



2021-22

Annual Report & Resource Accounts

For the year ended 31 March 2022

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 2022

*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*

1 July 2022

Annual Report and Accounts for the year ended 31 March 2022



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Department of Agriculture, Environment and Rural Affairs Annual Report and Accounts for the year ended 31 March 2022

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Performance Report



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Introduction

The Department of Agriculture, Environment and Rural Affairs (DAERA) presents its Annual Report and Accounts for the financial year ended 31 March 2022.

Performance Report

Permanent Secretary's Perspective on Performance

I am very pleased to present the 2021-22 Annual Report and Accounts for the Department of Agriculture, Environment and Rural Affairs (DAERA).

This year has presented challenges for us all, beginning with the devastating wildfires in the Mourne Mountains and ending with the terrible events linked to the invasion of Ukraine and the impacts of these not only at a human level but also in relation to the spiralling costs of feed, fertiliser and fuel production. In between, the Department has continued to respond to the impacts of the Covid-19 pandemic and the Northern Ireland Protocol. DAERA staff have had an important and positive role to play in these major events and, since joining the Department in April, I have been very impressed by the commitment to public service and the achievements of a dedicated and highly capable professional staff who met, and continue to meet, these and many other significant challenges.

I am also fully aware how we lead, and the values we exhibit in our leadership have come under intense scrutiny, following the published outcome of an Industrial Tribunal case involving DAERA staff.

DAERA staff at all levels, and in every part of the Department, take great pride in ensuring that our services are delivered in a professional manner that is in keeping with our NICS Code of Ethics. I want to make sure that lessons are learned and applied from this case, to help us be even more effective in our work, and I am putting in place a range of steps to ensure that this happens.

I also want to provide reassurance that DAERA continues in its role in maintaining the highest possible standards in livestock traceability and animal welfare and I know staff are dedicated to ensuring adherence to those standards.

DAERA is a diverse department with a wide remit that touches the lives and livelihoods of every person living and working in Northern Ireland. Recognising this, it is important to reflect on some of the Department's key achievements during the reporting year.

The Executive's 'New Decade, New Approach' document included a commitment to tackle climate change head-on using a co-ordinated and strategic approach. Under the leadership of our Minister, the Department was able to deliver Northern Ireland's first Climate Change Bill during this mandate a Bill that contains an overall target of net zero by 2050. I have also been pleased to note the level of consultation that took place with various government, industry and political stakeholders and that was instrumental to the successful passing of this legislation by the Executive.

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I know too that work continued this year on producing the cross departmental Draft Green Growth Strategy which is the Executive's multi-decade strategy, balancing climate, environment and the economy in Northern Ireland. It sets out the long-term vision for tackling the climate crisis in the right way and will be underpinned by the Climate Change Act (NI) 2022. Responses to the consultation produced an overwhelming positive level of support to all elements of the strategy and it is currently being updated to reflect the consultation and Equality Impact Assessment feedback and to align it with the Climate Change Act (NI) 2022.

In terms of the Department's continued response to the challenges of the pandemic, £21m was secured towards Covid-19 support of which £5m was allocated for market interventions in the Agri-Food sector.

While dealing with delivering the practical delivery of the political uncertainties of the Northern Ireland Protocol in a Covid-19 environment, I know that DAERA staff also played their role in the control of the largest ever outbreak of High Pathogenic Avian Influenza in these islands, working in close collaboration with colleagues in Great Britain and Ireland.

This year also saw the Department outline its plans for the future of farming. Informed by consultation that had taken place earlier in the year, in March the Minister announced his policy decisions for *Future Agricultural Support in Northern Ireland*. These decisions provide a clear direction of travel on future agricultural policy that will support sustainable farming and rural communities.

The Department's work during 2021-22 also involved providing significant funding to support rural communities. The target to pay 95% of farm businesses full payment by the end of November 2021 was surpassed with over 99% of eligible applicants receiving this payment which totalled £308.7m during the year. There was also continued support under the Farm Business Improvement Scheme where over £7.5m was allocated in grants paid, while a further £7.5m was committed under the Tackling Rural Poverty and Social Isolation (TRPSI) programme that was able to benefit 305,000 people. In addition, CAFRE delivered training to 14,100 people with 1,246 people achieving nationally validated qualifications at Level II and 540 hectares of new woodland was planted.

This year has also seen the Department bring forward a number of important new strategies. These include the Bovine Tuberculosis Eradication Strategy for Northern Ireland, the Food Strategy Framework and the Environment Strategy Framework. Work continued on implementing the Forest Strategy and the Science Strategy Framework and in developing the Green Growth Strategy, Ammonia Strategy and Marine Plan. DAERA also consulted on a UK-wide Joint Fisheries Statement that sets the UK's ambition to continue delivering world class, sustainable fisheries management.

In terms of how this has all been delivered, there are over 3,000 staff working across more than 230 sites and managing almost 10% of Northern Ireland's landmass, waterways and coast. This has been a significant undertaking and I want to thank everyone for what has been achieved in the past year especially in light of the impacts of the pandemic on all of our lives.

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As with every year, I'm conscious that 2022-23 will bring a range of new challenges for the Department. However, through our collective flexibility, resilience and determination I have no doubt that we will continue to face these challenges head on and strive to make a positive difference to the people of Northern Ireland.

Non-Executive Directors' Report

It has been a challenging year for DAERA, as Covid-19 continues to impact on us all and the implications of exiting the EU continue to evolve. The Non-Executive members contributed to the Departmental Board discussion on all issues throughout the year providing an independent challenge function which contributed to policy development and operational delivery as well as governance. They also brought an additional external focus to the discussion from the



Sharon McCue



Bernie Stuart

perspective of the people who live and work here. Discussions through the year included the development and passing of the Climate Change Bill in 2022, the Green Growth strategy, the agricultural support system, the management of TB, food security and rural development policy. Governance matters covered included reviewing achievement of targets, financial performance, risk management, resourcing and capacity building and staff engagement.

- **Staffing**

During the year, the Board received and discussed monthly updates from Northern Ireland Civil Service Human Resources (NICS HR) covering various staff related topics such as methods of attracting new staff, addressing the high level of vacancies, absence and performance management and staff training.

- **Raising Concerns**

The Board discussed progress against the implementation of the NIAO recommendations on Raising Concerns (previously Whistleblowing) designed to integrate the process into normal business improvement.

- **Health & Safety**

The Board continued to receive Health & Safety updates throughout the year on the full health and safety plan covering communications to staff, training, fire risk management and estate maintenance issues.

- **Risk Management**

The Board regularly reviewed the Corporate Risk Register with input from the Audit and Risk Assurance Committee providing more detailed review and assurance. 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, together with consideration of mitigating actions.

- **Achievement of Targets and Objectives**

The Board monitored the Department's targets and objectives including setting out the highest priority areas for the department.

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The Audit & Risk Assurance Committee (ARAC) is an established Departmental Board Committee which is chaired by a Non-Executive Member (NEM) with three additional independent members one of whom is also a Non-Executive member. Both these, Non-Executive members of ARAC, are also Independent Board members of the Departmental Board. During the year Sharon Hetherington's term as an independent board member came to an end. We would like to thank Sharon for her contribution and also welcome newly appointed Michelle Scott to join Donald Henry which provides the full complement of four independent audit committee members.

ARAC contributes to the Departmental Board's (DB) overall process for ensuring that governance, risk management and internal control processes operate effectively. The Chair of ARAC presented regular reports on the work of ARAC to the Departmental Board. The Non-Executives met with the Accounting Officer throughout the year to discuss and provide advice on emerging issues.

During the year ARAC reviewed regular reports from Internal Audit on completed reviews and on their forward plan. It also reviewed the corporate risk register as well as a sample of group registers to ensure consistency. This year also saw ARAC contributing to a review of the Department's risk management processes to ensure that each risk is considered at the most appropriate level.

DAERA continued to embed a partnership approach with its Arms Length Bodies and ARAC refined the reporting structure to enhance the assurances it receives in this area. Reports by exception on the procurement process in the form of Direct Award Contracts; whistleblowing and regular updates to enhance the financial accounting process also formed part of the ARAC agenda.

In addition, ARAC met to discuss and provide assurance on the year end accounts for both DAERA and European (EAFRD and EAGF). The Chair of ARAC also met with the Chairs of the ARAC committees of the Department's ALBs.

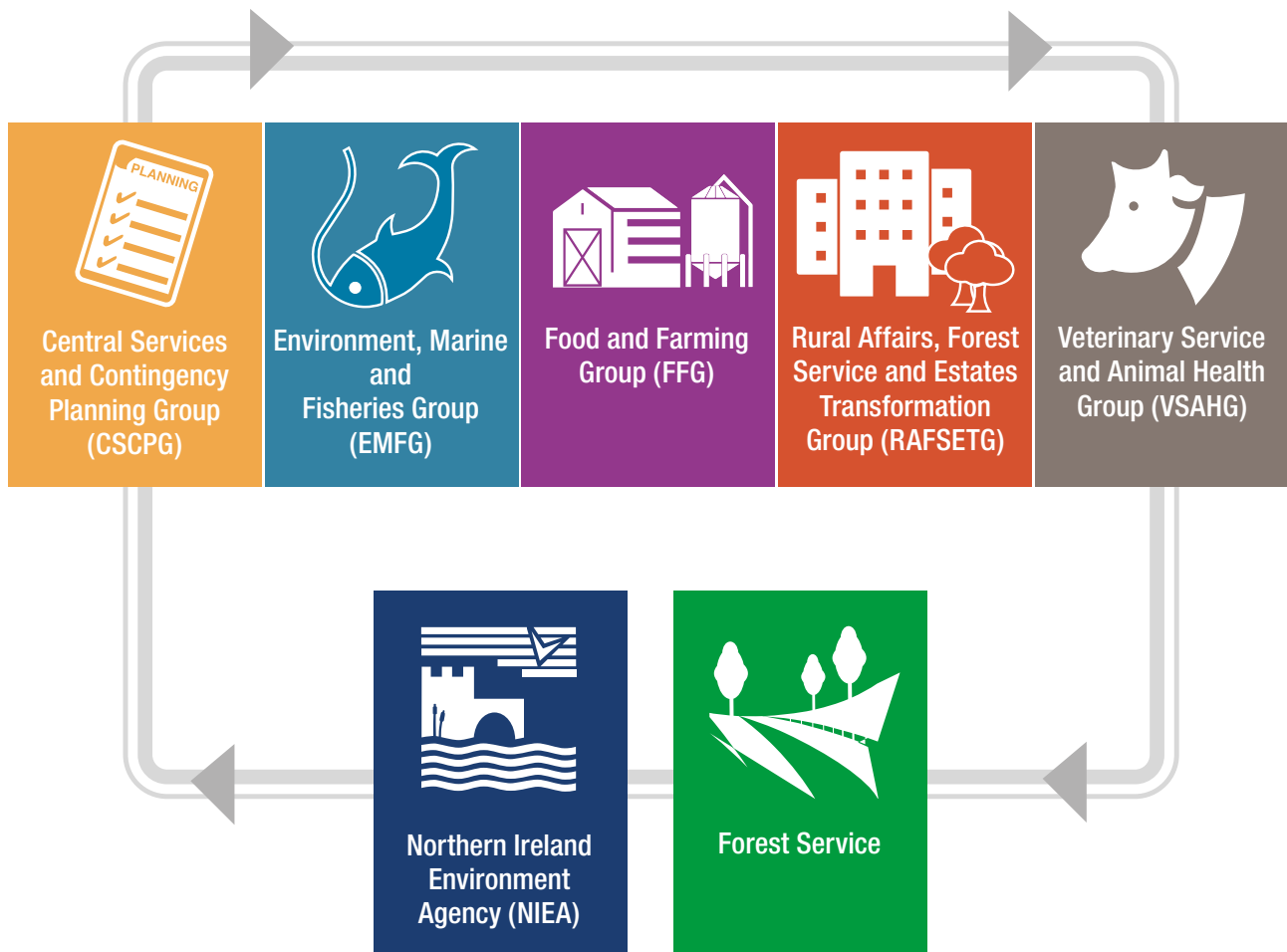
During the year the Chair of ARAC attended five Casework Committee meetings as an independent observer on the Casework Committee. The Casework Committee is a sub-committee of the Finance Committee. It provides assurance to the Accounting Officer and Departmental Board around significant expenditure decisions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

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Overview

This section outlines the Department, our purpose, key risks that we faced in achieving our objectives and how we have performed during 2021-22.

DAERA has responsibility for food, farming, environment, fisheries, forestry, sustainability policy and the development of the rural sector in Northern Ireland (NI). The Department is structured into five groups including one Executive Agency (Northern Ireland Environment Agency) and one Public Corporation (Forest Service) to support the delivery of its strategic objectives:



Purpose

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

We live and work sustainably - protecting the environment



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.

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

<https://www.daera-ni.gov.uk/sites/default/files/publications/daera/SUSTAINABILITY%20FOR%20THE%20FUTURE%20DAERA'S%20-%20PLAN%20TO%202050.PDF>



Our Business Plan, supported by Group and Divisional Business Plans, sets out the operational detail that contributes to the achievement of annual targets. This also provides staff with a clear view of how their personal contribution aids us in delivering a quality service to our customers and stakeholders.

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Draft Programme for Government 2021

Following the Executive Office's (TEO) public consultation on a new strategic Programme for Government (PfG) Framework in March 2021, DAERA was identified as being responsible for PfG Outcome 2 "We live and work sustainably, protecting the Environment". Once agreed by the NI Executive the Department will input into 8 of the 9 proposed Outcomes in the draft Strategic PfG and 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.



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:



We were responsible for the following key activities in 2021-22:

- Led on the NI Executive's Green Growth Strategy and climate change agenda, working with all Government Departments and sectors to reduce carbon emissions;
- Assisted the sustainable development of the agri-food, environmental, fishing and forestry sectors of the NI economy, having regard to the needs of the consumers, the protection of human, animal and plant health, the welfare of animals and the conservation and enhancement of the environment;

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- Provided a business development service for farmers and growers, and a veterinary service for the administration of animal health and welfare;
- Delivered training and further and higher education courses in the agri-food sector;
- Implemented the NI Rural Development Programme (NIRDP) for the remainder of its life to December 2023;
- Continued support for our stakeholders during the Covid-19 pandemic;
- Developed policy in relation to food and farming, including the implementation of programmes to support the sustainable development of the agri-food sector;
- Enabled exports of agri-food products through veterinary certification based on official controls whilst assisting cross government efforts to access new markets;
- Supported and managed 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;
- Developed new digital technologies to better deliver enhanced customer services;
- Ensured our expenditure is incurred appropriately and delivers value for money for the public;
- Through the Rural Development Programme, supported sustainable economic growth in NI's rural areas, tackling poverty, promoting social inclusion and supporting rural communities;
- Ensured the efficient and effective processing of subsidy and grant payments so as to ensure that regulatory, scheme and timing requirements are met; and
- Managed a natural capital asset of 65,000 ha of productive forest and green space and provided 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** was reclassified as 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.

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- 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; and
 - **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.

Business Plan Monitoring and Reporting Arrangements

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

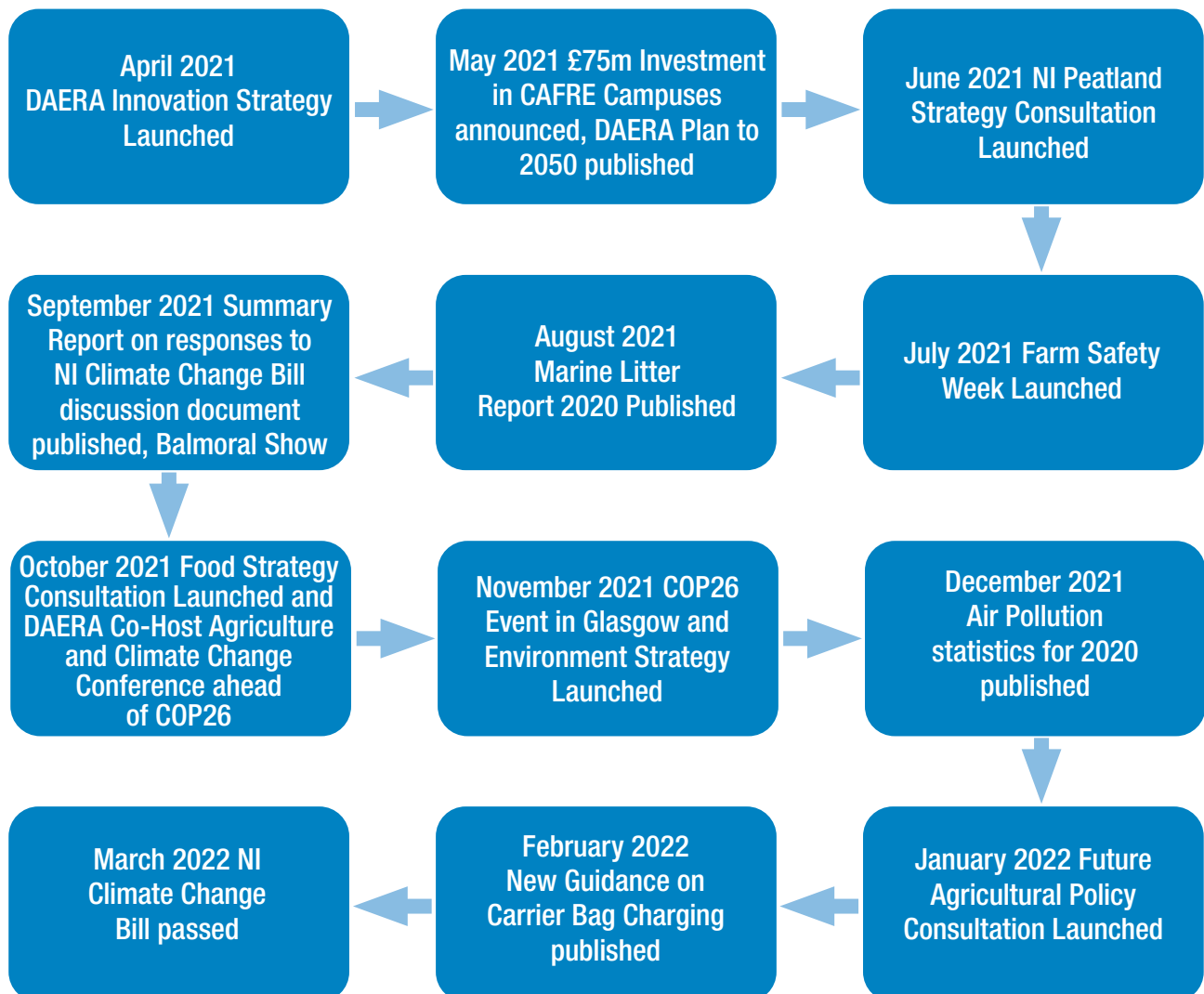
The Performance Analysis Section below identifies the outcome at 31 March 2022 in relation to each of the targets included in our 2021-22 Business Plan. Of the total of 18 targets, 8 were achieved, 7 partially achieved and 3 not achieved.

