Other Operating Expenditure		
Rentals under operating lease	569	591
Staff related costs	1,702	3,428
Accommodation costs	7,225	7,551
Exchange rate losses/(gains) - realised	231	(13)
Exchange Rate losses - unrealised	(5)	5
Diseased animals compensation	22,601	19,520
Other compensation	3,445	-
Non-capital plant and equipment purchases	3,553	2,393
Vehicle and plant costs	1,823	2,286
Sub Total	41,144	35,761
Non cash items		
Gain on disposal of assets	(13)	(8)
Provision for doubtful debt	112	26
Non-Cash Total	99	18
Total	41,243	35,779
Growing timber revaluation	-	(18,553)
Total Programme Expenditure	555,415	474,961

*From 1 April 2020 the Forest Service was reclassified to a Public Corporation. The funding that was provided to Forest Service changed from Assembly drawdown to a subsidy.

During 2020-21 the Department paid out a Resource subsidy of £1,185k and a Capital Subsidy of £1,054k. In addition the Department paid out £950m to Forest Service to cover part of the running costs for the year. This will allow Forest Service to retain the equivalent amount of income as reserves. This will provide financial security and protect against future market shocks.

Annual Report and Accounts for the year ended 31 March 2021

5(b) Non Cash Costs

2020-21			
	Administration Expenditure £'000	Programme Expenditure £'000	Total £'000
Ministers Notional Salary	48	-	48
Depreciation & impairment	9,778	6,743	16,521
Provision expenses	-	518	518
Other operating expenditure	16,504	99	16,603
Total	26,330	7,360	33,690

Non Cash Costs

2019-2020			
	Administration Expenditure £'000	Programme Expenditure £'000	Total £'000
Ministers Notional Salary	11	-	11
Depreciation & impairment	9,378	15,144	24,522
Provision expenses	-	4,107	4,107
Other operating expenditure	18,272	18	18,290
Growing Timber Revaluation	-	(18,553)	(18,553)
Total	27,661	716	28,377

Annual Report and Accounts for the year ended 31 March 2021

6 Income

	2020-21	2019-20
	Core Dept & Agency £'000	Core Dept & Agencies £'000
Income from contracts with customers		
Timber and other forest produce	-	10,887
Inspection & testing	8,400	8,328
Rent & recreation income	6,662	8,976
Resource efficiency pollution costs recovered	8,156	8,541
Diseased animal salvage	5,158	4,193
Carrier bag levy	2,077	4,403
Education	1,396	1,860
Farm sales	1,040	1,029
Other	1,377	1,899
Total	34,266	50,116
Other Operating income		
Area Aids and Basic Payment Scheme	-	287,360
Other EU programme income	38,491	31,678
Veterinary fund receipts	1,285	1,614
	39,776	320,652
Total Income	74,042	370,768

Annual Report and Accounts for the year ended 31 March 2021

7.1(a) Property, Plant and Equipment 2020-21

	Land & Buildings	Plant & Machinery	Transport & Equipment	Information Technology	Assets under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 April 2020	330,569	28,516	12,277	5,479	9,011	385,852
Removal of Forest Service balance	(91,100)	(6,120)	(1,427)	(809)	(94)	(99,550)
Additions	34	1,548	489	891	13,405	16,367
Disposals	(1,290)	(260)	(96)	(757)	-	(2,403)
Reclassifications	452	202	(86)	89	(479)	178
Revaluations to CSoCNE	(1,383)	1	-	1	(16)	(1,397)
Revaluations through revaluation reserve	(24,488)	272	45	(4)	74	(24,101)
At 31 March 2021	212,794	24,159	11,202	4,890	21,901	274,946
Depreciation						
At 1 April 2020	37,121	17,045	7,999	3,178	-	65,343
Removal of Forest Service balance	(1,877)	(3,389)	(949)	(461)	-	(6,676)
Charged in year	6,052	1,301	771	641	-	8,765
Disposals	(1,290)	(255)	(156)	(672)	-	(2,373)
Reclassification	-	65	(65)	-	-	-
Transfers	-	-	-	-	-	-
Impairment	355	-	-	-	-	355
Revaluations to CSoCNE	(1,028)	4	-	1	-	(1,023)
Revaluations through revaluation reserve	(26,101)	109	26	(131)	-	(26,097)
At 31 March 2021	13,232	14,880	7,626	2,556	-	38,294
Carrying amount at 31 March 2020	293,448	11,471	4,278	2,301	9,011	320,509
Carrying amount at 31 March 2021	199,562	9,279	3,576	2,334	21,901	236,652
Asset financing:	-	-	-	-	-	-
Owned	199,562	9,279	3,576	2,334	21,901	236,652
Carrying amount at 31 March 2021	199,562	9,279	3,576	2,334	21,901	236,652