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Summary of performance against published Key Performance Indicators (KPIs) for 2021-22 Business Plan Targets

EU Exit	Market Access	Farm Support	Food Supply
Regulatory Compliance and Support	Forest Estate	Agricultural Policy Framework	Circular Economy
Food Strategy Framework	Climate Change	Protect and Enhance Environment	Green Growth Strategy
Animal Health & Welfare	Rural Communities	High Performing Organisation	DAERA Estate
Science	Funding		

Highlights of 2021-22



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 and 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

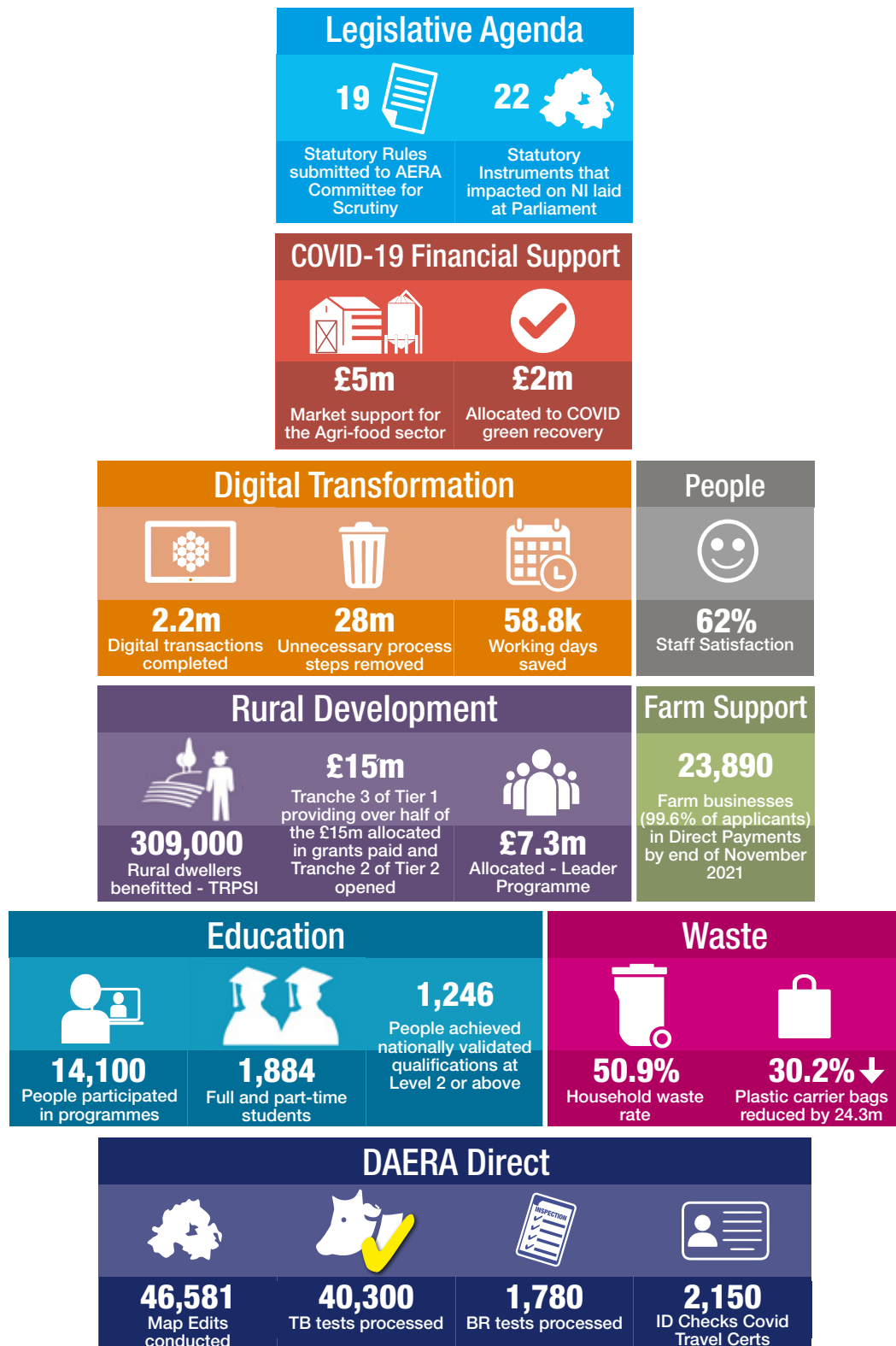
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Performance Analysis



Our Performance and Key Achievements for 2021-2022



The Departmental Business Plan

The 2021-22 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 2022 in relation to each of the targets included in our 2021-22 Business Plan can be found in the following section.



Target	What we will do - include key performance indicators	Target RAG Status	Year End Position at 31 March 2022
1	Develop NI's position post-EU Exit including fulfilling the UK's international obligations.	Red	Target Not Achieved. Work continues on bringing forward required legislation and implementing 15 UK Common Frameworks within DAERA's remit.
2	Maintain GB, EU and international market access.	Yellow	Target Partially Achieved. We continued to maintain GB, EU and International market access. However ongoing delays in fully applying Sanitary and Phytosanitary (SPS) policy/legislation has resulted in the development of a number of workarounds to provide the assurance required for ongoing certification.
3	Embrace our transition from the EU and maximise all opportunities to make the delivery of farm support more efficient.	Green	Target Achieved.
4	Working across government and with stakeholders ensure continued food supply and security into NI in both the immediate and long term and implement mitigations to deliver a resilient food supply chain.	Green	Target Achieved.

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Target	What we will do - include key performance indicators	Target RAG Status	Year End Position at 31 March 2022
5	Protect public health and the environment through delivering regulatory compliance and enforcement regimes.	Green	Target Achieved.
6	Continue to manage the DAERA forest estate to meet UK sustainable Forestry Standards and progress our commitment to the 2020-2030 Forests for the Future Programme.	Yellow	Target Partially Achieved. We continued to supply timber to the processing industry from well managed forest and planted 540 hectares against the target of planting 600 hectares of new woodland in 2021-22. This includes 525 hectares of new grant aided woodland and 15 hectares of new woodland on Forest Service land.
7	Embrace our transition from the EU, maximising all opportunities this presents us.	Green	Target Achieved.
8	Contribute to developing a Circular Economy including deliver on the 'New Decade New Approach' commitment that "The Executive will create a plan to eliminate plastic pollution".	Yellow	Target Partially Achieved. Consultations were undertaken on eliminating plastic pollution and Deposit/Return Scheme and Extended Producer Responsibility. Work continues on transposing elements of the Single Use Plastics Directive. Discussions are ongoing between Defra and DAERA officials on the transposition timetable.
9	Develop a co-ordinated cross Departmental, strategic approach to food.	Red	Target Not Achieved. As this is a cross cutting matter it requires Executive approval prior to publication and will subject to sign off by a future Executive.
10	Deliver a co-ordinated and strategic approach to the challenge of climate change.	Green	Target Achieved.

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Target	What we will do - include key performance indicators	Target RAG Status	Year End Position at 31 March 2022
11	Protect & Improve our Environment for future generations.		<p>Target Partially Achieved.</p> <p>The Environment Bill was implemented and received Royal Assent on 9 November 2021 – it is now the Environment Act 2021.</p> <p>Fisheries management measures were produced for Marine Protected Areas and two pieces of legislation have been drafted.</p> <p>15 Special Areas of Conservation (SAC) Conservation Management Plans have been drafted.</p> <p>The Department consulted on an Environment Strategy and received 336 responses. In the absence of Executive approval, it will not be possible to publish the final Strategy during this financial year.</p>
12	Work collaboratively across government to align our policies, plans and budgets and put in place appropriate structures to underpin effective implementation of the Green Growth Strategy and Climate Action Plan.		<p>Target Partially Achieved.</p> <p>The Department has established a cross Departmental Steering Group to work through the need for Green Growth Agreements. An options paper is currently being developed to assist this process.</p> <p>In the absence of Executive approval, it will not be possible to publish a Green Growth Strategy. Work to develop a Climate Action Plan will continue now that a Climate Change Bill has passed.</p>
13	Champion the health and welfare of animals.		<p>Target Partially Achieved.</p> <p>A new Strategy for the Eradication of Bovine TB within NI was announced by Minister on the 24 March 2022 in the Assembly.</p>

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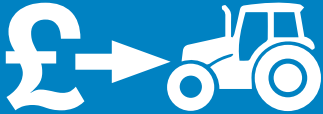



Target	What we will do - include key performance indicators	Target RAG Status	Year End Position at 31 March 2022
			<p>Legislation providing for greater protection of service animals (“Finn’s Law”) was introduced to the Assembly on 15 November 2021.</p> <p>In respect of Animal Health, work continues on finalising and publishing the new Animal Health and Welfare Strategic Framework (AHWSF) for NI.</p>
14	Support sustainable rural businesses and communities and implementation of actions to support and champion Covid-19 recovery.		Target Achieved.
15	Continue to be a well led, high performing, outcome focused, inclusive and diverse organisation.		<p>Target Partially Achieved.</p> <p>We increased our online transactions and implemented a Diversity and Inclusion Strategy and Action Plan as well as a DAERA People Strategy Action Plan.</p> <p>The DAERA Employee Engagement Index (EEI) target of 69% was not met, instead 62% was achieved.</p>
16	Maximise the use of DAERA’s existing estate and IT capability to respond to the Covid-19 pandemic in the context of developing a longer term agile working environment which supports delivery of departmental services.		Target Achieved.

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Target	What we will do - include key performance indicators	Target RAG Status	Year End Position at 31 March 2022
17	We will place high quality, leading-edge science evidence, enabling policy thinking and assurance of statutory requirements at the heart of DAERA, including through the development of a science system, which enables us to get the best science, get the best value for science and make the best use of science.		Target Not Achieved. The Department has appointed an Innovation Champion and established an Innovation Strategy Board but it has not been possible to progress implementation of the DAERA Innovation Strategy.
18	We will seek to achieve the best outcomes with your money.		Target Achieved.

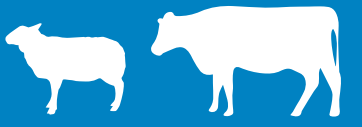





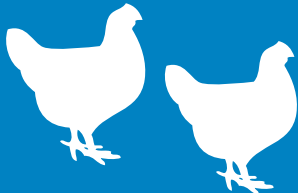

Key performance over the 2021-22 year under the four key Strategic Priorities were as follows:

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

The only UK region to pay full Direct Payments to farm businesses in October.	
Target to pay 95% of farm businesses full payment by the end of November, surpassed - over 99% of eligible applicants receiving a payment.	
Full payment to 99.6% of eligible claims for Basic Payment.	
23,890 Direct Payment Recipients.	

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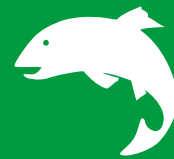
<p>A new delivery approach & timeline has been agreed on the Northern Ireland Food and Animal Information System (NIFAIS) which will facilitate the future delivery of this complex system.</p>	
<p>During 2021-22, College of Agriculture & Rural Enterprise (CAFRE) delivered programmes to 14,100 people.</p>	
<p>50 higher and further education programmes with 1,884 students enrolled in the 2021-22 academic year.</p>	<p>1,884 </p>
<p>In 2021-22, 1,246 students successfully completed a qualification at Level 2 or above.</p>	
<p>By 31 March 2022, 20,900 farmers had participated in Farm Family Key Skills training programmes. FFKS offers a range of courses in animal health, business planning, health & safety (including first aid awareness and mental wellbeing), soils & nutrient management and ICT.</p>	
<p>By 31 March 2022, 334 Innovation Technology Evaluation Demonstration training events delivered, with 3,052 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 NI. Disease eradicated successfully.</p>	
<p>Overall cost of the TB programme in 2021-22 is estimated at just over £45m with over £28m of this paid in compensation to farmers.</p>	

Facilitated the expansion of the Movement Assistance Scheme to provide cost support:

- 1) Plant Health Exports Audited Trader Scheme (PHEATS) audit and registration costs (from 01 July 2021).
- 2) Costs related to scrapie testing for sheep exports (from 01 July 2021).
- 3) Organic business registration costs (from 01 August 2021).
- 4) Costs related to seed certification (from 01 August 2021).
- 5) Costs related to Support Attestations (from 27 September 2021).
- 6) Costs related to of Scrapie Qualifying Scheme (from 01 April 2022).



£6.2m in financial assistance provided to support fishing communities and the NI fishing, aquaculture and seafood sectors.

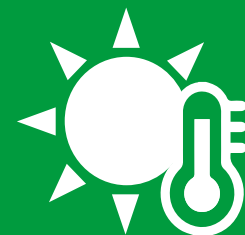


Strategic Priority 2 - Natural Environment - To protect and enhance our natural environment now and for future generations whilst advocating its value to and wellbeing for all.

The Draft Green Growth Strategy was launched on 26 October 2021. The Green Growth Strategy is the NI Executive's multi-decade strategy, balancing climate, environment and the economy in NI. Green Growth is about more than just climate targets. It also considers how we deliver sustainable development and safeguard our precious natural environment for our health, well-being and long term prosperity.



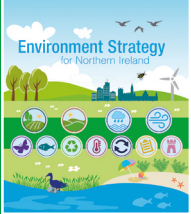







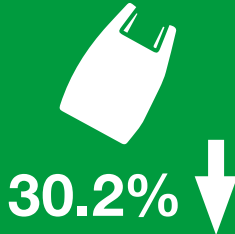




The DAERA Climate Change Act (Northern Ireland) 2022 completed Final Stage in the Assembly on 09 March 2022 and is awaiting Royal Assent. The Act sets an overall 2050 net zero target and requires the production of 5 yearly Climate Action Plans to deliver policies and proposals to reduce emissions in line with the target and carbon budgets which will be set under the Act.



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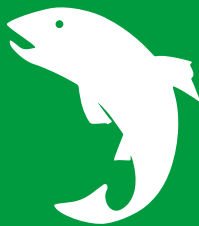
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<p>We led a 'NI Climate Action' campaign on social media. This cross-cutting and collaborative campaign will generate public interest and engagement in protecting nature and tackling climate change.</p>	
<p>Environmental Engagement Index has now been taken by over 7,000 people living in NI. This has allowed us to understand how connected the people of NI are to their environment across a wide range of demographics. It continues to be used to track changes in the relationship between society and nature over time.</p>	
<p>Summary Report on the 336 responses to the draft Environment Strategy Public Consultation was published.</p> <p>NI's first overarching Environment Strategy was announced to the NI Assembly in March 2022 and is ready for consideration and approval from the new Executive.</p>	
<p>The Environmental Farming Scheme is an agri-environment scheme to help protect and enhance habitats, biodiversity and water quality as well as to sequester carbon. A fifth Tranche of agreements were offered during the year bringing the number of businesses participating in the scheme to over 5,500 and the area of designated land or priority habitat under favourable management to over 60,000ha. DAERA also secured successful prosecutions for breaches of the Environmental Impact Assessment (Agriculture) Regulations.</p>	
<p>NI annual household waste recycling rate for 2020-21 was published on 25 November 2021 with the rate reported at 50.9%. To date £4.8m has been committed to six local councils under the Household Waste Recycling Collaborative Change Programme for nine projects that are improving both the quality and quantity of household waste collected by Councils.</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>Consultation launched on options for measures to reduce consumption of single-use plastic cups and takeaway food containers.</p>	

<p>In 2021 a call for evidence for NI's first ever Plan to Eliminate Plastic Pollution was launched. The evidence gathered will help inform the new and ongoing actions contained within the Plan which is due to be published in December 2022.</p>	
<p>The annual statistics published on 19 August 2021 outlined that there were 24.3 million fewer bags dispensed which is a 30.2% reduction from the previous year. A consultation on the levy was launched on 01 June 2021 following which new Regulations come into operation on 01 April 2022. The main changes are that the levy will increase from 5p to 25p and will apply to all bags costing £5 and below.</p>	
<p>Work is underway to develop NI's first Clean Air Strategy. A 12 week public consultation on The Clean Air Strategy Discussion Document ended in early 2021 and the responses have helped to develop actions and recommendations for inclusion in the strategy.</p>	
<p>We financially support district councils in monitoring air quality through the Local Air Quality Management Grant. Additional funding offered to three district councils enabled the upgrade of existing particulate matter monitors. Overall £345k was secured to support a variety of projects relating to air quality.</p>	
<p>NI's first air quality app continues to provide instant up to date information on the air pollution levels across NI and a five day air quality forecast.</p> <p>The public can also access valuable health advice on the impacts of reduced air quality, enabling them to make more informed decisions about their activities on days when air quality is poor.</p>	
<p>We continue to closely monitor water quality. The classification system has changed and for the first time the presence of ubiquitous, persistent, bioaccumulative and toxic chemicals have been included in the assessment. This has meant that in 2021 no river or lake water bodies achieved good or high overall status. Groundwaters achieved 68% at good water status.</p> <p>If ecological status alone is considered rivers are at best remaining stable at 32% and our lakes are deteriorating in terms of quality with only 14% being at good ecological status.</p>	



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<p>Improvements to water quality will be long term and will require cross government action. The key pressures acting upon our water environment are excess nutrients and organic pollutants. These are released into the water environment as a result of land use, mostly related to agricultural and sewage related pressures.</p>	
<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 NI, the Republic of Ireland and Scotland.</p>	
<p>Published a Summary of Responses to the Consultation on a Draft Marine Plan for NI.</p> <p>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.</p>	
<p>Consulted on a UK-wide Joint Fisheries Statement that sets the UK's ambition to continue delivering world class sustainable fisheries management.</p>	
<p>For the calendar year 2021, 27,953 angling licences and 19,456 angling permits were sold.</p>	
<p>Continued to manage the Public Angling Estate of over 90 waters along with our wider role in the conservation and protection of wild fish.</p> <p>Angling has been noted as a welcomed form of socially-distanced outdoor exercise during Covid-19 restrictions, beneficial for both physical and mental wellbeing.</p>	


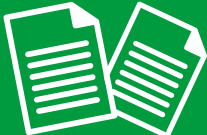




<p>Provided funding totalling over £8m to support over 60 projects under the 3 Strands of the Environment Fund.</p>	
<p>Commencement of the NI provisions of the Environment Act 2021 was approved by the Assembly, providing powers for a range of future environmental measures and new arrangements for environmental governance, including the establishment of the Office for Environmental Protection as an independent environmental oversight body in NI.</p>	
<p>Along with the UK Government and other Devolved Administrations, launched a UK wide Emissions Trading Scheme.</p>	
<p>For the first time a combined metric to indicate condition of the special features within protected areas, in both the marine and terrestrial environment, has been developed. This will be reported on in the next annual Environmental Statistics publication and is an important high level summary of the condition of our best natural assets informing progress against strategic and legislative targets going forward.</p>	

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

<p>The Northern Ireland Rural Development Programme (NIRDP) is worth up to £589m, including a contribution of €228m from EU funds. It helps to:</p> <ul style="list-style-type: none"> • 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. 	
<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>	

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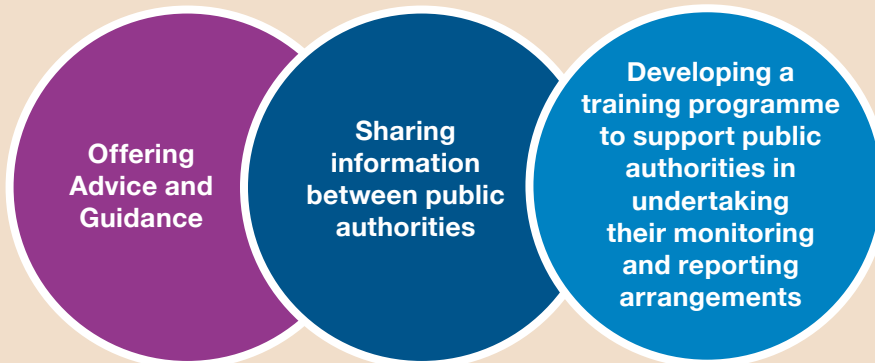
<p>The Farm Business Improvement Scheme includes tiered capital investment to farmers and growers to invest in construction, equipment and machinery with Tranche 3 of Tier 1 providing over half of the £15m allocated in grants paid and Tranche 2 of Tier 2 opening in 2021-22.</p>	
<p>The Agri-Food Co-Operation Scheme has issued 56 letters of offer and made available a support package worth £1.7m.</p>	
<p>LEADER is an EU Programme worth £70m over the Rural Development Programme, generating £7.3m of spend this year.</p> <p>A number of pilot schemes were undertaken during 2021-22 investing £3.9m in rural communities to improve local village halls and provide funding for rural businesses to thrive. The outcome of these pilots will be evaluated in 2022-23 and will form the basis for potential schemes to be delivered under the new framework.</p>	
<p>The Rural Tourism Scheme aims to create unique and innovative visitor attractions in rural areas to encourage visitors to stay longer and spend locally bolstering the local rural economy. The £10m investment has seen 19 projects being approved over the lifetime of the scheme with £3.9m spend during the 2021-22 financial year.</p>	
<p>Tackling Rural Poverty and Social Isolation (TRPSI) is an initiative led by DAERA working in partnership with government bodies and other organisations to design and implement measures which help tackle rural poverty and social isolation.</p> <p>This assists projects such as:</p> <ul style="list-style-type: none"> • the development and enhancement of forest parks and community trails for recreational purposes; • support for rural micro businesses to bring about improvements towards recovery from the Covid-19 pandemic, as well as enhancing sustainability and providing development opportunities; • support for rural community networks to help sustain and develop the capacity of rural community groups; 	 <p>£7.5m committed</p>  <p>305,000 people benefitted</p>

- the development of school facilities for community use;
- the regeneration of disused historic 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 & voluntary sector to continue to provide services for rural dwellers.



The Rural Needs Act (Northern Ireland) 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.

DAERA published the fourth Rural Needs Annual Monitoring Report in December 2021 and supported public authorities in implementing the Act through:



The Horse Racing (Amendment) Act (Northern Ireland) 2022 achieved Royal Assent on 02 February 2022 allowing for the immediate reinstatement of support under the Horse Racing Fund to NI's two horse racecourses at Downpatrick and Down Royal. In addition to reinstating payments from 02 February 2022, the Act also provided for payments for spend incurred by the racecourses in the 13 months before the legislation was enacted.



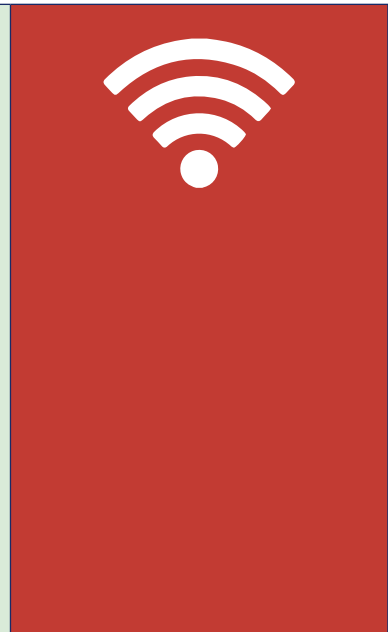
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Strategic Priority 4 - Exemplar Organisation - To be an exemplar, people focussed organisation, committed to making a difference for the people we serve.

The Digital Transformation Programme commenced in 2019 to deliver better public services by providing 24/7 access to a range of online services and data. This year, the programme has enabled channel shift resulting in over 2m transactions moved from manual, face to face, or telephony to digital.

Digital products delivered this year have driven business transformation resulting in a reduction of 2.8m unnecessary process steps, saving 58,800 working days across the Department and saving over £8.9m. 39,800 correspondences between DAERA and its customers have moved to digital.



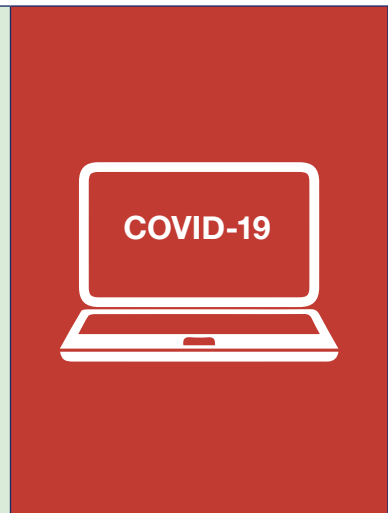
In line with the Open Data Strategy for NI 2020-2023, we developed and launched our Information Hub which is a key enabler to promote the value of data as an asset and support evidence based decision making, policy development and service delivery. Our Information Hub has published in excess of 90 data sets and been awarded the Digital DNA 'Digital Innovation of the year' in 2021.



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 technology to mobilise our staff to work from home and have embedded new ways of working to accelerate our recovery and maintain high levels of productivity and cross-organisational workings.

Staff working from home resulted in a reduction of printing this year, leveraging a CO₂ reduction equivalent to 350Kg of paper.

DAERA staff car journeys fell this year reducing CO₂ emissions by 1,344 tonnes.



Capital projects in the Department's estate transformation programme have been progressed during the course of the year and work is underway to facilitate New Ways of Working across our Departmental office estate.



2,500 staff able to work effectively from home.



- 12 DAERA Direct Offices
- 2,000 Digitally Assisted Calls
- 90,000 (0300) Telephone Calls
- 46,581 Map Edits
- 242,000 documents processed
- 1,780 BR tests processed
- 40,300 TB tests processed
- 2,150 ID Checks Covid-19 Travel Certificates

DAERA
Direct

DAERA's Staff Engagement and Leadership Forum acts as a communication platform for all employees, enabling them to voice their ideas as well as their concerns. The aim is 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 it is possible on making improvements to the way staff work and live.



The Department is committed to being a diverse and inclusive organisation and has developed a Diversity and Inclusion Action Plan which incorporates the actions and values contained within the NICS Plan.

DAERA has developed a Wellbeing Strategy to assist staff in dealing with the challenges and changes they are facing. This will, in turn, enable them to continue to deliver to the people they serve.



The Department is committed to working collaboratively with other funders to support joint research projects that inform policy development and direct the Department's operational activities.

In the 2021-22 year, DAERA issued Letters of Offer worth £2.2m to 6 projects that were commissioned in partnership with the Department of Agriculture, Food and the Marine (DAFM). A further Letter of Offer worth almost £170,000 was issued to a project under the US-Ireland Programme as part of the tri-jurisdictional alliance with the US Department of Agriculture and DAFM.



CORONAVIRUS (COVID-19)



Covid-19

A budget of £5.0m was allocated to address market disturbance as a result of the pandemic and to address legacy issues from 2020-21. This provided financial assistance to agricultural and horticultural businesses, to enable them to deal with short term market disruptions that would substantially impact on otherwise viable businesses.

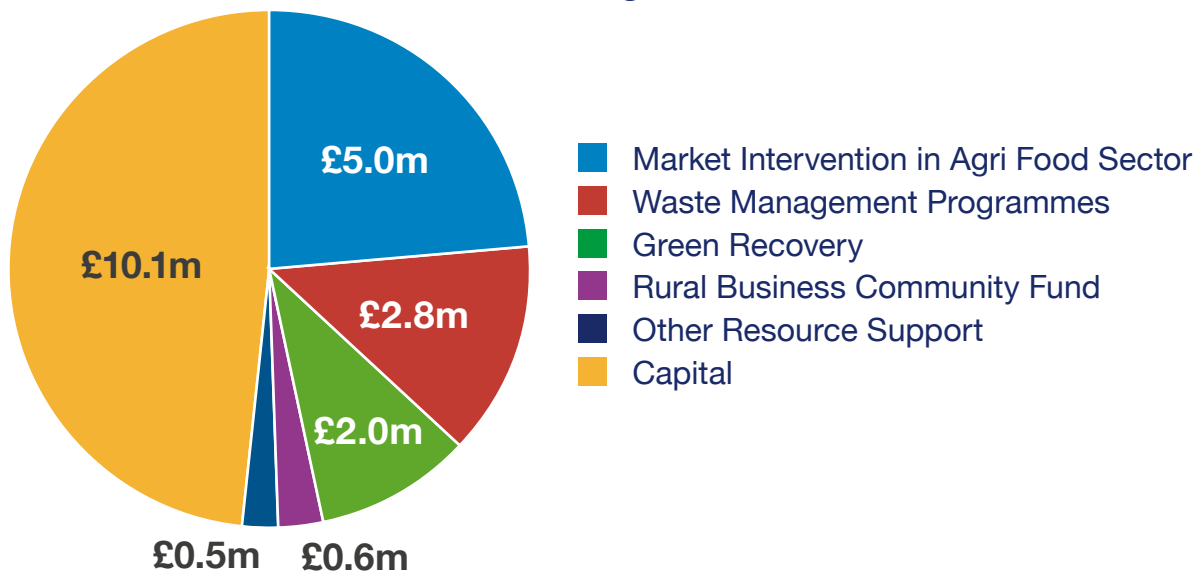
There was also £3.8m (including £1.0m Capital) for monitoring waste water for Covid-19 in tandem with both the Public Health Agency and the Covid-19 Genomics UK (COG UK) Consortium) sequencing programme based within the Belfast Trust.

A further £2.0m for Green Recovery promoted the green economy and provided strategic sectoral support to the environmental not for profit sector which has been impacted by Covid-19 both financially and in terms of business operability.

Additional funding of £1.1m was also made available for support of Rural Communities, Digital Services and Forest Service.

Capital of £6.5m was allocated to assist with the ‘Covid-19 Recovery Small Settlements Regeneration Programme’ which was taken forward in conjunction with other departments (DfI and DfC). £2.6m in Capital was also allocated to Rural Affairs to support areas most impacted by the ongoing Covid-19 pandemic.

Covid-19 Budget 2021-22



The assessment of the risk of fraud and error within the Covid-19 schemes managed by the Department during 2021-22 was low. These Covid-19 schemes have been managed in line with other schemes administered by the Department which include key controls and

a percentage check on claims. Market interventions in the agri-food schemes involved 100% checks and the use of verified data sourced from within the Department and from processors.

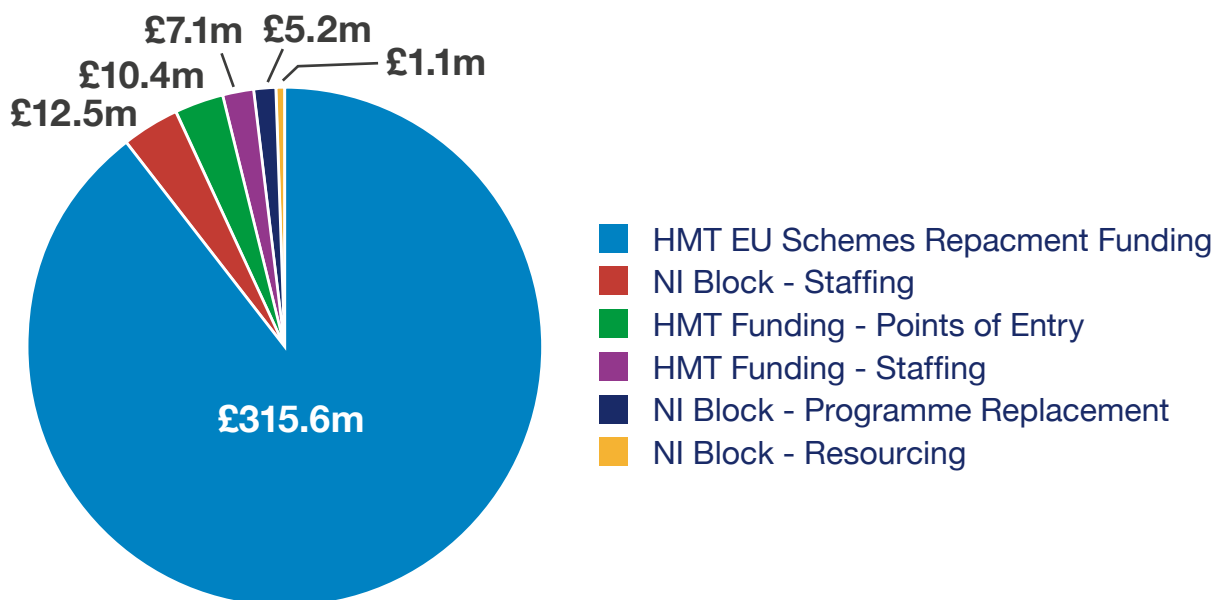
EU Exit

The Performance Report Overview chapter, shows how we performed in relation to delivering our top priorities, including EU Exit, as set out in the 2020-21 Business Plan.

A key area of funding stream for the 2021-22 financial year was the HM Treasury EU Replacement funding of £315.6m, to replace Common Agricultural Policy (CAP) and Fisheries funding previously provided by the EU, under the 2014-2020 Multiannual Financial Framework.

In addition, the Department received an EU Exit allocation from the NI Block of £18.8m for the 2021-22 financial year, with another £7.1m being provided directly by HM Treasury in respect of costs associated with administering the NI Protocol. A further £10.7m Resource DEL and £6.0m Capital DEL was also provided directly by HM Treasury for the work at the Points of Entry.

All funding obtained for the 2021-22 financial year was fully utilised, with a 100% spend against against budget recorded at Provisional Outturn, with the exception of a £0.3m underspend against the £10.7m allocation for Points of Entry. EU Exit allocations were spent in the following key areas:



- HMT EU Schemes Replacement Funding - This £315.6m funding was secured and utilised to replace CAP Pillar 1, Common Market Organisation funding, CAP Pillar 2 and Fisheries funding previously provided by the EU.

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- Staffing – Following the UK’s exit from the EU, DAERA has and is required 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. Successfully managing transition post EU Exit, including our requirements under the NI Protocol, provides a significant challenge for the Department. In relation to both HMT and NI Block allocations, DAERA had a Provisional Outturn of £19.6m for 2020-21. At the 31 March 2021 the Department had 350.3 FTE working in EU Exit Posts.
- Points of Entry – this £10.7m HMT funding was used to take forward the staffing and operational costs associated with the Points of Entry.
- NI Block Programme Replacement – this £5.2m funding is used to fund previous schemes not replaced by HMT, namely the EU Fund for Disease eradication. Post EU Exit, HM Treasury has advised that the Department will not be receiving separate funding to replace the income DAERA has received for many years from the EU Fund for Disease Eradication to support the Bovine Tuberculosis (bTB) Programme. A small number of new rural schemes were also funded from this area.
- Resourcing - £1.1m of the EU Exit funding was used to support staff in discharging their duties as mentioned above as well as covering a ranges of specific administrative costs incurred by the Department in supporting EU Exit related work.

Future Agricultural Support

Following the UK’s exit from the EU, agricultural policy is now devolved to NI. This has provided the opportunity to develop a future policy which meets our needs much more effectively and to target support to meeting those local priorities and needs.

We have established the Agricultural Policy Programme (APP), under the umbrella of the Green Growth Strategy for NI, to provide strategic oversight and guidance to the agricultural policy development programme in the Department. This oversees the transition from the existing CAP Pillar 1 and Pillar 2 construct to new approaches and support systems which better address the needs of NI agriculture, the environment and rural communities.

As part of this work, the Future Agricultural Policy Framework for NI¹ was published on 24 August 2021 which identified four key outcomes of increased productivity, environmental sustainability, improved resilience and an effective functioning supply chain that together constitute the long term vision for the NI agricultural industry.

Later in December 2021, we launched the *Consultation on Future Agriculture Policy Proposals for NI*². There was a total of 339 responses received and 244 people attended the information sessions that were held during the consultation period. Following the consultation exercise and analysis of the responses, on 24 March 2022 the Minister made

¹ <https://www.daera-ni.gov.uk/publications/future-agricultural-policy-framework-portfolio>

² <https://www.daera-ni.gov.uk/consultations/consultation-future-agricultural-policy-proposals-northern-ireland>

an Oral Statement in the NI Assembly outlining his policy decisions for Future Agricultural Support in NI³. These decisions provide a clear direction of travel on future agricultural policy that will support sustainable farming and rural communities in NI.

Food Strategy Framework

DAERA has been leading on the development of a NI Food Strategy Framework. This Framework has been developed collaboratively with officials across NI departments and other interested parties and is complementary to the Agricultural Policy Framework, extending issues relating to food production and consumption out into other areas of government policy.

The draft Food Strategy Framework recognises the interconnectedness between food, health, the economy and the environment. It proposes a new strategic food systems approach for NI, and sets out a long-term vision, high level principles and areas for strategic focus.

On 24 June 2021 the NI Executive agreed, in principle, to a cross-departmental approach for a NI Food Strategy Framework under Green Growth and agreed the proposed high-level content of the draft Framework. An eight week consultation exercise, which closed on 19 November 2021, indicated a strong endorsement by stakeholders for the NI Food Strategy Framework approach. As the Framework is cross cutting it requires Executive approval prior to publication and will be subject to sign off by a future Executive

Common Frameworks

DAERA is the lead NICS department on the development of 15 Common Frameworks. These are voluntary agreements between UK Government (UKG) and Devolved Administrations (DAs) to manage divergence and agree common approaches. They all currently operate on an interim basis. Twelve provisional Common Frameworks were published and submitted for scrutiny in the four legislatures. The AERA Committee were provided with position papers on nine of the published frameworks. Scrutiny will continue, potentially into the autumn, to ensure that all legislatures have sufficient time to carry out their role. Following scrutiny, officials will work with UKG and DA counterparts to agree joint responses to scrutiny recommendations, before Project Board review and final Ministerial sign-off.

Secondary Legislation

The Department continued to monitor UK wide and NI domestic legislation to ensure continuing alignment with EU regulations, where required under the Protocol and movement to business as usual. This included 22 UK wide Statutory Instruments (SIs) that impacted on NI, of which 11 SIs had Reserved or GB-only policy content. A further 19 NI Statutory Rules were submitted to the AERA Committee for scrutiny.

³ <https://www.daera-ni.gov.uk/publications/future-agricultural-policy-decisions-northern-ireland>

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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 a consultation on the Draft Green Growth Strategy on 26 October 2021;
- ✓ Launch of a first NI Wide Soil Nutrient Health Scheme (SNHS) that includes soil collection, soil analysis, soil carbon analysis and aerial scanning of above ground biomass. The scheme will run for four years with an investment of up to £45m;
- ✓ Implementation of the Plastic Reduction Action Plan which has removed unnecessary single use plastics from across the government estate. To date approximately 25 in scope products have been eliminated or replaced with environmentally friendly alternatives;
- ✓ Annual household waste recycling rate of 50.9% for 2020-21;
- ✓ Passing of NI's first Climate Change Bill in March 2022;
- ✓ NI 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 1,344 tonnes of CO₂ per annum (based on an average diesel car);
- ✓ A Departmental Estate Sustainability Forum was established in year to promote the need for us as a Department to decarbonise our estate in line with the Green Growth strategy and to develop an Estate Sustainability Action Plan for the built estate;
- ✓ Ensuring 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 ambitious plan frames our work for the next three decades, highlighting the strategic priorities we aim 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.

Staff Engagement Scores

The 2021 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. As the 2020 survey related primarily to the impact of Covid-19 and did not include engagement themes, the latest year for which direct comparisons can be made is 2019. For DAERA there were 3,442 (2019: 3,175) staff invited to complete the survey, of which 1,686 (2019: 1,837) participated, a response rate of 49.0% (2019: 58%). The Employee Engagement Index (EEI) 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 62% (2019: 58%), compared to the NICS average of 57% (2019: 51%). The full survey can be accessed at <https://www.finance-ni.gov.uk/publications/nics-people-survey-results>

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.

During the past year, a comprehensive review of DAERA's Major Emergency Response Plan and associated frameworks has been undertaken. This was done in tandem with the release of the new NI Civil Contingencies Framework that was developed by

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The Executive Office. The review has concluded with a set of recommendations being proposed for consideration that aims to place the Department in a more prepared state when it will face its next emergency situation.

Throughout 2021-22 DAERA has continued engagement with various channels in relation to emergency response and developing situations which affect its remit. This includes hosting an Agri-Food Stakeholder Forum whereby we could keep abreast of industry views and concerns. We participated in Civil Contingencies and C3 Structures, maintaining a vital link into The Executive Office for escalation of any priority issues which affect our clients and stakeholders. We effectively and efficiently co-ordinated across DAERA in response to multiple different emergency events including Covid-19 and the Omicron variant, and more recently the conflict in Ukraine and cessation of P&O ferries.

Human Rights and Statutory Equality Obligations

We are committed to respecting human rights through compliance with Section 75 statutory equality obligations in the delivery of policy and delivery of services. We aim to ensure that the services we provide and the activities that we undertake have a positive impact on society. Our annual progress report for 2021-22 will be sent to the Equality Commission by the end of August 2022.

Anti-Corruption and Bribery

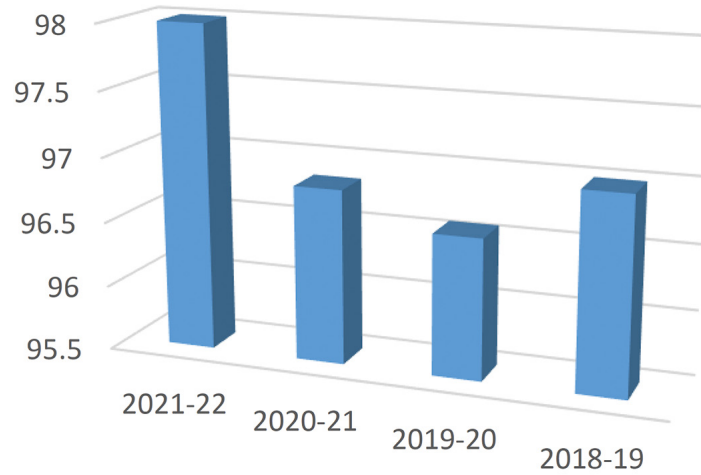
In line with the principles of the NI Civil Service Code of conduct, we are committed to maintaining high ethical standards. We do not tolerate fraud, bribery, any form of corruption or any illegal or unethical activity. Our Governance and EU Funding Branch has responsibility for leading on Counter Fraud related matters. The role of the Departmental Counter Fraud Forum, which includes representation from the Agency, 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".

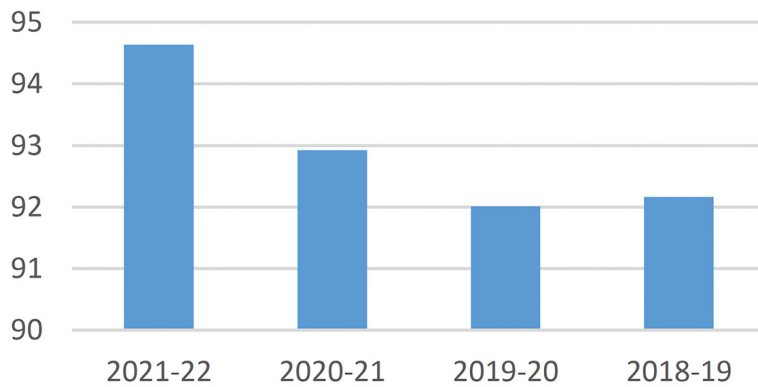
During 2021-22 98.00% of our bills were paid within this standard (the 2020-21 DAERA figure was 96.84%).

DAERA 30 DAY PROMPT PAYMENT PERFORMANCE



During 2021-22, 94.64% of our bills were paid within the 10 day target (the 2020-21 DAERA figure was 92.92%).