Annual Report and Accounts

for the year ended 31 March 2021

	Land & Buildings	Plant & Machinery	Transport & Equipment	Information Technology	Assets under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Of the total:						
Core Department	182,509	7,493	2,855	2,314	17,975	213,146
Agency	17,053	1,786	721	20	3,926	23,506
Carrying Amount at 31 March 2021	199,562	9,279	3,576	2,334	21,901	236,652

Land and Buildings includes land with a net book value of £46m.

These valuations were carried out on existing use by LPS Division of DoF.

The above land and buildings are revalued annually to reflect general movements in property prices using indices.

All valuations have been carried out by LPS in accordance with the current edition of Royal Institution of Chartered Surveyors Valuation Professional Standard (known as the Red Book) at the time of valuation.

There were no donations in 2020-21 or 2019-20.

LPS have advised, that the outbreak of the novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on 11th March 2020, has impacted global financial markets. As a consequence LPS have reported that as at the valuation date, they consider that they can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. The valuation of the Core Land and Buildings is reported on the basis of ‘material valuation uncertainty’ as per VPS 3 and VPGA 10 of the RICS Global Standards. Consequently, less certainty - and a higher degree of caution - should be attached to them than would normally be the case.

Annual Report and Accounts for the year ended 31 March 2021

7.1(b) Property, Plant and Equipment 2019-20

	Land & Buildings	Plant & Machinery	Transport & Equipment	Information Technology	Assets under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 April 2019	355,745	26,091	11,782	4,556	6,038	404,212
Additions	1,342	1,915	583	1,071	5,895	10,806
Disposals	(34)	(749)	(450)	(213)	-	(1,446)
Reclassifications	1,966	805	90	60	(2,931)	(10)
Revaluations to CSoCNE	(4,011)	2	-	-	-	(4,009)
Revaluations through revaluation reserve	(24,439)	452	272	5	9	(23,701)
At 31 March 2020	330,569	28,516	12,277	5,479	9,011	385,852
Depreciation						
At 1 April 2019	30,913	15,979	7,356	2,813	-	57,061
Charged in year	6,914	1,457	888	584	-	9,843
Disposals	(10)	(699)	(422)	(208)	-	(1,339)
Reclassification	(50)	42	5	3	-	-
Revaluations to CSoCNE	(81)	21	3	2	-	(55)
Revaluations through revaluation reserve	(565)	245	169	(16)	-	(167)
At 31 March 2020	37,121	17,045	7,999	3,178	-	65,343
Carrying amount at 31 March 2019	324,832	10,112	4,426	1,743	6,038	347,151
Carrying amount at 31 March 2020	293,448	11,471	4,278	2,301	9,011	320,509
Asset financing						
Owned	293,154	11,471	4,278	2,301	9,011	320,215
Land at Baronscourt	294	-	-	-	-	294
Carrying amount at 31 March 2020	293,448	11,471	4,278	2,301	9,011	320,509
Of the Total:						
Core department	186,793	7,036	3,050	1,929	5,841	204,649
Agencies	106,655	4,435	1,228	372	3,170	115,860
Carrying amount at 31 March 2020	293,448	11,471	4,278	2,301	9,011	320,509