DAERA 10 DAY PROMPT PAYMENT PERFORMANCE



Our payment performance for 2021-22 is available at: https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/NICS%20Prompt%20Payment%20Table%20for%202020-2023_1.pdf

Financial Performance 2021-22

Budgeting Framework

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

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

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

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

As DEL budgets are understood and controllable, Treasury sets firm limits for DEL budgets for Whitehall departments and Devolved Administrations at each Spending Review. The NI Executive, based on advice from the Finance Minister, will in turn agree a local Budget that will set DEL controls for Executive departments.

DEL budgets are classified into resource and capital.

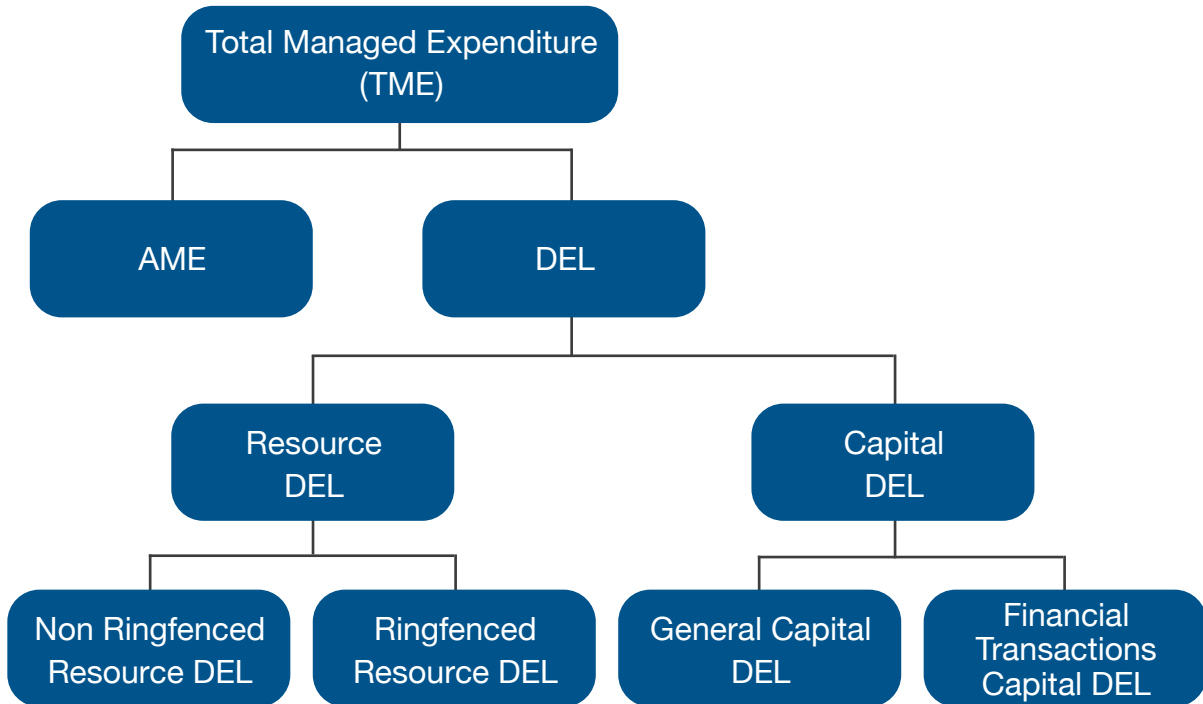
- Resource budgets are further split into non-ringfenced resource that pays for programme delivery and departmental running costs, and separately ringfenced resource that covers non-cash charges for depreciation and impairment of assets.
- Capital DEL is split into 'financial transactions' for loans given or shares purchased and 'general capital' for spending on all other assets or investments.

Further detail on the Budgeting Framework can be found in the Consolidated Budgeting Guidance published by Treasury.

<https://www.gov.uk/government/publications/consolidated-budgeting-guidance-2021-to-2022>.

The information contained within budgetary controls does not currently read directly to financial information presented in Financial Statements due to a number of misalignments. It is intended that the Executive's Review of Financial Process (RoFP) will help address these differences and improve transparency. RoFP is due to be implemented in 2022-23. Further information on the Executive's Review of Financial Process can be found on the Northern Ireland Assembly website.

Budget Structure



A Financial Performance 2021-22

We have had a strong year, successfully delivering our objectives in line with the budget allocation in a new post EU Exit era and continuing to respond to the ongoing Covid-19 pandemic, ensuring support was provided to our stakeholders when it was needed.

Robust forecasting and financial management processes has underpinned our Resource DEL Provisional Outturn (PO) of 99.9%, Capital DEL PO of 99.9% and total DEL PO of 99.9% for 2021-22. Some of our key financial outputs for the 2021-22 financial year can be seen below.

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Direct Payments

£310.5m Direct Payments issued across 3 Schemes



COVID Support

£21.0m COVID support provided across various sectors



Rural Development Programme

£8.8m National funding provided with £28.0m EU matched funding



Digital Transformation

Investment of £19.5m in year



NDPB Support

£56.6m grant in aid supplied to NDPBs



Interreg

£0.4m National funding provided with £2.2m EU matched funding

Departmental Resource Accounts are required under legislation and are published on an annual basis. The financial results of DAERA are on pages 98 to 132.

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.

The Statement of Assembly Supply (SOAS) shows that our net resource outturn for the 2021-22 financial year was £660.3m. This consisted of £588.5m in Departmental Expenditure Limit (DEL), (£1.8m) in Annually Managed Expenditure (AME) and £73.6m in Non Budget.

Outturn against Budget Control Totals

Following the conclusion of January Monitoring Stage 2, the Department had the following final budgets for 2021-22 of £598.5m Resource DEL and £87.4m Capital DEL to support the delivery of its strategic objectives.

On Resource DEL there is a £0.6m (0.1%) underspend against a budget of £598.5m. On Capital DEL there is a £0.1m (0.1%) underspend against a budget of £87.4m. This equates to a Total DEL underspend of £0.7m (0.1%) of the Total DEL budget of £685.9m.

Annual Report and Accounts for the year ended 31 March 2022

The table below shows Resource and Capital DEL Outturn Compared to Budget from 2017-18 to 2021-22 (£'m).

	2017-18	2018-19	2019-20	2020-21	2021-22
Resource DEL budget	184.1	213.3	230.7	599.5	598.5
Resource DEL outturn	183.9	213.1	230.3	598.0	597.9
Underspend	0.2	0.2	0.4	1.5	0.6
Capital DEL budget	38.8	63.8	81.7	91.0	87.4
Capital DEL outturn	38.8	63.8	81.0	86.0	87.3
Underspend	0.0	0.0	0.7	5.0	0.1

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 £15.5m. The Provisional AME Outturn of (£0.8m) resulted in an underspend of £16.3m 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 £679.0m against an estimate of £689.5m.

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for the year ended 31 March 2022

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.

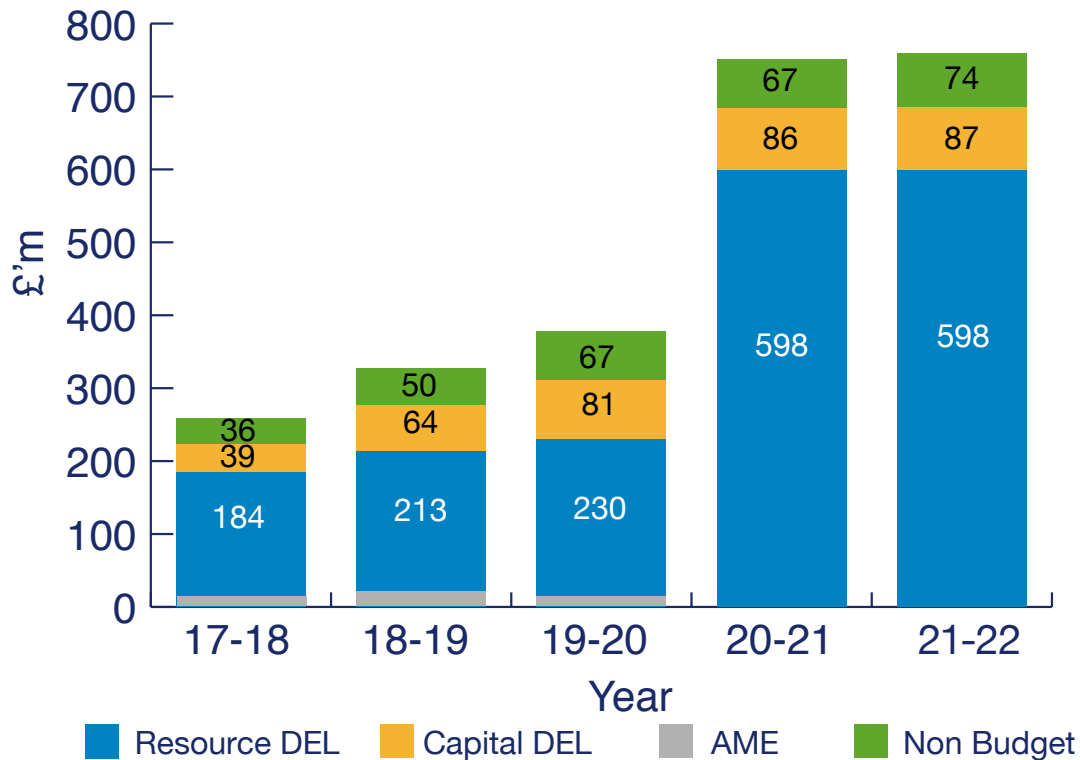
DAERA Resource Allocation	2021-22 £'000	2020-21 £'000
Net Resource Outturn (Estimates)	660,288	658,483
Other Adjustments (unrealised exchange gain)	(1)	(5)
Net Operating Cost (Accounts)	660,287	658,478
Less Capital Grants	(45,847)	(52,287)
Add European Union Income related to capital grants	19,574	24,229
Less notional inter-departmental charges	(17,065)	(16,553)
Less non-budget grants payable to NDPBs	(56,573)	(50,358)
Less non-voted expenditure that is outside the Resource Budget	1	5
Add NDPB Resource Expenditure	35,740	38,221
Resource Budget Outturn	596,117	601,735
Of which:		
Departmental Expenditure Limit (DEL)	597,852	598,064
Annually Managed Expenditure (AME)	(1,735)	3,671

Long Term Expenditure Analysis and Trends

The graph below shows the trends in departmental expenditure for the past five years.

The lower amount in 2017-18 related mainly to the release of the CAP disallowance accrual. In 2020-21 the significant increase in Resource DEL relates to the £293.3m for Farm Support Direct Payments for the 2020 scheme year which previously had been EU funded. Further analysis of the 2021-22 Resource DEL and Capital DEL is explained further on page 45.

Breakdown of Total DAERA Expenditure



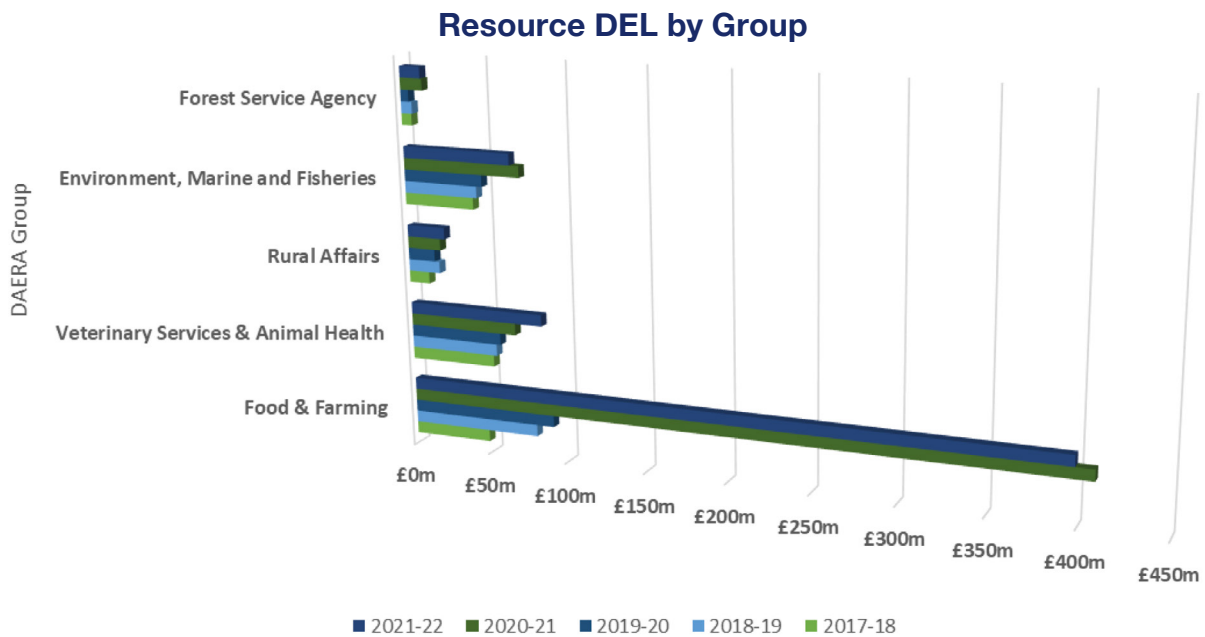
Resource DEL includes the administrative costs of running DAERA and programme spend on delivering our outcomes in environmental quality, food, farming, the agri-food sector, biosecurity, EU Exit requirements, marine, fisheries, natural environment and rural affairs.

It also includes an allowance for the consumption of our assets over time (depreciation: £24.4m in 2021-22).

Overall the Resource DEL outturn has maintained the same level of expenditure as 2020-21. In 2021-22 Resource DEL outturn again reflects the substantial allocation of national funding for Farm Support Direct Payments for the 2021 scheme year. A total of £310.5m of Resource DEL was allocated across three schemes which, previous to 2020-21, had been EU funded. A further £8.8m in Covid-19 funding was provided for Support for the Agri Food Sector, Waste Management, Green Recovery and Support for the Fisheries Sector with a further £1.9m being transferred to other departments to support other Covid-19 initiatives. Additionally, £1.0m of Resource DEL was required to address the Avian Influenza outbreak.

Resource funding by DAERA’s strategic groups is shown on page 46.

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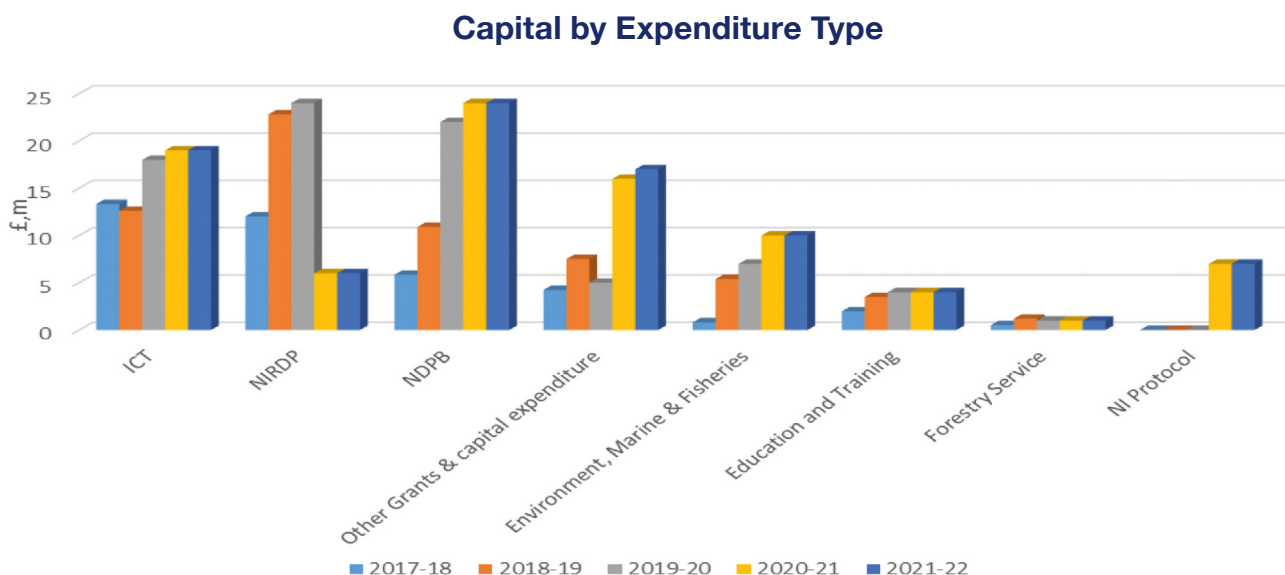
The largest area of spend and area remains Food and Farming which is largely driven by spend in relation to Direct Payments (previous to 2020-21 was EU funded), Covid-19 Market Support and education and grants provided to farm businesses.

Veterinary Services and Animal Health has also seen an increase in spend relating to TB Compensation, Avian Influenza and the NI Protocol.

In 2020-21, Environment, Marine and Fisheries expenditure included over £18m of Covid-19 payments to support councils and organisations at the height of the pandemic. Following the easing of restrictions this support was not required in 2021-22 and is reflected in a reduction of expenditure in this Group.

Capital spend 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:



There has been continued significant investment in ICT in 2021-22 as part of the Department's Digital Transformation programme. The Department continues to provide capital support to farm businesses under the NIRDP with significant capital expenditure in the Farm Business Improvement Scheme and Environmental Farming Scheme. Other grants and capital expenditure has increased due to continued investment in the Rural Business Community Fund and COVID support as well as EU Replacement Funding in respect of Common Market Organisations. Environmental spend includes Green Growth capital spend which is a key priority of both the NI Executive and DAERA. Spend has also continued, in relation to the capital requirements of the NI Protocol.

Budgetary Outlook

Following the resignation of the First Minister and the subsequent lack of an Executive, a Budget for 2022-23 could not be finalised. The Finance Minister wrote to departments to set out a way forward in the absence of an Executive to agree a Budget. This process involved DoF issuing departments with contingency planning envelopes for the 2022-23 financial year. These envelopes provided departments with an assessment of the minimum funding they could reasonably expect for 2022-23 and allowed departments to plan for expenditure until such times as a Budget could be agreed.



Katrina Godfrey
Accounting Officer
Department of Agriculture, Environment and Rural Affairs
30 June 2022

Accountability Report

Corporate Governance and Director's Report

Departmental Accounting Boundary

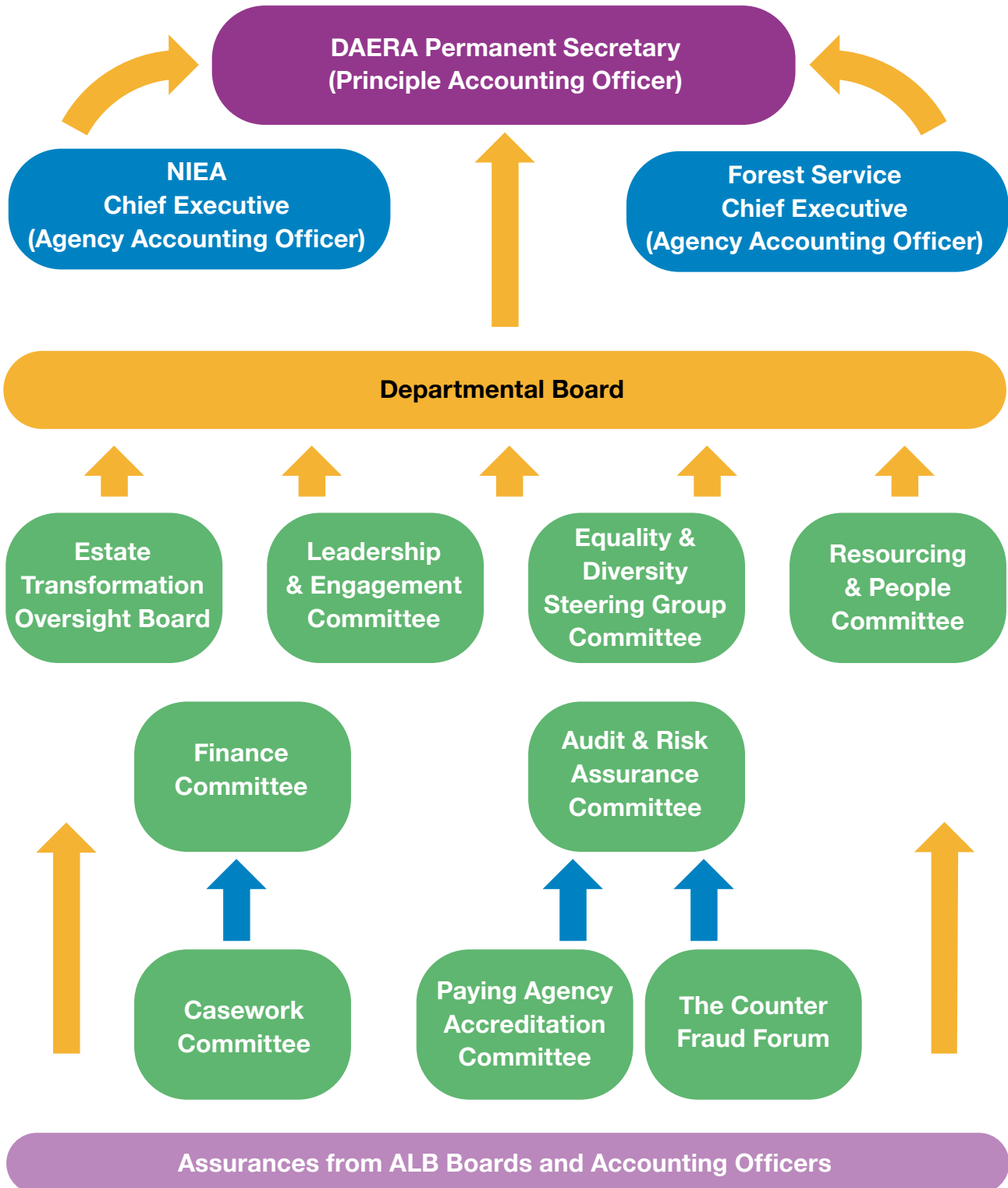
DAERA is a devolved Government Department in the NI Executive. Minister Poots MLA has been in appointment since 14 January 2020.

The Permanent Secretary, as Principal Accounting Officer, is responsible for the overall operation and performance of the Department. Dr Denis McMahon moved to take up post at TEO and on 26 July 2021 Mr. Anthony Harbinson was appointed the new DAERA Permanent Secretary on a temporary basis. Mrs Katrina Godfrey was appointed DAERA Permanent Secretary on 20 April 2022.

The Chief Executives of the Forest Service and NIEA are the Agency Accounting Officers, through the Principal Accounting Officer, for the Agency performance and operations. On the 1 April 2020, Forest Service was reclassified to a Public Non-Financial Corporation (PC) by the Office for National Statistics (ONS).

DAERA's Accounts for the financial year ended 31 March 2022 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



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Departmental Board

The Department is headed by its Permanent Secretary, who in 2021-22 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 2021-22 the Board met eleven times. During 2021-22, the composition of the Board was as follows:

Dr D McMahon	Permanent Secretary until July 2021
Mr A Harbinson	Permanent Secretary from 26 July 2021
Mr B Doherty	Senior Finance Director/Central Services and Contingency Planning Group
Mrs F McCandless	Rural Affairs, Forest Service and Estate Transformation Group
Mr D Small	Environment, Marine and Fisheries Group (retired April 2021)
Mr N Fulton	Food and Farming Group
Mr R Huey	Chief Veterinary Officer
Mr P Donnelly	Chief Executive NIEA from July 2021
Mrs T Teague	Director Environment, Marine and Fisheries Group
Mr D Reid	Finance Director until June 2021
Mr R Downey	Finance Director from June 2021
Mr S McGrade	Director of Corporate Services until May 2021
Mrs S McFlynn	Director of Corporate Services from June 2021 until December 2021
Mrs L Lowe	Director of Corporate Services from January 2022
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;
- Equality and Diversity Steering Group Committee;
- Leadership and Engagement Committee; 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/publications/corporate-governance-framework-2>

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 EU Exit. 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 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

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considered. The Department's Annual Report, Departmental Security Report and Governance Statement reflect that:

- necessary controls are in place to safeguard information assets;
- when information assets are shared or disposed of as no longer necessary, that this is done safely and securely;
- necessary controls are in place to deal with any information loss incident; and
- 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 were no breaches of data security in 2021-22 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 68 new complaints relating to quality of service received by the Department in 2021-22. Of these 15 were escalated to step two by the end of March 2022. The Department will publish a breakdown of the levels and categories of complaints received during 2021-22 on its website during 2022-23.

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 2021-22 resulted in a notional audit fee of £142.3k. 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 (EAF) 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 2021 EAF Accounts were cleared by the European Commission on 25 April 2022.

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.



Katrina Godfrey
Accounting Officer
Department of Agriculture, Environment and Rural Affairs
30 June 2022

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.



Katrina Godfrey
Accounting Officer
Department of Agriculture, Environment and Rural Affairs
30 June 2022

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 2021 to 31 March 2022.

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 Agency 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, the Accounting Officers 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) 2022 in March 2022 which authorised the cash and use of resources for all departments for the 2021-22 year, based on the Executive’s final expenditure plans for the year. The Budget Act (Northern Ireland) 2022 also included a Vote on Account which authorised departments’ access to cash and use of resources for the early months of the 2022-23 financial year. The cash and resource balance to complete for the remainder of 2022-23 will be authorised by the 2022-23 Main Estimates and the associated Budget Bill based on an agreed 2022-23 Budget. In the event that this is delayed, then the powers available to the Permanent Secretary of the Department of Finance under Section 59 of the Northern Ireland Act 1998 and Section 7 of the Government Resources and Accounts Act (Northern Ireland) 2001 will be used to authorise the cash, and the use of resources during the intervening period.

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 2022, 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 the Permanent Secretary for their respective Agency’s performance and operations during the year.

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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.

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

<https://www.daera-ni.gov.uk/publications/corporate-governance-framework-2>

Departmental Board

As Principal 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.

The Board usually meets at least ten times a year to discuss Departmental business at a strategic level. During 2021-22 the Board met eleven times.

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

ATTENDANCE OF BOARD MEMBERS		MEETINGS ATTENDED (11)
Dr D McMahan Left July 2021	Permanent Secretary.	2/3
Mr A Harbinson August 2021 to April 2022	Permanent Secretary.	8/8
Mr B Doherty	Senior Finance Director/Deputy Secretary, Central Services and Contingency Planning Group.	10/11
Mrs F McCandless	Deputy Secretary, Rural Affairs, Forest Service and Estate Transformation Group.	9/11
Mr D Small Left April 2021	Deputy Secretary, Environment Marine and Fisheries Group.	1/1
Mrs T Teague	Deputy Secretary, Environment Marine and Fisheries Group.	9/11
Mr N Fulton	Deputy Secretary, Food and Farming Group.	11/11

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ATTENDANCE OF BOARD MEMBERS		MEETINGS ATTENDED (11)
Mr P Donnelly Joined July 2021	Chief Executive, NI Environment Agency.	8/8
Mr R Huey	Chief Veterinary Officer, Veterinary Service and Animal Health Group.	9/11
Mr D Reid Left June 2021	Finance Director.	3/3
Mr R Downey Joined June 2021	Finance Director.	8/8
Mr S McGrade Left May 2021	Director of Corporate Services.	2/2
Mrs S McFlynn Joined June 2021 Left December 2021	Director of Corporate Services.	5/6
Mrs L Lowe Joined January 2022	Director of Corporate Services.	3/3
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
Mr D Esler Left August 2021	NI Boardroom Apprentice	4/4
Ms G Stirling Joined September 2021	NI Boardroom Apprentice.	7/7

Katrina Godfrey was appointed the DAERA Accounting Officer on the 21 April 2022.

Roles and Responsibilities of the Board

The Board will assist the Permanent Secretary to meet their 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;

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for the year ended 31 March 2022

- 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 talent, skills, capacity and 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.

Conflict of Interest

Any potential Conflict of Interest for all Board members, including independent members, is notified to NICS HR (copied to the Principal Accounting Officer). During 2021-22, 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 Register of Interests for Board members published in November 2021 includes details of company directorships and other significant interests held by members of the management board which may conflict with their management responsibilities.

<https://www.daera-ni.gov.uk/publications/departmental-board-register-interests>

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 and that of its committees, and of individual board members" (para 4.1).

In April 2021, 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 during the financial year 2020/21. Members were asked to either agree, or disagree with each statement and were offered the opportunity to provide general feedback and comments. Due to Covid-19 restrictions, the Board continued

to meet virtually during the assessed period. The findings were mainly very positive, with results indicating that the strategic direction and governance oversight of the Departmental Board is good. 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 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;
- Equality and Diversity Steering Group Committee;
- Leadership and Engagement Committee; 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 on page 60:

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for the year ended 31 March 2022

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.

ARAC comprises four members, appointed by the 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. Sharon Hetherington's term finished on 31 May 2021 and Michelle Scott (Head of Business Interventions Division, DfE) commenced her appointment to ARAC on 2 February 2022. ARAC was chaired during 2021-22 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 (1 April 2021, 30 June 2021, 13 October 2021 and 2 February 2022). ARAC also met at Final Accounts stage (21 May 2021 and 24 June 2021) to provide the Accounting Officer with the level of assurance required before signing the Departmental Accounts. Another meeting on Risk was also held on 21 September 2021. And the DAERA European Agriculture Fund 2021 Accounts were reviewed at the meeting held on 26 January 2022.

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 (8)
Mrs S McCue	Non Executive Member (Chair)	8/8
Dr B Stuart	Non Executive Member	8/8
Mr D Henry	Independent External Member	8/8
Ms S Hetherington	Independent External Member	2/2
Mrs N Scott	Independent External Member	1/1

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.

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, monitoring the use of resources 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, and the Chief Executive of the Northern Ireland Environment Agency, the Corporate Services Director, Deputy Finance Director and the Head of Financial Planning Branch.

A subcommittee 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 and the HR Business Partner.

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Equality and Diversity Steering Group Committee

The Equality and Diversity Steering Group Committee is 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 is 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, to provide a focus on corporate wellbeing and to champion and communicate best practice to promote staff engagement within DAERA.

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 nine key risks were identified and managed during the course of 2021-22. The following nine were still on the Corporate Risk Register at the end of the 2021-22 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 impacts of Covid-19 and the impact of EU Exit.
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 Governments 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.

Enduring Risks

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

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;
- a review of the Department's Risk Management Processes by DB and ARAC;
- assurances received from ARAC;
- scrutiny, challenge and advice on risk registers provided by the Departments qualified Risk Practitioners;

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- 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 that the Accounting Officer requires 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 IT Assist, the NICS IT Accreditation Panel, the DAERA IT Accreditation Committee, and other committees responsible for the Department's key IT systems.

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 2021-22 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 2021-22 a total of 32 whistleblowing/raising concerns notifications were received by the Department and reported to ARAC. These notifications included allegations of erroneous claims for farm payments together with corruption and misconduct by staff members. This compared to the number of 30 notifications in 2020-21.

Where there are cases of suspected fraud, an investigation by the DoF Fraud Investigation Service is requested.

Following an Industrial Tribunal case involving an ex member of staff who made protected disclosures in relation to animal welfare, a review has been commissioned on the circumstances of the case with a view to looking at lessons learnt and recommending improvements. In addition the NICS are working towards a single, high-level policy on addressing concerns that are raised about the work of Departments.

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 2021-22 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 AccountNI 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 provides our IT support services. I note the management have accepted and are working towards implementing the recommendations on the 'Limited' opinion audit reports in relation to Content Manager and HR Connect.

Ministerial Directions

I can confirm that, the Accounting Officers in place during 2021-22 were 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 they have advised against, the Minister is requested to provide 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.

There were four Ministerial Directions given by Minister Poots in the 2021-22 year. Minister Poots issued an amended Direction on 30 June 2021 to the previous Direction given 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 amendment included a further

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proposal for common land in 2017 Force Majeure applications in respect of the scheme. The total cost of the Scheme is now expected to be approximately £2.5m.

There was also a Ministerial Direction issued, on 19 January 2022, to provide a support scheme for NI Search and Rescue Services. The total cost will be approximately £2.4m. There were two further Ministerial Directions issued by Minister Poots in March 2022. The first was a support scheme for the Pig Sector, at an approximate cost of £2m, which issued on 18 March. The second was issued on 23 March 2022 for a support scheme of approximately £0.2m for NI Agricultural Shows.

All four Ministerial Directions were approved by the Minister of Finance.

Review of the effectiveness of the system of internal control

The Accounting Officers have responsibility for reviewing the effectiveness of the system of internal control. This 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. The Accounting Officers 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 and ARAC. 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 2021-22.

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 continue to:

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

Internal Audit

For 2021-22, the Annual Internal Audit report provided a satisfactory opinion. The opinion of DAERA IAB was based on the results of 34 Final Reports and 5 Draft Reports. Of these Final Reports 26 had 'Satisfactory' opinions, 1 issued with a 'Limited' opinion (and there were 7 special exercises (no opinion provided)).

Key issues reported by DAERA IAB over the period

Limited Opinion Audit Reports 2021-22

There was one limited opinion report issued during 2021-22. Six audit reports during the year included Priority 1 issues. In relation to previous year, Internal Audit continue to monitor the implementation of Priority 1 recommendations from four reviews and will carry out a follow up review on the Financial Provisions for Waste Management which received a 'Limited' opinion.

CAFRE Lease Management

A final report for the review of CAFRE Lease Management issued with an overall 'Limited' opinion. Internal Audit highlighted concerns regarding the absence of a Strategy or Action Plan to clarify the specific aims and objectives of the Food Business Incubation Centre (FBIC) to ensure that deviation from the original concept is managed appropriately. It was also found that tenancy continues to be managed through a short-term license agreement which was identified as not fit for purpose in 2014. Other issues identified included the requirement to review rental charges, the signing/acceptance of tenant guidelines and the absence of a documented procedure for managing FBIC debt.

VSAHG Cattle Traceability

A review of VSAHG Cattle Traceability, added to the audit plan in October 2021, made eight recommendations including 1 assigned as Priority 1. The report highlighted concerns in relation to the absence of a documented policy on deleted moves and no formal guidance or instructions for Mart/Abattoir operators. We recommended that a policy to deal with deletions and amendments of cattle movement records is developed with management checks carried out to ensure that the policy is being appropriately applied.

Other Internal Audit reviews carried out during 2021-22 that contained Priority 1 recommendations included: Animal By Products and Transmissible Spongiform Encephalopathy (TSE); NIEA Planning response team; Habitat Regulation Assessments; NIEA Health and Safety and AFBI Assigned Work programme.

Other Control Issues Reported

Other control issues identified through stewardship reporting include:

NI Protocol

There continues to be ongoing challenges associated with delivering full implementation of NI Protocol import controls in NI Points of Entry from 1 January 2021 due to: resourcing constraints; access to suitable inspection facilities; implementation of new processes and procedures; funding; uncertainty around UK/EU negotiations; 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.

Industrial Tribunal

The Industrial Tribunal published a judgment in the case of Dr Tamara Bronckaers v DAERA on 22 September 2021. Dr Bronckaers is a former employee (Divisional Veterinary Officer) of the Department.

The unanimous judgment of the Tribunal was that:

- The Plaintiff was subjected to detriment on grounds of having raised protected disclosures;
- The Plaintiff was constructively dismissed and that dismissal was unfair; and
- The dismissal was automatically unfair as the reason or principal reason for it was the fact of her having raised protected disclosures.

The Public Interest Disclosure (Northern Ireland) Order 1998 amended the Employment Rights (Northern Ireland) Order 1996 and introduced provisions protecting workers from suffering detriment grounds of having made protected disclosures.

A decision by the Department was made to defend and appeal the claim which was later withdrawn. The case was settled for £1.25m and the legal costs incurred by the Department is estimated at £277k at the end of April 2022. Further evidence has come to light that was not shared with the Tribunal at the time although the case was settled legal work continues on it as it has not been discharged.

The Department and the Head of the Civil Service is keen that lessons are learned from this case and have taken the following actions:

- an internal audit review of the cattle traceability system and a taskforce has been formed to oversee the implementation; and

- an independent external review will be undertaken by PWC on the circumstances of the case with a view to looking at lessons learnt and recommending improvements.

In addition the NICS are working towards a single, high-level policy on addressing concerns that are raised about the work of Departments.

NIFAIS

The Department received a Priority 1 recommendation from the NIAO and reported in the Report To Those Charged With Governance for the 2020-21 Annual Report and Accounts. The Priority 1 recommendation was in relation to ensuring NIFAIS costs are accurately recorded by closely reviewing the progress, financial management and updated control environment. In addition, it was also recommended further information to be provided to support £2.1m of NIFAIS assets under construction. Steps have been taken to strengthen the controls in this area which included the recruitment of an accountant for this project. Costs are now recorded accurately and evidence is currently being provided to verify the £2.1m of assets under construction. Progress, financial management and the control environment are continually monitored and reviewed daily and through monthly board meetings. NIFAIS finances were subject to Internal Audit review during the year and achieved a satisfactory opinion with no recommendations.

Policy and Delivery Issues

The continuing risk of not fully supporting the implementation of EU Directives and regulations particularly Animal Health Law and the enforcement powers required in implementation of identification, regulation and movement of livestock.

The NIAO cleared the European Agricultural Fund for Rural Development (EAFRD) accounts with a 'Qualification of limitation on scope' in respect of the high error rates reported in the Management Declaration and the fact that the NIAO were unable to obtain sufficient audit evidence to confirm that the payments made under the Environmental Farming Scheme were free from material error. A financial correction of €726k is proposed. A range of additional control measures to reduce the error rate are being put in place.

Under the Planning Act (NI) 2011 and the Planning (General Development Procedure Order) NI 2015 DAERA is failing in its statutory duty to respond either within 21 days or any other period as may be agreed in writing between consultee and the planning authority, to c37% of planning consultations. The remedial action being taken includes the redeployment of staff which has impacted on other work and ongoing review of procedures.

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Illegality and Irregularity

The Welfare of Animals Act (Northern Ireland) 2011 comes under the responsibility of the Department. Responsibility for implementing the provisions of this Act, which relate to non-farmed animals, lies with district councils. In order to ensure the ongoing implementation of the Act, the Department provides funding to reimburse district councils for the delivery of a non-farmed animal welfare service. Under the Local Government Finance Act (NI) 2011 the Department of Finance approval is required to make such grants. It was identified this year that the appropriate approval was not secured before payments of £495,283 were made over the period 1 April 2021 to 30 September 2021. The appropriate approval is now in place for future payments.

North South Body

The Loughs Agency 2021 Business Plan received NSMC approval on 30 July 2021. Following this, the Agency received an additional in year budget allocation resulting in an increase of cash grant of £211,000 while arrangements have been made with DoF to ensure legality of the payment in 2021, in the absence of NSMC meetings, expenditure was irregular and will remain so until NSMC approval can be secured.

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 to the NI Assembly and is in line with corporate governance norms and codes.

1. Departmental Remuneration Report 2021-22

Remuneration Policy

The pay remit for the NI public sector, including senior civil servants (SCS) in the NICS, is approved by the Minister of Finance. The Minister set the 2021-22 NI public sector pay policy (March 2021).

Annual NICS pay awards are made in the context of the wider public sector pay policy. The pay awards for NICS staff, including SCS, for 2020-21 were paid in June and July 2021. The pay awards for 2021-22 were paid in September and October 2021.

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

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 consideration of the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commissioners for NI 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.

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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)	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
Minister Poots MLA	38,000	34,231	-	-	8,000	12,000	46,000	46,000
Minister Lyons MLA	-	3,871	-	-	-	-	-	4,000

*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)	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
Dr D McMahon Permanent Secretary (until 25 July 21)	45-50 (130-135 FYE)	125-130	23,000	57,000	65-70	180-185
Mr A Harbinson** Deputy Secretary (from 26 July 21)	80-85 (120-125 FYE)	105-110	137,000	41,000	220-225	145-150
Mr B Doherty Deputy Secretary	100-105	95-100	58,000	70,000	155-160	165-170
Mr N Fulton Deputy Secretary	105-110	100-105	89,000	73,000	190-195	170-175
Mr R Huey Deputy Secretary	105-110	100-105	38,000	50,000	140-145	150-155
Mrs F McCandless Deputy Secretary	105-110	100-105	48,000	55,000	150-155	155-160
Mr D Small Deputy Secretary (Retired 4 May 21)	10-15 (105-110 FYE)	100-105	1,000	60,000	10-15	160-165
Mrs T Teague Deputy Secretary	95-100	90-95	32,000	181,000	125-130	275-280
Mr D Reid Director of Finance (until 27 June 21)	15-20 (80-85 FYE)	45-50 (75-80 FYE)	16,000	18,000	30-35	65-70
Mr P Donnelly Deputy Secretary (from 28 June 21)	75-80 (95-100 FYE)	-	104,000	-	175-180	-

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Officials	Salary (£'000)		Pension Benefits* (to nearest £1,000)		Total (£'000)	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
Mr R Downey Finance Director (from 28 June 2021)	60-65 (75-80 FYE)	25-30 (70-75 FYE)	38,000	41,000	95-100	65-70
Mr S McGrade Corporate Services Director	10-15 (75-80 FYE)	70-75	22,000	37,000	30-35	105-110
Mrs S McFlynn** Corporate Services Director (7 June 21 to 15 November 21)	35-40 (70-75 FYE)	-	13,000	-	45-50	-
Mrs L Lowe Corporate Services Director (from 10 January 22)	15-20 (70-75 FYE)	-	45,000	-	60-65	-
Ms S McCue Non-Executive Board Member	20-25	10-15	-	-	20-25	10-15
Dr B Stuart Non-Executive Board Member	10-15	20-25	-	-	10-15	20-25

* 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.