Annual Report and Accounts

for the year ended 31 March 2021

7.2 Biological Assets

		2020-21	2019-20
Growing Timber	Note	Core Dept & Agency £'000	Core Dept & Agencies £'000
Value at 1 April		232,990	213,420
Revaluation adjustment			
Removal of Forest Service balance		(231,637)	-
Increase in stocks		149	
Transfer to assets held for sale	13	-	(1,535)
Timber removals		-	(9,537)
Timber lost to fire		-	(28)
Price/growth increment		-	29,317
Value at 31 March		-	231,637
Livestock & Fish Stock		-	1,353
Total Biological Assets		1,502	232,990
Revaluation adjustment:			
Credit to CSoCNE		-	18,553
In year movement in assets held for sale		-	(337)
Movement in timber valuation		-	18,216

Growing timber is valued in line with the accounting policy (see note 1.3). Timber lost to fire and disease is also valued on the same basis.

Timber identified as having been allocated under contract and removed from the estate database being available for sale in 2020-21 is valued at the expected sales price. Timber removals in year are valued at the sales price achieved. The revaluation movement, except for the movement in the asset held for sale is taken directly to the CSoCNE. Timber felled and contracted for sale is removed from the valuation model and transferred to Assets Held for Sale.

Annual Report and Accounts for the year ended 31 March 2021

7.3 Heritage Assets

	2020-21	2019-20
	Core Dept & Agency £'000	Core Dept & Agencies £'000
Value at 31 March	1,568	2,735

Heritage assets are valued at historical cost. Heritage assets are maintained in perpetuity, and consequently are not depreciated.

8.1 Intangible Assets

2020-21	Forest Land Rights £'000	Software £'000	Software Licences £'000	Assets under construction £'000	Total £'000
Cost or valuation					
At 1 April 2020	1,480	90,814	4,352	3,515	100,161
Removal of FS balance	(554)	(127)	(47)	-	(728)
Additions	-	19,684	295	1,230	21,209
Disposals	-	(433)	(663)	-	(1,096)
Reclassification	-	(10,093)	-	9,914	(179)
Revaluations to CSoCNE	-	12	7	-	19
Revaluations through Revaluation Reserve	100	467	37	-	604
Total Cost	1,026	100,324	3,981	14,659	119,990
Amortisation					
At 1 April 2020	-	45,472	3,787	-	49,259
Removal of FS balance	-	(98)	(8)	-	(106)
Charged in year	-	10,619	255	-	10,874
Disposal Depreciation	-	(432)	(640)	-	(1,072)
Reclassification Depreciation	-	(3,844)	-	-	(3,844)
Revaluation to CSoCNE	-	9	6	-	15
Revaluations through Revaluation Reserve	-	423	20	-	443
At 31 March 2021	-	52,149	3,420	-	55,569
Carrying Amount at 31 March 2020	1,480	45,342	565	3,515	50,902
Carrying Amount at 31 March 2021	1,026	48,175	561	14,659	64,421

Annual Report and Accounts

for the year ended 31 March 2021

2019-20	Forest Land Rights £'000	Software £'000	Software Licences £'000	Assets under construction £'000	Total £'000
Cost or valuation					
At 1 April 2019	1,423	71,606	4,043	3,509	80,581
Additions	-	17,430	244	6	17,680
Disposals	-	(64)	(37)	-	(101)
Reclassification	(1)	19	12	-	30
Revaluations to CSoCNE	-	45	15	-	60
Revaluations through Revaluation Reserve	58	1,778	75	-	1,911
At 31 March 2020	1,480	90,814	4,352	3,515	100,161
Amortisation					
At 1 April 2019	-	34,172	3,433	-	37,605
Charged in year	-	10,421	316	-	10,737
Disposal depreciation	-	(64)	(37)	-	(101)
Reclassification Depreciation	-	21	1	-	22
Revaluations to CSoCNE	-	35	13	-	48
Revaluations through Revaluation Reserve	-	887	61	-	948
At 31 March 2020	-	45,472	3,787	-	49,259
Carrying Amount at 31 March 2019	1,423	37,434	610	3,509	42,976
Carrying Amount at 31 March 2020	1,480	45,342	565	3,515	50,902

9 Impairments

	2020-21	2019-20
	Core Department & Agency £'000	Core Department & Agencies £'000
Charged to statement of comprehensive net expenditure	355	-
Charged to Revaluation Reserve	218	-
	573	-

These costs relate to impairment losses which arise from a clear consumption of economic benefit as opposed to losses arising from the movement in indices used for the revaluation of non-current assets.

10 Capital and other commitments

10.1 Capital Commitments

	2020-21	2019-20
	Core Department & Agency £'000	Core Department & Agencies £'000
Contracted capital commitments at 31 March not otherwise included in these financial statements		
Intangible	34,223	47,099
Plant, Property & Equipment	32,520	319
	66,743	47,418

10.2 Commitments under leases

10.2.1 Operating leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods.

	2020-21	2019-20
	Core Department & Agency £'000	Core Department & Agencies £'000
Land		
Not later than one year	55	35
Later than one year and not later than five years	65	98
Later than five years	263	478
	383	611
Buildings		
Not later than one year	156	88
Later than one year and not later than five years	216	237
Later than five years	143	149
	515	474
Other		
Not later than one year	177	107
Later than one year and not later than five years	292	62
Later than five years	61	55
	530	224

Annual Report and Accounts for the year ended 31 March 2021

10.2.2 Finance leases

The Department had no finance leases during 2020-21 or 2019-20.

10.3 Commitments under Private Finance Initiative (PFI) and Other Service Concession Arrangements

The Department had no PFI commitments at 31 March 2021 or 31 March 2020.

10.4 Other Financial Commitments

The Department and its Agencies have entered into non-cancellable contracts (which are not leases, PFI contracts or other service concession arrangements) to give assistance to farmers and others who meet appropriate criteria. A commitment is deemed to arise for the balance of the total possible payment unpaid, unclaimed and not yet due to be claimed at 31 March 2021.

The payments to which the Department is committed are as follows:

Other financial commitments	2020-21	2019-20
	Core Department & Agency £'000	Core Department & Agencies £'000
Total Grant Commitments		
Not later than one year	32,872	54,575
Later than one year and not later than five years	15,816	27,226
Later than five years	-	1,536
	48,688	83,337

Grant commitments includes both the EU and the National share. The EU and National shares vary from scheme to scheme. The split of the total commitment of £49m is EU £32m (66%) and National £17m (34%).

In 2019-20 the split of the total commitment of £83m was EU £50m (60%) and National £33m (40%).

11 Financial Instruments

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

11.1 Foreign Currency risk

The Department incurs expenditure in sterling on schemes for which it seeks reimbursement from the EU Structural Funds and the EU Veterinary Fund. Claims for funding are submitted to the EU in Euro. The Department is therefore exposed to currency exchange fluctuations that reflect currency movements between the date it makes a claim and the date it is reimbursed. Exchange rate gains and losses are shown in note 5.

12 Investment in other public sector bodies

Refer to Note 5 on payments made to the Forest Service Public Corporation.

13 Assets held for sale

	2020-21	2019-20
	Core Department & Agency £'000	Core Department & Agencies £'000
Forestry - Timber		
Opening Balance as at 1 April	1,535	1,198
Removal of FS balance	(1,535)	-
Additions	-	1,535
Disposals	-	(1,198)
Total balance at 31 March	-	1,535

Assets held for sale include timber allocated for sale under contract which has been removed from the estate database and therefore not valued as part of the non-current timber asset per note 7.2. This timber held for sale at year end will be sold in the following financial year and therefore is disclosed as a current asset held for sale valued at the expected sale price.