** Katrina Godrey, Permanent Secretary appointed on 20 April 2022.

*** Sharon McFlynn attended Departmental Board meeting on 15 December 2021.

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 during the financial year. His salary and allowances were paid by the Northern Ireland Assembly and have been included as a hard charge in these accounts. These amounts do not include costs relating to the Minister's role as MLA which are disclosed in the Northern Ireland Assembly Commission accounts.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. No members of senior management disclosed above received Benefits In Kind in 2021-22 or 2020-21.

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Fair pay disclosure [Audited Information]

Pay Ratios

The banded remuneration of the highest-paid director in DAERA in the financial year 2021-22 was £120k - £125k (2020-21, £125k - £130k). This was 3.7 times (2020-21, 3.9) the median remuneration of the workforce, which was £33,459 (2020-21, £32,331). The relationship between the mid-point of this band and the remuneration of the organisation's workforce is disclosed below.

2021-22	25th percentile	Median	75th percentile
Total remuneration (£)	27,944	33,459	41,561
Pay ratio	4.4:1	3.7:1	2.9:1

The 2021-22 financial year is the first year disclosures in respect of the 25th percentile pay ratio and 75th percentile pay ratio are required and the 2021-22 Financial Reporting Manual does not require comparative figures to be disclosed for 2020-21.

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.

For 2021-22, the 25th percentile, median and 75th percentile remuneration values consisted solely of salary payments.

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

Remuneration ranged from £19k to £125k (2020-21, £18k to £122k).

Percentage Change in Remuneration

The percentage change in respect of Daera is shown in the following table. The change in ratio between current year and prior year is due to change in the relevant remuneration of the highest paid director. Anthony Harbinson started on 26 July 2021, his salary was annualised so to be consistent when comparing with previous Permanent Secretary, Denis McMahon salary. Additional Agency Staff due to additional demands on the Department due to EU Exit and Covid-19. The ratios are a reflection of the composition, by grade, of individuals employed by us.

Percentage change for:	2021-22 v 2020-21
Average employee salary and allowances	(4.28%)
Highest paid director's salary and allowances	(3.92%)

The NICS special bonus scheme was withdrawn with effect from 31 March 2021.

No performance pay or bonuses were payable to the highest paid director in these years.

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Pension Entitlements - Ministers [Audited information]

Minister	Accrued pension at pension age as at 31-3-22	Accrued pension at pension age as at 31-3-21	Real increase in pension at pension age	CETV at 31-3-22	CETV at 31-3-21	Real increase/ (decrease) in CETV*
	£'000	£'000	£'000	£'000	£'000	£'000
Minister Poots MLA	5-10	5-10	0-2.5	140	126	4
Minister Lyons MLA	-	0-2.5	-	-	2	-

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. The tenure of the first Panel ended in July 2016. As a consequence of the Assembly Commission's desire to consider a reform of the Panel and the political situation between March 2017 and January 2020, a new Panel was not appointed. Legislation to reform the Panel, although started, was not completed before the dissolution of the Assembly on 28 March 2022, therefore, the legislation and appointment of the Panel will be taken forward during the next mandate.

In April 2016 the Independent Financial Review Panel (IFRP) 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) 2016.

Assembly Members aged 55 or over on 1 April 2015 and in continuous service between 1 April 2015 and 6 May 2016 retained their Final Salary pension arrangements under transitional protection until 6 May 2021. 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 AMPS because of their age. However the applicability of, and approach to, the McCloud judgement in relation to this scheme is not a matter for the Assembly Commission, instead it is a matter for IFRP. Therefore, this matter will be given further consideration once a new panel is appointed.

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

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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. Up to the 6 May 2021 those Ministers under the transitional protection arrangements paid contributions of either 9% or 12.5% of their Ministerial salary, depending on the accrual rate. The contribution paid by Ministers in the CARE Scheme is 9% of the Ministerial salary. There is also an employer contribution paid by the Consolidated Fund out of money appropriated by Act of Assembly for that purpose representing the balance of cost. Following the publication of the triennial valuation of the AMPS by the Government Actuary's Department, this was increased from 14.4% to 17.1% of Ministerial salary, effective from 1 April 2021. 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. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) Regulations 1996 (as amended) and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

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.

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Pension Entitlements - Officials [Audited Information]

Officials Table	Accrued pension at pension age as at 31-3-22 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31-3-22 or date of leaving if earlier	CETV at 31-3-21 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 (until 25 July 21)	25 - 30	0 - 2.5	433	418	15	-
Mr A Harbinson Permanent Secretary (from 26 July 21 to 2 July 22)	55 - 60 plus lump sum of 175 - 180	5 - 7.5 plus lump sum of 15 - 17.5	1,402	1,231	135	-
Mr B Doherty Deputy Secretary	50 - 55 plus lump sum of 130 - 135	2.5 - 5 plus lump sum of 0 - 2.5	1,121	1,017	43	-
Mr N Fulton Deputy Secretary	55 - 60	2.5 - 5	1,120	1,041	72	-
Mr R Huey Deputy Secretary	40 - 45 plus lump sum of 125 - 130	0 - 2.5 plus lump sum of 5 - 7.5	972	920	38	-
Mrs F McCandless Deputy Secretary	35 - 40 plus lump sum of 60 - 65	2.5 - 5 plus lump sum of 0 - 2.5	651	586	31	-
Mr D Small Deputy Secretary (retired on 4 May 21)	50 - 55 plus lump sum of 155 - 160	0 - 2.5 plus lump sum of 0 - 2.5	1,243	1,240	1	-
Mrs T Teague Deputy Secretary (from 26 February 20)	40 - 45 plus lump sum of 90 - 95	0 - 2.5 plus lump sum of 0 - 2.5	792	727	20	-
Mr D Reid Finance Director (until 27 June 21)	20 - 25 plus lump sum of 40 - 45	0 - 2.5 plus lump sum of 0 - 2.5	357	347	10	-
Mr P Donnelly Deputy Secretary (from 28 June 21)	0 - 5 plus lump sum of 5 - 10	2.5 - 5 plus lump sum of 7.5 - 10	80	-	75	-
Mr R Downey Finance Director (from 28 June 21)	25 - 30 plus lump sum of 50 - 55	0 - 2.5 plus lump sum of 0 - 2.5	476	384	67	-
Mr S McGrade Corporate Services Director (until 12 June 21)	35 - 40 plus lump sum of 80 - 85	0 - 2.5 plus lump sum of 0 - 2.5	663	646	17	-
Mrs S McFlynn Corporate Services Director (from 7 June 21 to 15 November 21)	15 - 20	0 - 2.5	190	174	6	-
Mrs L Lowe Corporate Services Director (from 10 January 22)	25 - 30 plus lump sum of 60 - 65	0 - 2.5 plus lump sum of 2.5 - 5	544	502	39	-

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Northern Ireland Civil Service (NICS) Pension Schemes

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

The alpha pension scheme was initially introduced for new entrants from 1 April 2015. The alpha scheme and all previous scheme arrangements are unfunded with the cost of benefits met by monies voted each year. The majority of members of the classic, premium, classic plus and nuvos pension arrangements (collectively known as the Principal Civil Service Pension Scheme (Northern Ireland) [PCSPS(NI)]) also moved to alpha from that date. At that time, members who on 1 April 2012 were within 10 years of their normal pension age did not move to alpha (full protection) 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 (tapered protection).

In 2018, the Court of Appeal found that the protections put in place back in 2015 that allowed older workers to remain in their original scheme, were discriminatory on the basis of age. As a result, the 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 relate to the alternative schemes e.g. legacy PCSPS(NI) 'Classic', 'Premium' or 'Nuvos' (legacy scheme) or alpha. Scheme regulations made in March 2022, closed the PCSPS(NI) to future accrual from 31 March 2022, and all remaining active PCSPS(NI) members (including partially retired members in active service) moved to 'alpha' from 1 April 2022. This completes Phase One to remedy the discrimination identified by the Courts. Any pension benefits built up in the legacy scheme prior to this date are unaffected and PCSPS(NI) benefits remain payable in accordance with the relevant scheme rules. Phase Two will see the implementation of the Deferred Choice Underpin. That is, giving eligible members a choice between legacy scheme and alpha scheme benefits for service between 1 April 2015 and 31 March 2022. At this stage, allowance has not yet been made within CETVs for this remedy. Further information on the remedy will be included in the NICS pension scheme accounts which are available at <https://www.finance-ni.gov.uk/publications/dof-resource-accounts>.

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%.

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 who joined on or after 30 July 2007 were eligible for membership of the legacy PCSPS(NI) Nuvos arrangement or they could have opted for a Partnership Pension Account. Nuvos was also a CARE arrangement in which members accrued pension

benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The rate of accrual was 2.3%.

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

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. The normal scheme pension age in alpha is linked to the member's State Pension Age but cannot be before age 65. The Scheme Pension age is 60 for any pension accrued in the legacy Classic, Premium, and Classic Plus arrangements and 65 for any benefits accrued in Nuvos. Further details about the NICS pension schemes can be found at the website www.finance-ni.gov.uk/civilservicepensions-ni.

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 2021 was 3.1% and HM Treasury has announced that public service pensions will be increased accordingly from April 2022.

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Employee contribution rates for all members for the period covering 1 April 2022 - 31 March 2023 are as follows:

Scheme Year 1 April 2022 to 31 March 2023

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution rates - All members
From	To	From 01 April 2022 to 31 March 2023
£0	£24,449.99	4.6%
£24,450.00	£56,399.99	5.45%
£56,400.00	£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.

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 2022 or 31 March 2021.

2. Staff Report

DAERA staff figures and costs for 2021-22 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.

The number of staff serving as senior civil servants (or equivalent) based on full year equivalent as at 31 March 2022 is as follows:

Core Department and Agency		
Pay Band	2021-22	2020-21
£50,000 - £54,999	1	1
£60,000 - £64,999	1	-
£70,000 - £74,999	6	21
£75,000 - £79,999	14	8
£80,000 - £84,999	10	2
£90,000 - £94,999	-	2
£95,000 - £99,999	3	3
£100,000 - £104,999	3	1
£120,000 - £124,999	1	1

2.1 Staff costs comprise [Audited Information]:

	2021-22			2020-21
	Permanent staff* £'000	Others £'000	Minister £'000	Total £'000
Wages and salaries	99,529	7,209	38	106,776
Social security costs	11,198	-	5	11,203
Other pension costs	31,878	-	6	31,884
Sub total	142,605	7,209	49	149,863
Recoveries from outward secondments	-	-	-	-
Total net costs**	142,605	7,209	49	149,863

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Of which:

	Charged to Administration £'000	Charged to Programme £'000	Total £'000
Core Department	40,635	78,882	119,517
Agency	-	30,346	30,346
Total net costs	40,635	109,228	149,863

* The 2021-22 figures include the cost of the Department's Special Advisor who was paid in the pay band £50-£55k (2020-21:£50-55k).

** Excluded from the total is £4,845,203 (2020-21 £4,301,039) 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 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 also commissioned a consultation in relation to the Cost Cap element of Scheme Valuations which closed on 25 June 2021. The Cost Cap Mechanism (CCM) is a measure of scheme costs and determines whether member costs or scheme benefits require adjustment to maintain costs within a set corridor. 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. Following completion of the consultation process the 2016 Valuation has been completed and the final cost cap determined. Further information can be found on the Department of Finance website <https://www.finance-ni.gov.uk/articles/northern-ireland-civil-service-pension-scheme-valuations>.

A case for approval of a Legislative Consent Motion (LCM) was laid in the Assembly to extend the Public Service Pensions and Judicial Offices Bill (PSP&JO) to Northern Ireland. Under the LCM agreed by the NI Assembly on 1 November 2021 provisions are included in the Act for devolved schemes in NI. A second LCM was laid in the Assembly to implement the CCM changes in the Westminster Bill for devolved schemes. The second LCM, as agreed by the Assembly on 31 January 2022, ensured the reformed only scheme

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design and the economic check will now be applied to the 2020 scheme valuations for the devolved public sector pension schemes, including the NICS pension scheme.

The PSP&JO Act received Royal Assent on 10 March 2022. The UK Act legislates how the government will remove the discrimination identified in the McCloud judgment. The Act also includes provisions that employees will not experience any detriment if the adjusted valuation costs breach the set cost cap ceiling but any breaches of the cost cap floor (positive employee impacts) in the completed valuations will be honoured.

For 2021-22, employers' contributions of £33,549k were payable to the NICS pension arrangements (2020-21 £29,921k) 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 £87k (2020-21 £81k) 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% (2020-21, 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 £3k, 0.5% (2020-21 £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.

12 persons (2020-21: 1 person) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £40k (2020-21: £6k).

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 included within the consolidated departmental accounts.

Departmental Strategic Objective					2021-22	2020-21
	Permanent staff	Others	Minister*	Special adviser*	Total Number	Total Number
RFR A	2,992	162	1	1	3,156	3,026
Staff engaged on capital projects	98	-	-	-	98	85
Total	3,090	162	1	1	3,254	3,111
Of which						
Core department	2,528	116	1	1	2,646	2,539
Agency	562	46	-	-	608	572

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

Redundancies and other departure costs are paid in accordance with the provisions of the CSCS(NI), a statutory scheme made under the Superannuation (Northern Ireland) Order 1972. 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.

There were no compulsory redundancies in 2021-22 or 2020-21.

There were no exit packages agreed or accounted for in 2021-22 or 2020-21.

Staff Composition

The following is an analysis of staff numbers at the 31 March 2022:

Group	Male	Female*	Total
Board Members	6	3	9
Senior Managers	19	10	29
Other Employees	1,755	1,585	3,340
Total	1,780	1,598	3,378

* This excludes 2 female Non-Executive board members.

Departmental employees are eligible for pension benefits that are disclosed in Note 1.15 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 2021-22 financial year. There are 51 DAERA staff yet to sign agreements totalling £34,276.

The Department/Agency had an overall sickness absence rate of 7.6 days lost per employee in 2020/2021. Annual sickness absence figures can be found in the “Sickness Absence in the Northern Ireland Civil Service 2021-22” report at <https://www.nisra.gov.uk/publications/sickness-absence-northern-ireland-civil-service-202122>. Figures for the 2021-22 financial year will be published by the end of June 2022.

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

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and employee (trade union) representatives. Staff turnover for the Department and its agency 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.

The Department Staff Turnover percentage (the total number of people that have left the Department including those who have moved within the NICS) for 2021-22 is 6.4%, and the general turnover percentage (the people who have left the Department and have not gone elsewhere in the NICS) is 3.8%. This has been calculated by NICS HR based on the Cabinet Office Guidance on calculations for Turnover in the Civil Service.

	Departmental Turnover Rate Turnover Percentage	General Turnover Rate Turnover Percentage
DAERA	6.4%	3.8%

Seconded Staff

No staff were seconded due to EU Exit or Covid-19 staffing implications.

Off Payroll engagements

Temporary off-payroll worker engagements as at 31 March 2022, earning £245 per day or greater.

	Core Department	Agency
Number of existing engagements at 31 March 2022	1	-
Of which have existed for		
Less than one year at time of reporting	1	-

All existing off-payroll engagements, outline above, have been subject to risk-based assessment. This is to determine whether assurance is required that the individual is paying the right amount of tax and that assurance has been sought.

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All temporary off-payroll workers engaged at any point during the year ended 31 March 2022, earning £245 per day or greater

	Core Department	Agency
Number of off-payroll workers engaged during the year ended 31 March 2022		
Of which		
Not subject to off-payroll legislation	-	-
Subject to off-payroll legislation and determined as in-scope of IR35	-	-
Subject to off-payroll legislation and determined as out-of-scope IR35	2	-
Number of engagements reassessed for compliance or assurance purposes during the year	-	-
Of which: Number of engagements that saw a change to IR35 status following review	-	-

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 2021 and 31 March 2022:

	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.	20	10

Consultancy Costs

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

	2021-22		2020-21	
	£'000 Core	£'000 Consolidated	£'000 Core	£'000 Consolidated
Consultancy	80	80	41	41
Temporary staff costs	4,099	7,209	2,772	5,442
Total	4,179	7,289	2,813	5,483

Employment, training and advancement of disabled persons

The NICS is committed to working towards creating a truly inclusive workplace where all colleagues feel valued. The NICS has a wide and active network of Diversity Champions. The NICS Disability Champion is supported by the NICS Disability Working Group, a consultative group that works to promote disability equality and inclusion across the NICS.

The NICS 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. Mandatory training for recruitment and selection panel members includes raising awareness of unconscious bias. Unconscious bias training is available to all staff.

The NICS undertakes outreach activities to promote career opportunities to the disability sector and offers a Work Experience Scheme for People with Disabilities and participates in the annual International Job Shadow Day. In 21-22 the NICS offered a number of work experience opportunities under the JobStart Scheme.

In 2021-22, the NICS implemented a Guaranteed Interview Scheme (GIS).

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

Other Employee Matters

The 2021 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. As the 2020 survey related primarily to the impact of Covid-19 and did not include engagement themes, the latest year for which direct comparisons can be made is 2019. For DAERA there were 3,442 (2019: 3,175 staff invited to compete the survey, of which 1,686 (2019: 1,837) participated, a response rate of 49% (2019: 58%). The Employee Engagement Index (EEI) is the weighted average of the responses to the five engagement questions, and it ranges from 0% to 100%. DAERA responses indicated an Employee Engagement Index 62% (2019: 58%) compared to NICS average of 57% (2019: 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.

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The NICS People Strategy <https://www.finance-ni.gov.uk/articles/nics-people-strategy-2018-21> 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. Further information on the NICS' commitment to equality of opportunity is available in the Equality, Diversity and Inclusion Policy <https://www.finance-ni.gov.uk/articles/equal-opportunities-information-candidates>.

As part of the NICS' efforts to ensure equality of opportunity, the NICS continually conducts comprehensive reviews into the composition of its workforce and recruitment activity, publishing a wide range of data. The statistics are available on the NICS Human Resources Statistics section of the Northern Ireland Statistics and Research Agency (NISRA)'s website <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 on its website <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 NICS⁴. Training is delivered using a variety of learning delivery channels (including online, webinars), providing flexible access to learning. Coherent learning pathways are aligned to both corporate need and the NICS Competency Framework.

Talent management is a key theme of the NICS People Strategy and this year the focus continued on promoting the importance of improving the quality of the development conversation between managers and staff, with additional resources being added to the existing 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. NICS⁴, 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 regular health and safety reports are provided to the Departmental Board.

The main Health & Safety focus for 2021-22 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 Department's 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;

⁴ NICS⁴ is the NICS' centralised human resources function. It falls under the responsibility of the Department of Finance.

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- A Department wide “Health and Safety Organisation” document, establishing staff Health and Safety responsibilities, is in place;
- 22 Departmental wide “Health and Safety Arrangements”, outlining how key Health and Safety issues should be managed, are in place; 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 attends the Interdepartmental Health and Safety Forum and Commercial Crown Fire Committee.

Assembly Accountability and Audit Report

Statement of Outturn against Assembly Supply [Audited Information]

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FReM) requires [the Department] 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 SOCNE, 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.