Annual Report and Accounts for the year ended 31 March 2021

14 Inventories

	2020-21	2019-20
	Core Department & Agency £'000	Core Department & Agencies £'000
Consumable materials and supplies	920	950

15 Cash and cash equivalents

	2020-21	2019-20
	Core Department & Agency £'000	Core Department & Agencies £'000
At 1 April 2020	(1,333)	(851)
Net change in cash and cash equivalent balances	12,177	(482)
At 31 March 2021	10,844	(1,333)
The following balances at 31 March were held at:		
Government Banking Service	10,802	(1,429)
Commercial banks and cash in hand	42	96
At 31 March 2021	10,844	(1,333)
The balance comprises:		
Cash & bank	12,569	821
Bank overdraft	(1,725)	(2,154)
	10,844	(1,333)

15.1 Reconciliation of liabilities arising from financial activities

There are no liabilities arising from financing activities at 31 March 2021 or/and 31 March 2020.

Annual Report and Accounts for the year ended 31 March 2021

16 Trade Receivables, financial and other assets

	2020-21	2019-20
	Core Department & Agency £'000	Core Department & Agencies £'000
Amounts falling due within one year		
VAT	2,868	1,859
Trade receivables	2,020	5,775
Other receivables	464	224
Prepayments & accrued income	6,934	14,369
Amounts due from EU	17,895	4,331
Amounts due from Rural Payments Agency in relation to CAP	19,544	9,068
	49,725	35,626
Amounts due from Consolidated Fund in respect of supply	-	1,333
Total at 31 March due within one year	49,725	36,959

17 Trade Payables, financial and other current liabilities

	2020-21	2019-20
	Core Department & Agency £'000	Core Department & Agencies £'000
Amounts falling due within one year		
Taxation and social security	3	1
Trade payables	647	858
Other payables	14,559	4,134
Accruals and deferred income	34,732	28,913
CAP Disallowance	79	1,506
EU grant creditors - CAP	23,220	12,364
Other grant creditors	39,154	23,902
Total at 31 March due within one year	112,394	71,678
Amounts issued from the Consolidated Fund for supply but not spent at year end	10,844	-
	123,238	71,678

Annual Report and Accounts for the year ended 31 March 2021

CAP DISALLOWANCE

The total CAP Disallowance liability and resulting charge to the CSoCNE are as follows:

	2019-20 £'000	Charged to CSoCNE* £'000	2020-21 £'000
Scheme			
NIRDP	1,260	(1,260)	-
EAF 2018 Accounts	152	(152)	-
Pillar II	83	(5)	78
Payment Entitlements	11	(11)	-
TOTAL	1,506	(1,428)	78

* Included within the amounts credited to CSoCNE is £5k of exchange rate gain. This is included within exchange rate movements in note 5.

18 Provisions for liabilities and charges

	2020-21	2019-20
	Core Department & Agency £'000	Core Department & Agencies £'000
Balance at 1 April 2020	4,702	702
Removal of Forest Service Balance	(1,190)	-
Provided in the year	2,475	4,174
Provisions not required written back	(40)	(66)
Provisions utilised in the year	(1)	(108)
Balance at 31 March 2021	5,946	4,702

Analysis of expected timing of discounted flows

	2020-21	2019-20
	Core Department & Agency £'000	Core Department & Agencies £'000
Not later than one year	2,459	1,911
Later than one year and not later than five years	3,487	2,791
Later than five years	-	-
Balance at 31 March 2021	5,946	4,702

Annual Report and Accounts for the year ended 31 March 2021

	2020-21 Core Department & Agency		
	Litigation Claims	Other Provisions	Total
	£'000	£'000	£'000
Not later than one year	1,121	1,338	2,459
Later than one year and not later than five years	-	3,486	3,486
Later than five years	-	-	-
Balance at 31 March 2021	1,121	4,824	5,945

The Court of Appeal judgment from 17 June 2019 (PSNI v Agnew) determined that claims for Holiday Pay shortfall can be taken back to 1998. However, the PSNI has appealed the Court of Appeal judgment to the Supreme Court. The Supreme Court hearing was scheduled for the 23rd and 24th June 2021 but this has subsequently been adjourned. The 2020-21 Holiday Pay provision has been estimated by NICS HR and covers the period from November 1998 to 31 March 2020. There are still some very significant elements of uncertainty around this estimate for a number of reasons:

1. The appeal to the Supreme Court (as detailed above);
2. Lack of accessible data for years previous to 2011;
3. Ongoing negotiations with Trade Unions; and
4. The provision includes a pension element which is based on formulae provided by the Government Actuary's Department with a variable capitalisation factor. The Capitalisation Factor used for these calculations is 12 which is based on the commutation value currently used in public sector pensions. This figure is subject to change as the calculation has not been agreed with Trade Unions.

18.1 Litigation and Other

Provisions above relate to compensation and associated legal costs relating to personal injury claims by employees and the public as well as commercial legal claims.

19 Contingent liabilities disclosed under IAS 37

The Department and its agency have the following contingent liabilities:

Pillar 1 Payments

The Department has received a 'Letter of Findings' from the EU Commission following a Cross Compliance audit mission in February 2021. The Commission identified one potential non-compliance matter in 'SMR6 - Pig identification and registration,' and have proposed a 5% flat rate correction on associated EU funding amounting to approximately £226k. The Department is considering the matter, and will respond to the Commission by their deadline of 10 September 2021 seeking to reduce any final disallowance imposed.

Annual Report and Accounts

for the year ended 31 March 2021

Legal Cases

The Department has a small number of legal cases which have not sufficiently progressed for further disclosure to be made.

20 Related-party Transactions

DAERA is the parent Department of the Forest Service Agency, the NIEA and sponsors AFBI; AWB for NI; LMC for NI; NIFHA; and the Loughs Agency of the FCILC. These bodies are regarded as related parties with which the Department has had various transactions during the year.

The Department receives EU funding through Defra and the Rural Payments Agency, an agency of Defra, both of which are UK government bodies.

In addition the Department has had various material transactions with other government departments and other central government bodies.

The members of staff asked to declare any such interest include top managerial officials as well as the Departmental Board, Special Adviser and the Ministers. The following interests were declared:

Seven officers were members of bodies that have had dealings with DAERA. These bodies included:

- North of Ireland Veterinary Association;
- Royal College of Veterinary Surgeons;
- British Veterinary Association;
- Veterinary Public Health Association;
- Royal Ulster Agricultural Society;
- NI Horse Board; and
- Irish Draught Horse Society (NI).

Seventeen officers (including the Special Adviser), or their spouses, or other family members have an interest in agricultural land. Some of these persons have received grants from DAERA. The process for these individuals who applied and received grants are in line with those for all grant recipients.

Three officers have family members that work elsewhere in the Department and one officer has a family member that is employed by a private veterinary practice which conducts animal testing on behalf of the DAERA. The departmental officer had no role in the procurement of the contract award.

Two officers have family members that are involved in the management of organisation that have received grants payments from DAERA. The Officers are not involved in the administration of grant schemes.

One officer has two family members that are employees of two separate companies that tender for work from DAERA. The officer is not involved in any tendering process for such assignments.

The Special Adviser has undertaken to excuse himself from participation if potential conflicts of interests arise during normal course of business.

All the above interests are regarded as not material.

The Department is working towards ensuring it is compliant with the Business Appointment rules outlined in the Northern Ireland Civil Service HR Policy 6.01 Standards of Conduct in terms of declaration and management of interests for all staff and for the transparency of processes to be applied to any potential employment for civil service staff (including SpAds) after leaving the NI Civil Service. During 2020-21, there have been one application made via DOF to the department in line with NICS policy.