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Summary Table of Resource Outturn 2021-22

								2021-22	2020-21
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	730,107	(69,819)	660,288	769,905	(81,596)	688,309	28,021	26,108
Total resources		730,107	(69,819)	660,288	769,905	(81,596)	688,309	28,021	26,108
Non-operating cost Accruing Resources			(449)	(449)		(449)	(449)	-	197

Net Cash Requirement 2021-22

					2021-22	2020-21
		Outturn	Estimate	Net total outturn compared with estimate: saving/(excess)		Prior Year Outturn
	Note	£'000	£'000	£'000	£'000	£'000
Net cash requirement	SOAS3	679,036	689,494	10,458	47,900	

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	2021-22 Forecast		2021-22 Outturn	
		Income £'000	Receipts £'000	Income £'000	Receipts £'000
Total	SOAS4	-	-	-	-

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

Notes to the Statement of Assembly Supply - 2021-22
SOAS Note 1: Outturn detail by Estimate Line

		2021-22 Outturn					2021-22 Estimate			2020-21 Outturn	
	Admin £'000	Other Current £'000	Grants £'000	Gross Resource Expenditure £'000	Accruing Resources £'000	Net Total £'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	32,022	356,532	19,141	407,695	(9,697)	397,998	401,328	(3,179)	398,149	151	408,682
2. Veterinary Service and Animal Health Group	6,361	93,935	97	100,393	(15,499)	84,494	85,595	(701)	84,894	-	67,849
3. Rural Affairs Group	4,447	8,329	11,836	24,522	(264)	24,258	25,765	(1,468)	24,297	39	20,586
4. Environment, Marine and Fisheries	14,364	52,491	17,260	84,115	(15,986)	68,129	66,691	1,438	68,129	-	74,328
5. Forest	1,936	9,698	1,164	12,798	(14)	12,784	7,137	6,074	13,211	427	14,072
6. Common Agricultural Policy	-	(280)	26,392	26,112	(26,112)	-	-	-	-	-	-
7. EU Community Initiatives	-	-	2,643	2,643	(2,247)	396	239	157	396	-	3,040

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	2021-22 Outturn					2021-22 Estimate			2020-21 Outturn
	Admin £'000	Other Current £'000	Grants £'000	Gross Resource Expenditure £'000	Accruing Resources £'000	Net Total £'000	Virement £'000	Net total outturn compared with Estimate adjusted for virements £'000	
Annually Managed Expenditure:									
8. Provisions	-	(1,168)	-	(1,168)	-	13,070	-	13,070	2,546
9. Revaluations due to changes in market values	-	(737)	-	(737)	-	1,050	-	1,050	371
10. Fisheries	-	98	-	98	-	100	-	100	98
Non-Budget:									
11. The Agri-Food and Biosciences Institute	-	-	53,700	53,700	-	59,200	(2,321)	56,879	47,810
12. Foyle, Carlingford and Irish Lights Commission	-	-	2,537	2,537	-	2,387	150	2,537	2,548
13. Northern Ireland Fishery Harbour Authority	-	-	335	335	-	646	(150)	496	375
14. Notional Charges	17,064	-	-	17,064	-	25,101	-	25,101	16,553
Total	76,194	518,808	135,105	730,107	(69,819)	688,309	-	688,309	658,483

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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 £28m are as follows:

- The Estimates contain a high provisions limit of £13.1m in order to ensure there is sufficient cover should the Department face unexpected potential liabilities. In year the overall provisions movement was a decrease, across personal injuries, holiday pay and CAP disallowance.
- On notionals the Department had a budget of £25m to cover costs that came in at £17.1m. Again this is due to the Department having cover on other notional costs if unexpected costs are charged.

SOAS Note 2: Reconciliation of outturn to net operating expenditure

		2021-22			2020-21
	Note	Outturn £'000	Supply Estimate £'000	Outturn compared with Estimate £'000	Outturn £'000
Net Resource outturn (Note a)	SOAS1	660,288	688,309	28,021	658,483
Unrealised exchange loss (Note b)		(1)	-	-	(5)
Non-supply income (CFERs)	SOAS4	-	-	-	-
Net Operating Cost in Consolidated Statement of Comprehensive Net Expenditure (Note a)	CSOCNE	660,287	688,309	28,021	658,478

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'.

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SOAS Note 3: Reconciliation of net resource outturn to net cash requirement for 2021-22

2021-22				
	Note	Outturn total £'000	Estimate £'000	Net total outturn compared with Estimate: saving/ (excess) £'000
Resource Outturn	SOAS1	660,288	688,309	28,021
Capital:				
Acquisition of property, plant and equipment	7,8	36,838	37,091	253
Non-operating Accruing Resources				
Net Book value of asset disposals	4,5	(448)	(449)	(1)
Accruals to cash adjustments				
<i>Adjustments to remove non-cash items</i>	4,5			
Depreciation		(19,211)	(20,786)	(1,575)
New provisions, and adjustments to previous provisions	17	1,412	(13,070)	(14,482)
Other non-cash items		(16,587)	(25,101)	(8,515)
Adjustments to reflect movements in working balances				
- Increase/(Decrease) in inventories		122		
- Increase/(Decrease) in receivables		(19,805)		
- (Increase)/Decrease payables due within one year		35,925		
Total changes in working capital other than cash		16,242	22,500	6,259
Changes in payables falling due after more than one year				
Use of provision	18	502	1,000	498
Net cash requirement		679,036	689,494	10,458

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 2021 when forecasting the cash requirements of the Department to 31 March 2022. The variance of £10m mainly related to the year end when there were less Trade Receivables than expected.

SOAS4 Note 4: Income Payable to the Consolidated Fund

The Department had no income or receipts in 2021-22 (2020-21 income nil and receipts nil).

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

		2021-22	2020-21
	Note	£'000	£'000
Operating income	6	69,819	74,042
Gross income		69,819	74,042
Income authorised to be Accruing Resources	SOAS1	(69,819)	(74,042)
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 2021-22 (2020-21: nil).

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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	2021-22 Income	2021-22 Full Cost	2021-22 Surplus/ (Deficit)	Financial Objective
	£'000	£'000	£'000	
NIEA - Resource Efficiency Pollution	8,734	8,513	221	Full cost recovery - achieved with marginal over recovery.
Food Standards Agency	7,394	8,014	(620)	Full cost recovery - achieved with marginal under recovery.
Total	16,128	16,527	(399)	

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 marginal under recovery.
Total	15,589	16,424	(835)	

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 2021-22, in addition to the items covered in the Provisions Note 18 and the contingent liabilities Note 19, the Department's agency is currently considering various options that may be required in relation to an illegal landfill site (2020-21: 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

	2021-22	2020-21
	Core Dept & Agency	Core Dept & Agency
Total number of losses/cases	45	52
Total value of losses £'000	159	69

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

The above table does not include losses in relation to the 2021-22 payments for Basic Payment Scheme, Greening and Young Farmers. Based on an error rate of 1.13% the expected losses on Pillar 1 national payments for 2021-22 is £3,560k (2020-21 £3,007k). This is an estimated loss extrapolated from sampling and in some cases recovery will be sought by the Department.

Special Payments

	2021-22	2020-21
	Core Dept & Agency	Core Dept & Agency
Total number of special payments	17	10
Total value of special payments £'000	2,145	22

The special payments include Ex Gratia payments, Compensation payments, Extra Contractual and Extra Statutory payments.

Out of the total, 3 individual cases exceeded £250k and the details are as follows:

- 2 Compensation Cases costing £354k and £1,250k respectively
- 1 Extra Contractual payment of £412k.



Katrina Godfrey
Accounting Officer
Department of Agriculture, Environment and Rural Affairs
30 June 2022

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 2022 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. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Government Financial Reporting Manual.

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

In my opinion the financial statements:

- give a true and fair view of the state of the Department's affairs as at 31 March 2022 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.

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 2022 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.

Basis for opinions

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

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

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

Conclusions relating to going concern

In auditing the financial statements, I have concluded that 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 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.

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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.

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.

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 enquires of management and those charged with governance on 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 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 and posting of unusual journals;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- 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;

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- 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 Scheme;
- 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.

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

The accounts include a compensation award of £1.25 million to a former employee for constructive dismissal. The circumstances of the award are disclosed within the Governance Statement. The case raises a number of issues as to the Department's attitude towards those who raise concerns and the effectiveness of its whistleblowing arrangements. More widely, it also raises questions as to the effectiveness of such arrangements within the Northern Ireland Civil Service (NICS).

The Department has begun an independent external review into how this case was dealt with to learn lessons for the future. In addition the NICS are working towards a single, high-level policy on addressing concerns that are raised about the work of Departments.

The case has not yet concluded and further costs are likely. I will keep this matter under review and may report further on its conclusion.



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

1 July 2022



Financial Statements



Department of Agriculture, Environment and Rural Affairs

Consolidated Statement of Comprehensive Net Expenditure for the Year ended 31 March 2022

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.

		2021-22	2020-21
	Notes	Core Dept & Agency £'000	Core Dept & Agency £'000
Revenue from contracts with customers	6	(37,875)	(34,266)
Other Operating Income	6	(31,944)	(39,776)
Total Operating Income		(69,819)	(74,042)
Staff costs	3	149,863	142,145
EU expenditure	4,5	31,856	37,159
National grant expenditure and disallowance	4,5	414,624	433,954
Funding to Public Corporation	4,5	10,456	11,739
Purchase of goods and services	4,5	40,896	30,951
Depreciation and impairment charges	4,5	18,729	16,521
Provision expense	4,5	(1,340)	518
Other operating expenditure	4,5	65,022	59,533
Total Operating Expenditure		730,106	732,520
Net Operating Expenditure		660,287	658,478
Net Expenditure for the year		660,287	658,478
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	(9,970)	(1,996)
Net (gain)/loss on revaluation of Heritage Assets	7.3	(471)	-
Net (gain)/loss on revaluation of Intangible Assets	8	(4,443)	(161)
Comprehensive Net Expenditure for the year ended 31 March 2022		645,403	656,321

All income and expenditure are derived from continuing operations.

The notes on pages 114 to 146 form part of these accounts

Department of Agriculture, Environment and Rural Affairs

Consolidated Statement of Financial Position as at 31 March 2022

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.

		2021-22	2020-21
	Notes	Core Dept & Agency £'000	Core Dept & Agency £'000
Non-current assets			
Property, plant and equipment	7.1	251,898	236,652
Biological assets	7.2	1,458	1,502
Heritage assets	7.3	2,193	1,568
Intangible assets	8	81,136	64,421
Financial assets		26	26
Total non-current assets		336,711	304,169
Current assets			
Inventories	13	1,042	920
Trade and other receivables	15	32,557	49,725
Cash and cash equivalents	14	572	12,569
Total current assets		34,171	63,214
Total assets		370,882	367,383
Current liabilities			
Trade and other payables	16	(76,469)	(123,238)
Cash and cash equivalents	14	(3,209)	(1,725)
Provisions	17	(2,071)	(2,459)
Total current liabilities		(81,749)	(127,422)
Total assets less current liabilities		289,133	239,961

The notes on pages 114 to 146 form part of these accounts

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for the year ended 31 March 2022

		2021-22	2020-21
	Notes	Core Dept & Agency £'000	Core Dept & Agency £'000
Non-current liabilities			
Provisions	17	(1,961)	(3,487)
Total non-current liabilities		(1,961)	(3,487)
Total assets less total liabilities		287,172	236,474
Taxpayers' equity & other reserves:			
General fund		180,744	141,035
Revaluation reserve		106,428	95,439
Total equity		287,172	236,474



Katrina Godfrey
Accounting Officer
Department of Agriculture, Environment and Rural Affairs
30 June 2022

The notes on pages 114 to 146 form part of these accounts

Department of Agriculture, Environment and Rural Affairs

Consolidated Statement of Cash Flows for the year ended 31 March 2022

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.

		2021-22	2020-21
	Notes	Core Dept & Agency £'000	Core Dept & Agency £'000
Cash flows from operating activities			
Net operating cost	CSoCNE	(660,287)	(658,478)
Adjustments for non-cash transactions		34,593	33,092
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>	15	17,168	(12,766)
		2,637	(1,333)
(Increase)/Decrease in inventories	13	(122)	30
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>	16	(35,925)	51,560
		1,697	(11,978)
Use of Provisions	17	(502)	(1)
Net cash outflow from operating activities		(640,741)	(599,781)
Cash flows from investing activities			
Purchase of property, plant and equipment	7.1	(16,187)	(15,233)
Purchase of intangible assets	8.1	(22,347)	(21,209)
Proceeds of disposal of property, plant and equipment		239	68
Net cash outflow from investing activities		(38,295)	(36,374)

The notes on pages 114 to 146 form part of these accounts

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for the year ended 31 March 2022

		2021-22	2020-21
	Notes	Core Dept & Agency £'000	Core Dept & Agency £'000
Cash flows from financing activities			
From the Consolidated Fund (Supply) - current year	CSoCITE	676,399	646,999
To the Consolidated Fund (Supply) - deemed supply		-	
From the Consolidated Fund (Supply) - prior year	CSoCITE	(10,844)	1,333
Net financing		665,555	648,332
Net increase/(decrease) in cash and cash equivalents in the year before adjustment for receipts and payments to the Consolidated Fund	14	(13,481)	12,177
Cash and cash equivalents at the beginning of the year	14	10,844	(1,333)
Cash and cash equivalents at the end of the year	14	(2,637)	10,844

The notes on pages 114 to 146 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 2022

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 the 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 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 receivable adjustment		(10,844)	-	(10,844)
Comprehensive Net Expenditure for the year		(658,478)	2,157	(656,321)
Non-Cash Adjustments				
Accommodation and other charges		16,413	-	16,413
Auditor's remuneration		140	-	140
Movements in Reserves				
Transfers between reserves		3,730	(3,730)	-
Balance at 31 March 2021		141,035	95,439	236,474
Net Assembly Funding - drawn down		665,555	-	665,555
To Remove Forest Service Opening Balance		10,844	-	10,844
Supply payable adjustment	15	2,637	-	2,637
Comprehensive Net Expenditure for the year		(660,287)	14,884	(645,403)
Non-Cash Adjustments				
Accommodation and other charges	4,5b	16,923	-	16,923
Auditor's remuneration	4	142	-	142
Movements in Reserves				
Transfers between reserves		3,895	(3,895)	-
Balance at 31 March 2022		180,744	106,428	287,172

The notes on pages 114 to 146 form part of these accounts

Department of Agriculture, Environment and Rural Affairs

Resource Accounts at 31 March 2022

Notes to the Departmental Resource Accounts

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2021-22 *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. 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 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 2021.

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.

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 carried at the last professional valuation which was carried out by LPS on 1 April 2021.

Assets under Construction are carried at cost.

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

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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

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 turbary 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.

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.

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.

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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 interest 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 CSofCNE and CSofP are stated net of VAT. Any amounts of Irrecoverable VAT are charged to the CSofCNE 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 agency 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)

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

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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:

CSoCNE Impacts IFRS 16	£'000
Depreciation expected - 2022-23	4,486
Interest expense expected - 2022-23	395
IAS 17 basis Rental payments expected - 2022-23	4,725
Increased Expenditure	156
CSoFP Impacts IFRS 16	£'000
Existing IAS 17 Operating Leases - Right of Use Assets - 1 April 2022	42,843
Existing IAS 17 Operating Leases - Lease Liabilities - 1 April 2022	(41,542)

IFRS 10, IFRS 11, IFRS 12

The IASB issued new and amended standards (IFRS 10, IFRS 11 and 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.

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Implementation of Review of Financial Process (RoFP)

DAERA is implementing Review of Financial Process in 2022-23. The aim of RoFP is to align the boundaries of budgets, estimates and accounts as far as it is practicable, including consolidation of NDPBs and other central government bodies in Estimates and Accounts. The bodies intended for inclusion within the 2022-23 departmental boundary are Agri-Food and Biosciences Institute (AFBI), Livestock and Meat Commission for NI (LMC), NI Fishery Harbour Authority (NIFHA) and Foyle, Carlingford and Irish Lights Commission (FCILC). The list of bodies is subject to change and the final list of bodies to be included within the departmental boundary will be designated each year in an Estimates and Accounts (Designation of Bodies) Order for consolidation into DAERA annual Estimates and Accounts.

The impact of implementing RoFP in 2022/23 will be:

CoCNE Impacts of RoFP	£'000
Increased Income	9,000
Increased Expenditure	14,000
CSoFP Impact of RoFP	£'000
Increased Assets	60,000
Increased Liabilities	36,000

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 on page 122.

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	2021-22			2020-21		
	Gross Expenditure £'000	Income £'000	Net Expenditure £'000	Gross Expenditure £'000	Income £'000	Net Expenditure £'000
Veterinary Services & Animal Health	83,637	15,453	68,184	68,238	14,603	53,635
Food & Farming	395,880	20,217	375,663	402,081	17,606	384,475
Environment, Marine & Fisheries	87,670	18,581	69,089	108,266	32,063	76,203
Rural Affairs, Forest Service & Estates Transformation	48,831	9,710	39,121	36,812	3,748	33,064
Central Services & Contingency Planning	114,088	5,858	108,230	117,123	6,022	111,101
Total	730,106	69,819	660,287	732,520	74,042	658,478

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.

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.

2.2 Reconciliation between Operating Segments and CSoFP

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

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3 Staff Costs

	2021-22	2020-21
	Core Dept & Agency £'000	Core Dept & Agency £'000
Wages and salaries	106,776	101,786
Social security costs	11,203	10,357
Other pension costs	31,884	30,002
Sub Total	149,863	142,145
Less recoveries in respect of outward secondments	-	-
Total Net Costs	149,863	142,145

of which:

Charged to Administration	40,635	37,703
Charged to Programme	109,228	104,442
	149,863	142,145

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4 Other Administration Costs

4(a) Administration Costs

	2021-22	2020-21
	Core Dept & Agency £'000	Core Dept & Agency £'000
Purchase of Goods & Services		
Office services	2,216	2,034
Contracted out services	3,151	3,188
Professional costs	1,476	971
Consultancy costs	67	21
Other expenses	591	678
Total Purchases of Goods & Services	7,501	6,892
Depreciation & impairment charges		
Non - cash costs:		
Depreciation - property, plant and equipment	585	561
Amortisation of intangible assets	8,234	9,217
Impairment/revaluation of asset	38	-
Total	8,857	9,778
Other operating expenditure		
Rentals under operating leases	52	132
Staff related costs	1,860	1,393
Accommodation costs	243	260
Loss on disposal of assets	(19)	-
Sub-Total Other operating expenditure	2,136	1,785
Notional Charges		
Notional auditor's remuneration	142	140
Notional accommodation	6,176	6,047
Other notional costs	10,747	10,318
Sub-Total Notional Charges	17,065	16,505
Total Administration Costs	35,559	34,960

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4(b) Total Operating Expenditure Reconciliation

2021-22			
	Administration Expenditure £'000	Programme Expenditure £'000	Total £'000
Staff costs	40,635	109,228	149,863
EU expenditure	-	31,856	31,856
National grant expenditure and disallowance	-	414,624	414,624
Forest Service Public Corp Funding	-	10,456	10,456
Purchase of goods & services	7,501	33,395	40,896
Depreciation & impairment	8,857	9,872	18,729
Provision expenses	-	(1,340)	(1,340)
Other operating expenditure	19,201	45,821	65,022
Total	76,194	653,912	730,106

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

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5 Programme Costs

5(a) Programme Costs

	2021-22	2020-21
	Core Dept & Agency £'000	Core Dept & Agency £'000
Grant Expenditure		
EU Grants & Subsidies:		
Capital grants & subsidies	19,574	24,229
Covid-19 Grant	-	1,209
Current grants & subsidies - other	12,282	11,721
Total	31,856	37,159
National Grants & Subsidies:		
Grant in aid	56,573	50,357
Covid-19 market support	4,904	27,445
Covid-19 other support	5,135	15,500
Capital grants & subsidies	22,508	27,004
Current grants & subsidies inc Areas Aids and Basic Payment Scheme	325,373	315,072
Total	414,493	435,378
CAP Disallowance	131	(1,424)
Total	446,480	471,113
Funding to Public Corporation*		
Resource subsidy to Forest Service	391	1,185
Capital subsidy to Forest Service	1,165	1,054
Other subsidy to Forest Service	8,900	9,500
Total	10,456	11,739
Purchase of Goods & Services		
Office services	1,951	1,727
Contracted out services	5,499	3,196
Private veterinary practitioners fees & expenses	9,082	8,410
Professional & legal costs	7,874	5,699
Consultancy costs	837	38
Consumables & materials	1,841	1,641
Other goods and services	6,311	3,348
Total	33,395	24,059

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	2021-22	2020-21
	Core Dept & Agency £'000	Core Dept & Agency £'000
Depreciation & Impairment Charges		
Non-Cash Costs:		
Depreciation - property, plant & equipment	9,306	8,204
Amortisation of intangible assets	1,087	(2,187)
Impairment/revaluation of assets	(521)	726
Total	9,872	6,743
Bad Debts	72	(1,917)
Provision expense	(1,412)	2,435
Provisions Total	(1,340)	518
Other Operating Expenditure		
Rentals under operating lease	657	569
Staff related costs	1,965	1,702
Accommodation costs	8,474	7,225
Exchange rate losses/(gains) - realised	283	231
Exchange Rate losses - unrealised	(1)	(5)
Diseased animals compensation	29,188	22,601
Other compensation	(931)	3,445
Non-capital plant and equipment purchases	3,790	3,553
Vehicle and plant costs	1,936	1,823
Sub Total	45,361	41,144
Non cash items		
Gain on disposal of assets	228	(13)
Provision for doubtful debt	232	112
Non-Cash Total	460	99
Total	45,821	41,243
Total Programme Expenditure	544,684	555,415

*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 2021-22 the Department paid out a Resource subsidy of £391k (2020-21 £1,185k) and a Capital Subsidy of £1,165k (2020-21 £1,054k). In addition the Department paid out £8,900k (2020-21 £9,500k) to Forest Service to cover part of the running costs for the year. This will allow Forest Service to retain more of its income as reserves. This will provide financial security and protect against future market shocks.