21 Third-party assets

The Department held third-party assets at 31 March including bank accounts, Consolidated Fund investments, shares in the NI Central Investment Fund for Charities, and Government Stocks. These are not departmental assets and are not included in the CSoFP. The assets held at the reporting year date to which it was practical to ascribe monetary values as at 31 March 2021 are set out in the table below.

Consolidated

Northern Ireland Central Investment Fund for Charities	No. of Shares	2020-21 £	2019-20 £
Description			
DAERA Moore Memorial Fund	96	1,417	1,193
DAERA Thomson Memorial Account	990	14,616	12,303
DAERA Thompson Bequest Account	10,973	162,000	136,361
Vaughan's Charity	181,395	2,678,025	2,254,196
Vaughan's Charity - Fermanagh Pig Project	1,099	16,225	13,657
Total	194,553	2,872,283	2,417,710

Annual Report and Accounts

for the year ended 31 March 2021

Third-party account balances	Bank Accounts		Consolidated Fund	
	2020-21 £	2019-20 £	2020-21 £	2019-20 £
DAERA Horse Racing Business Investment	182	61,154	690,172	314,172
Enniskillen Student Resource Account	28,596	34,992	-	-
Enniskillen Student Vaughan Charity - current account	5,000	5,000	-	-
Enniskillen Student Vaughan Charity - deposit account	13,648	12,394	-	-
Greenmount College Floristry Club	23	23	-	-
Greenmount College Sports Fund	25,557	23,707	-	-
Greenmount College Sports and Recreation	2,244	2,244	-	-
Greenmount Travel - Current	35,693	11,931	-	-
Greenmount Travel - Business Reserve	8,743	8,739	-	-
Greenmount - Projects	926	958	-	-
Greenmount - Cream Advisory	-	26,578	-	-
Greenmount - Cream Advisory	26,613	-	-	-
Greenmount College Football Club	12	12	-	-
Greenmount Bursaries	24,672	15,396	-	-
Greenmount Erasmus Euro account	24,472	24,472	-	-
Greenmount Erasmus Sterling account	1,674	1,824	-	-
Greenmount Computer Club	109	109	-	-
Greenmount Student Recreational Council	1,676	1,692	-	-
Loughry Student Affiliation Account	9,216	9,187	-	-
DAERA Moore Memorial Fund	74	86	1,470	1,470
DAERA Thomson Memorial Account	925	534	13,720	13,720
DAERA Thompson Bequest Account	97	4,855	5,785	5,785
Totals	210,152	245,887	711,147	335,147

22 Entities within the departmental boundary

The supply funded NI Environment Agency is within the departmental boundary.

From 1 April 2020 the Forest Service was reclassified to a Non Financial Public Corporation and is outside of the departmental boundary for reporting purposes.

The annual reports and accounts of Forest Service Agency and NI Environment Agency are published separately.

23 Events after the reporting period

On 2 April an instruction was issued to bring contractors to a controlled stop in relation to the permanent builds at the Northern Ireland points of entry. The controlled stop will allow time for DAERA to further define the client brief.

Date of authorisation for issue

The Accounting Officer authorised these financial statements for issue on 7 July 2021.