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5(b) Non Cash Costs

2021-22			
	Administration Expenditure £'000	Programme Expenditure £'000	Total £'000
Depreciation & impairment	8,857	9,872	18,729
Provision expenses	-	(1,340)	(1,340)
Other operating expenditure	17,065	460	17,527
Total	25,922	8,992	34,914

Non Cash Costs

2020-2021			
	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

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6 Income

	2021-22	2020-21
	Core Dept & Agency £'000	Core Dept & Agency £'000
Income from contracts with customers		
Inspection & testing	8,187	8,400
Rent & recreation income	6,517	6,662
Resource efficiency pollution costs recovered	8,736	8,156
Diseased animal salvage	7,147	5,158
Carrier bag levy	2,803	2,077
Education	1,909	1,396
Farm sales	1,145	1,040
Other	1,431	1,377
Total	37,875	34,266
Other Operating income		
Other EU programme income	31,839	38,491
Veterinary fund receipts	105	1,285
	31,944	39,776
Total Income	69,819	74,042

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7.1(a) Property, Plant and Equipment 2021-22

	Land & Buildings	Plant & Machinery	Transport & Equipment	Information Technology	Assets under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 April 2021	212,794	24,159	11,202	4,890	21,901	274,946
Additions	291	1,299	1,418	238	11,245	14,491
Disposals	(580)	(1,918)	(563)	(1,462)	(1)	(4,524)
Reclassifications	13,439	(925)	7	(153)	(11,740)	628
Transfers	35	-	2	-	-	37
Impairments	(213)	-	-	-	-	(213)
Revaluations to CSoCNE	748	10	7	(37)	-	728
Revaluations through revaluation reserve	10,147	1,466	233	7	690	12,543
At 31 March 2022	236,661	24,091	12,306	3,483	22,095	298,636
Depreciation						
At 1 April 2021	13,232	14,880	7,626	2,556	-	38,294
Charged in year	7,019	1,407	767	697	-	9,890
Disposals	(577)	(1,833)	(526)	(1,298)	(1)	(4,235)
Reclassification	348	(355)	7	-	31	31
Transfers	-	-	-	-	-	-
Impairment	(3)	24	23	38	1	83
Revaluations to CSoCNE	103	10	5	(16)	-	102
Revaluations through revaluation reserve	1,671	853	76	(27)	-	2,573
At 31 March 2022	21,793	14,986	7,978	1,950	31	46,738
Carrying amount at 31 March 2021	199,562	9,279	3,576	2,334	21,901	236,652
Carrying amount at 31 March 2022	214,868	9,105	4,328	1,533	22,064	251,898
Asset financing:						
Owned	214,868	9,105	4,328	1,533	22,064	251,898
Carrying amount at 31 March 2022	214,868	9,105	4,328	1,533	22,064	251,898

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	Land & Buildings £'000	Plant & Machinery £'000	Transport & Equipment £'000	Information Technology £'000	Assets under Construction £'000	Total £'000
Of the total:						
Core Department	192,282	7,125	3,525	1,519	19,574	224,025
Agency	22,586	1,980	803	14	2,490	27,873
Carrying Amount at 31 March 2022	214,868	9,105	4,328	1,533	22,064	251,898

Land and Buildings includes land with a net book value of £47m. 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 2021-22 or 2020-21.

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7.1(b) 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)	-	-	-
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
Of the Total:						
Core department	182,509	7,493	2,855	2,314	17,975	213,146
Agencies	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

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7.2 Biological Assets

		2021-22	2020-21
Growing Timber	Note	Core Dept & Agency £'000	Core Dept & Agency £'000
Value at 1 April		1,502	232,990
Revaluation adjustment			
Removal of Forest Service balance		-	(231,637)
Increase in stocks		(44)	149
Total Biological Assets		1,458	1,502

7.3 Heritage Assets

		2021-22	2020-21
		Core Dept & Agency £'000	Core Dept & Agency £'000
Value at 1 April		1,568	2,735
Transfer to Forest Service		-	(1,167)
Revaluations to CSocNE		154	-
Revaluations through Revaluation Reserve		471	-
Total Heritage Assets		2,193	1,568

Heritage assets are revalued annually, using indices provided by the Office for National Statistics. No depreciation is provided on any heritage assets. Heritage Lands are subject to professional valuations and annual revaluations in accordance with the Appraisal and Valuation Manual produced jointly by the Royal Institute of Chartered Surveyors (RICS), the Incorporated Society of Valuers and Auctioneers (ISVA) and the Institute of Revenues Rating and Valuation (IRRV). Professional revaluations of heritage land are undertaken every five years, with the last full valuation undertaken by Land and Property Services (LPS) at 1 April 2021 with the next full valuation due to take place as at 1 April 2026.

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8.1 Intangible Assets

2021-22	Forest Land Rights £'000	Software £'000	Software Licences £'000	Assets under construction £'000	Total £'000
Cost or valuation					
At 1 April 2021	1,026	100,324	3,981	14,659	119,990
Additions	-	19,022	73	3,252	22,347
Disposals	(65)	(2,915)	(1,280)	-	(4,260)
Reclassification	-	265	-	(891)	(626)
Revaluations to CSoCNE	-	35	42	-	77
Revaluations through Revaluation Reserve	73	8,705	148	-	8,926
Total Cost	1,034	125,436	2,964	17,020	146,454
Amortisation					
At 1 April 2021	-	52,149	3,420	-	55,569
Charged in year	-	9,165	156	-	9,321
Disposal Depreciation	-	(2,842)	(1,259)	-	(4,101)
Reclassification Depreciation	-	(31)	-	-	(31)
Revaluation to CSoCNE	-	35	42	-	77
Revaluations through Revaluation Reserve	-	4,372	111	-	4,483
At 31 March 2022	-	62,848	2,470	-	65,318
Carrying Amount at 31 March 2021	1,026	48,175	561	14,659	64,421
Carrying Amount at 31 March 2022	1,034	62,588	494	17,020	81,136

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

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2020-21	Forest Land Rights £'000	Software £'000	Software Licences £'000	Assets under construction £'000	Total £'000
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)
Revaluations 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

9 Impairments

	2021-22	2020-21
	Core Department & Agency £'000	Core Department & Agency £'000
Charged to statement of comprehensive net expenditure	296	355
Charged to Revaluation Reserve	18	218
	314	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

	2021-22	2020-21
	Core Department & Agency £'000	Core Department & Agency £'000
Contracted capital commitments at 31 March not otherwise included in these financial statements		
Intangible	42,697	34,223
Plant, Property & Equipment	28,240	32,520
	70,937	66,743

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.

	2021-22	2020-21
	Core Department & Agency £'000	Core Department & Agency £'000
Land		
Not later than one year	165	55
Later than one year and not later than five years	77	65
Later than five years	46	263
	288	383
Buildings		
Not later than one year	221	156
Later than one year and not later than five years	271	216
Later than five years	321	143
	813	515
Other		
Not later than one year	178	177
Later than one year and not later than five years	142	292
Later than five years	58	61
	378	530

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10.2.2 Finance leases

The Department had no finance leases during 2021-22 or 2020-21.

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

The Department had no PFI commitments at 31 March 2022 or 31 March 2021.

10.4 Other Financial Commitments

The Department and its agency 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 2022.

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

Other financial commitments	2021-22	2020-21
	Core Department & Agency £'000	Core Department & Agency £'000
Total Grant Commitments		
Not later than one year	27,713	32,872
Later than one year and not later than five years	14,154	15,816
Later than five years	-	-
	41,867	48,688

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 £42m is EU £25m (60%) and National £17m (40%).

In 2020-21 the split of the total commitment of £49m was EU £32m (66%) and National £17m (34%).

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 Inventories

	2021-22	2020-21
	Core Department & Agency £'000	Core Department & Agency £'000
Consumable materials and supplies	1,042	920

14 Cash and cash equivalents

	2021-22	2020-21
	Core Department & Agency £'000	Core Department & Agency £'000
At 1 April 2021	10,844	(1,333)
Net change in cash and cash equivalent balances	(13,481)	12,177
At 31 March 2022	(2,637)	10,844
The following balances at 31 March were held at:		
Government Banking Service	(2,681)	10,802
Commercial banks and cash in hand	44	42
At 31 March 2022	(2,637)	10,844
The balance comprises:		
Cash & bank	572	12,569
Bank overdraft	(3,209)	(1,725)
	(2,637)	10,844

14.1 Reconciliation of liabilities arising from financial activities

There are no liabilities arising from financing activities at 31 March 2022 or/and 31 March 2021.

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15 Trade Receivables, financial and other assets

	2021-22	2020-21
	Core Department & Agency £'000	Core Department & Agency £'000
Amounts falling due within one year		
VAT	2,717	2,868
Trade receivables	2,056	2,020
Other receivables	614	464
Prepayments & accrued income	6,200	6,934
Amounts due from EU	-	17,895
Amounts due from Rural Payments Agency in relation to CAP	18,333	19,544
	29,920	49,725
Amounts due from Consolidated Fund in respect of supply	2,637	-
Total at 31 March due within one year	32,557	49,725

16 Trade Payables, financial and other current liabilities

	2021-22	2020-21
	Core Department & Agency £'000	Core Department & Agency £'000
Amounts falling due within one year		
Taxation and social security	4	3
Trade payables	896	647
Other payables	3,174	14,559
Accruals and deferred income	32,717	34,732
CAP Disallowance	209	79
EU grant creditors - CAP	8,915	23,220
Other grant creditors	30,554	39,154
Total at 31 March due within one year	76,469	112,394
Amounts issued from the Consolidated Fund for supply but not spent at year end	-	10,844
	76,469	123,238

CAP DISALLOWANCE

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

	2021-22 £'000	Charged to CSoCNE* £'000	2020-21 £'000
Scheme			
Pillar II	78	-	78
EAF 2020 Accounts	131	130	-
TOTAL	209	130	78

* Included within the amounts credited to CSoCNE is £1k of exchange rate gain. This is included within exchange rate movements in note 5.

17 Provisions for liabilities and charges

	2021-22	2020-21
	Core Department & Agency £'000	Core Department & Agency £'000
Balance at 1 April 2021	5,946	4,702
Removal of Forest Service Balance	-	(1,190)
Provided in the year	1,709	2,475
Provisions not required written back	(3,121)	(40)
Provisions utilised in the year	(502)	(1)
Balance at 31 March 2022	4,032	5,946

Analysis of expected timing of discounted flows

	2021-22	2020-21
	Core Department & Agency £'000	Core Department & Agency £'000
Not later than one year	2,071	2,459
Later than one year and not later than five years	1,961	3,487
Later than five years	-	-
Balance at 31 March 2022	4,032	5,946

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	2021-22 Core Department & Agency		
	Litigation Claims	Other Provisions	Total
	£'000	£'000	£'000
Not later than one year	1,367	704	2,071
Later than one year and not later than five years	-	1,961	1,961
Later than five years	-	-	-
Balance at 31 March 2022	1,367	2,665	4,032

The Court of Appeal (CoA) 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 CoA judgment to the Supreme Court. The Supreme Court hearing was scheduled for June 2021 but this has subsequently been adjourned and re-listed for December 2022. The 2021-22 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. Obtaining relevant approvals.

18 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 no contingent liabilities (2020-21 £226k).

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 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 Minister. The following interests were declared:

Eight 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).

Fourteen 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.

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 2021-22, there have been eight applications made via DoF to the department in line with NICS policy.

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21 Third-party assets

The Department held third-party assets at 31 March 2022 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 2022 are set out in the table below.

Consolidated

Northern Ireland Central Investment Fund for Charities	No. of Shares	2021-22 £	2020-21 £
Description			
DAERA Moore Memorial Fund	96	1,513	1,417
DAERA Thomson Memorial Account	990	15,598	14,616
DAERA Thompson Bequest Account	10,973	172,884	162,000
Vaughan's Charity	181,395	2,857,951	2,678,025
Vaughan's Charity - Fermanagh Pig Project	1,099	17,315	16,225
Total	194,553	3,065,261	2,872,283

Education Trust Fund Accounts

Account 2021/2022	WD Thompson £	Thompson Bequest £	Moore Memorial £	ETF Account £
Opening Balance	14,645	5,882	1,544	-
Receipts	450	4,940	44	100
Payments	-	-	100	-
Closing Balance	15,095	10,822	1,488	100

Account 2020/2021	WD Thompson £	Thompson Bequest £	Moore Memorial £	ETF Account £
Opening Balance	14,254	10,640	1,556	-
Receipts	391	4,282	38	9,090
Payments	-	9,040	50	9,090
Closing Balance	14,645	5,882	1,544	-

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Third-party account balances	Bank Accounts		Consolidated Fund	
	2021-22 £	2020-21 £	2021-22 £	2020-21 £
DAERA Horse Racing Business Investment	14,766	182	681,822	690,172
Enniskillen Student Resource Account	21,187	28,596	-	-
Enniskillen Student Vaughan Charity - current account	5,000	5,000	-	-
Enniskillen Student Vaughan Charity - deposit account	16,946	13,648	-	-
Greenmount College Floristry Club	23	23	-	-
Greenmount College Sports Fund	23,774	25,557	-	-
Greenmount College Sports and Recreation	2,244	2,244	-	-
Greenmount Travel - Current	19,271	35,693	-	-
Greenmount Travel - Business Reserve	8,744	8,743	-	-
Greenmount - Projects	926	926	-	-
Greenmount - Cream Advisory #43114406	26,616	26,613	-	-
Greenmount College Football Club	12	12	-	-
Greenmount Bursaries	16,628	24,672	-	-
Greenmount Erasmus Euro account	24,472	24,472	-	-
Greenmount Erasmus Sterling account	1,516	1,674	-	-
Greenmount Computer Club	109	109	-	-
Greenmount Student Recreational Council	1,654	1,676	-	-
Loughry Student Affiliation Account	18,431	9,216	-	-
DAERA Moore Memorial Fund	68	74	1,420	1,470
DAERA Thomson Memorial Account	1,376	925	13,720	13,720
DAERA Thompson Bequest Account	5,037	97	5,785	5,785
Educational Trust Fund	-	-	100	-
Totals	208,800	210,152	702,847	711,147

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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 and NI Environment Agency are published separately.

23 Events after the reporting period

There are no events to be disclosed which occurred after the reporting date.

Date of authorisation for issue

The Accounting Officer authorised these financial statements for issue on 1 July 2022.

List of Abbreviations

AFBI	Agri-Food and Biosciences Institute
AI	Avian Influenza
ALB	Arm's Length Body
AME	Annually Managed Expenditure
AMP	Asset Management Plan
AMPS	Assembly Members' Pension Scheme
AMR	Antimicrobial Resistance
ANC	Areas of Natural Constraint
APHIS	Animal and Public Health Information System
ARAC	Audit and Risk Assurance Committee
ASF	African Swine Fever
AWB	Agricultural Wages Board
BCP	Business Continuity Plan
BDG	Business Development Groups
BEIS	Business, Energy and Industrial Strategy
BPS	Basic Payment Scheme
bTB	Bovine TB
C&AG	Comptroller and Auditor General
CAFRE	College of Agriculture, Food and Rural Enterprise
CAL	Centre for Applied Learning
CAP	Common Agricultural Policy
CARE	Career Average Revalued Earnings
CAV	Combined Asset Valuation
CBRN	Chemical, Biological, Radiological and Nuclear
CCF	Coastal Communities Fund
CETV	Cash Equivalent Transfer Value
CMO	Common Market Organisation
CMU	Countryside Management Unit
CNCC	Council for Nature Conservation and the Countryside
CPI	Consumer Prices Index
CRAG	Comptroller and Auditor General
CRR	Departmental Corporate Risk Register
CSAO	Chief Scientific Advisors Office
CSCPG	Central Services and Contingency Planning Group
CSocNE	Consolidated Statement of Comprehensive Net Expenditure
CSP	Civil Service Pensions

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DA	Devolved Administrations
DAERA	Department of Agriculture, Environment and Rural Affairs
DAO	Dear Accounting Officer
DARD	Department of Agriculture and Rural Development
DB	Departmental Board
DCCAE	Department of Communications, Climate Action and Environment
DECOL	DAERA Export Certification Online
Defra	Department for Environment, Food and Rural Affairs
DEL	Departmental Expenditure Limits
DfC	Department for Communities
DfE	Department for the Economy
DfI	Department for Infrastructure
DFP	Department of Finance and Personnel
DoF	Department of Finance
DoH	Department of Health
DTP	Digital Transformation Project
EAFRD	European Agricultural Fund for Rural Development
EAGF	European Agricultural Guarantee Fund
EC	European Commission
EEI	Employee Engagement Index
EFS	Environmental Farming Scheme
EHC	Export Health Certificate
EIP	European Innovation Partnership
EMFF	European Maritime and Fisheries Fund
EMFG	Environment, Marine and Fisheries Group
ETD	Estate Transformation Division
ETOB	Estate Transformation Oversight Board
ETP	Estate Transformation Programme
ETS	Emissions Trading Scheme
EU	European Union
FBIS	Farm Business Improvement Scheme
FCILC	Foyle, Carlingford and Irish Lights Commission
FD	Finance Director
FFG	Food and Farming Group
FFKS	Farm Family Key Skills
FIV	Farm Innovation Visit
FNC	Farmer Notified Changes
FReM	Government Financial Reporting Manual

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FSA	Food Standards Agency
FTE	Full Time Equivalent
FYE	Full Year Equivalent
GAD	Government Actuary's Department
GB	Great Britain
GDPR	General Data Protection Regulations
GLAA	Gangmasters and Labour Abuse Authority
GPS	Global Positioning System
ha	Hectares
HM	Her Majesty's
HOCS	Head of the Civil Service
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
IRM	Identification, Registration and Movement
IRRV	Institute of Revenue Rating and Valuation
ISO	International Organisation for Standardisation
ISMS	Information Security Management System
IST	Integrated Supply Team
ISVA	Incorporated Society of Valuers and Auctioneers
ITED	Innovation Technology Evaluation Demonstration
IT	Information Technology
KAS	Knowledge Advisory Service
KNIB	Keep Northern Ireland Beautiful
KPI	Key Performance Indicator
LAG	Local Action Groups
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.
LGD	Lead Government Department
LMC	Livestock and Meat Commission
LPIS	Land Parcel Identification System
LPS	Land & Property Services
m ³	Meters cubed
MERP	Major Emergency Response Plan

Annual Report and Accounts

for the year ended 31 March 2022

MLA	Member of the Legislative Assembly
MPMNI	Managing Public Money NI
MSFM	Management Statement and Financial Memorandum
MSY	Maximum Sustainable Yield
NDNA	New Decade, New Approach agreement
NDPB	Non-Departmental Public Bodies
NEMs	Non Executive Members
NGO	Non-Governmental Organisations
NI	Northern Ireland
NIAO	NI Audit Office
NICS	Northern Ireland Civil Service
NICS HR	Northern Ireland Civil Service Human Resources
NICTS NI	Courts and Tribunal Service
NIEA	Northern Ireland Environment Agency
NIFAIS	NI Food and Animal Information System
NIFHA	NI Fishery Harbour Authority
NI	Northern Ireland
NIRDP	NI Rural Development Programme
NISRA	Northern Ireland Statistics and Research Agency
NSMC	North South Ministerial Council
OBC	Outline Business Case
OCR	Official Controls Regulation
ONS	Office of National Statistics
OTSC	On the Spot Checks
PAAC	Paying Agency Accreditation Committee
PAC	Public Accounts Committee
PC	Public Non-Financial Corporation
PfG	Programme for Government
PO	Provisional Outturn
PPE	Personal Protective Equipment
PSIAS	Public Sector Internal Audit Standards
PSNI	Police Service of NI
PVP	Private Veterinary Practitioners
QUB	Queens University Belfast
RAFSETG	Rural Affairs, Forest Service and Estate Transformation Group
R&D	Research and Development
RDP	Rural Development Programme
RICS	Royal Institute of Chartered Surveyors

RoI	Republic of Ireland
RPI	Retail Price Index
SAF	Single Application Form
SALMS	Sustainable Agricultural Land Management Strategy
SCAPE	Superannuation Contributions Adjusted for Past Experience
SCS	Senior Civil Servants
SDG	Sustainable Development Goals
SDMF	Senior Decision Making Forum
SI	Statutory Instrument
SIRO	Senior Information Risk Owner
SLA	Service Level Agreement
SNCB	Statutory Nature Conservation Body
SOAS	Statement of Outturn against Assembly Supply
SoFP	Statement of Financial Position
SPS	Sanitary and PhytoSanitary
SRO	Senior Responsible Officer
SRP	Soluble Reactive Phosphorus
TBSPG	TB Strategic Partnership Group's
TDF	Technology Demonstration Farm
TEO	The Executive Office
TMT	Top Management Team
TRPSI	Tackling Rural Poverty and Social Isolation
TVR	Test and Vaccinate or Remove
UK	United Kingdom
UKG	United Kingdom Government
UK-GDPR	United Kingdom General Data Protection
UU	Ulster University
VARSS	Veterinary Antimicrobial Resistance and Sales Surveillance
VAT	Value Added Tax
VfM	Value for Money
VSAHG	Veterinary Service Animal Health Group
WFD	Water Framework Directive
WRAP	Waste and Resources Action Programme



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