Annual Report and Accounts

for the year ended 31 March 2021

List of Abbreviations

AFBI	Agri-Food and Biosciences Institute
ALB	Arm's Length Body
AME	Annually Managed Expenditure
AMPS	Assembly Members' Pension Scheme
ARAC	Audit and Risk Assurance Committee
AWB	Agricultural Wages Board
BDG	Business Development Groups
bTB	Bovine TB
C&AG	Comptroller and Auditor General
CAFRE	College of Agriculture, Food and Rural Enterprise
CAP	Common Agricultural Policy
CARE	Career Average Revalued Earnings
CAV	Combined Asset Valuation
CETV	Cash Equivalent Transfer Value
CMO	Common Market Organisation
CNCC	Council for Nature Conservation and the Countryside
COP26	26th UN Climate Change Conference of the Parties
CPI	Consumer Prices Index
CRR	Corporate Risk Register
CSCS(NI)	Civil Service Compensation Scheme (NI)
CSocNE	Consolidated Statement of Comprehensive Net Expenditure
CSoFP	Consolidated Statement of Financial Position
CSP	Civil Service Pensions
DAERA	Department of Agriculture, Environment and Rural Affairs
DAO	Dear Accounting Officer
DB	Departmental Board
Defra	Department for Environment, Food and Rural Affairs
DEL	Departmental Expenditure Limits
DoF	Department of Finance
EAF	European Agricultural Fund
EEl	Employee Engagement Index
EFS	Environmental Farming Scheme
EMFF	European Maritime and Fisheries Fund
EMFG	Environment, Marine and Fisheries Group
EU	European Union
FCILC	Foyle, Carlingford and Irish Lights Commission
FD	Finance Director
FFKS	Farm Family Key Skills
FIV	Farm Innovation Visit
FReM	Government Financial Reporting Manual
FTE	Full Time Equivalent
FYE	Full Year Equivalent
GB	Great Britain

Annual Report and Accounts for the year ended 31 March 2021

GDPR	General Data Protection Regulations
GLAA	Gangmasters and Labour Abuse Authority
ha	Hectares
HMT	Her Majesty's Treasury
HR	Human Resources
IAB	Internal Audit Branch
IAO	Information Asset Owners
IAS	International Accounting Standards
ICT	Information and Communication Technology
IFRS	International Financial Reporting Standards
INTERREG	European Territorial Co-operation
IRM	Identification, Registration and Movement
IRRV	Institute of Revenue Rating and Valuation
ISO	International Organisation for Standardisation
ISVA	Incorporated Society of Valuers and Auctioneers
ICT	Information Technology
KPA	Key Priority Areas
KPI	Key Performance Indicator
LEADER	Liaison entre actions de développement de l'économie rurale (French) - a European Union initiative to support rural development projects initiated at the local level in order to revitalise rural areas and create jobs.
LMC	Livestock and Meat Commission
LPS	Land & Property Services
m ³	Meters cubed
MLA	Member of the Legislative Assembly
MPMNI	Managing Public Money NI
NDNA	New Decade, New Approach agreement
NDPB	Non-Departmental Public Bodies
NEMs	Non-Executive Members
NIAO	NI Audit Office
NICS	Northern Ireland Civil Service
NICS HR	Northern Ireland Civil Service Human Resources
NIEA	Northern Ireland Environment Agency
NIFAIS	NI Food and Animal Information System
NIFHA	NI Fishery Harbour Authority
NI	Northern Ireland
NIRD	NI Rural Development Programme
NISRA	Northern Ireland Statistics and Research Agency
NSMC	North South Ministerial Council
ONS	Office of National Statistics
PC	Public Corporation
PCSPS(NI)	Principal Civil Service Pension Scheme (NI)
PfG	Programme for Government
PFI	Private Finance Initiative

Annual Report and Accounts

for the year ended 31 March 2021

PO	Provisional Outturn
PPE	Property, Plant and Equipment
PSNI	Police Service of NI
PVP	Private Veterinary Practitioners
R&D	Research and Development
RDP	Rural Development Programme
RICS	Royal Institute of Chartered Surveyors
SAF	Single Application Form
SCS	Senior Civil Servants
SI	Statutory Instrument
SIRO	Senior Information Risk Owner
SNCB	Statutory Nature Conservation Body
SoAS	Statement of Outturn against Assembly Supply
SPS	Sanitary and PhytoSanitary
SRO	Senior Responsible Officer
TB	Tuberculosis
TEO	The Executive Office
TMT	Top Management Team
TRPSI	Tackling Rural Poverty and Social Isolation
UK	United Kingdom
VAT	Value Added Tax



Department of
**Agriculture, Environment
and Rural Affairs**

www.daera-ni.gov.uk



**INVESTORS
IN PEOPLE**