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

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

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# **DEPARTMENT OF AGRICULTURE, ENVIRONMENT AND RURAL AFFAIRS**

## **ANNUAL REPORT AND ACCOUNTS 2022-23 For the year ended 31 March 2023**

Laid before the Northern Ireland Assembly under section 10(4) of the Government Resources  
and Accounts Act (Northern Ireland) 2001  
by the Department of Finance  
on 20 February 2024



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**Department of Agriculture, Environment and Rural Affairs  
Annual Report and Accounts for the year ended 31 March 2023**

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

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

# PERFORMANCE REPORT

## Introduction

The Department of Agriculture, Environment and Rural Affairs (DAERA / the Department) presents its Annual Report and Accounts for the financial year ended 31 March 2023.

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## PERFORMANCE REPORT

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### Permanent Secretary's Perspective on Performance

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**Katrina Godfrey**

I am pleased to present the 2022-23 Annual Report and Resource Accounts for the Department of Agriculture, Environment and Rural Affairs (DAERA).

Having completed my first year in DAERA, I am proud of what the Department has achieved in 2022–23 and of the resilience and professionalism of our staff, who have worked so hard to deliver the best possible services to the public at a time of global instability, political uncertainty, and constrained public finances.

In the opening months of the year, the Climate Change (NI) Act 2022 received Royal Assent. The Act contains legally binding carbon emissions targets that will require Northern Ireland to reduce its greenhouse gas emissions by at least 48% by 2030 and to achieve net zero by 2050. It places new obligations both on DAERA and on all other departments requiring us to shift our focus much more firmly than ever before to reduce carbon, improve air, water quality, and enhance biodiversity. We have throughout the year, worked to put in place the steps needed to ensure compliance with the Act and to increase awareness and understanding across all departments of its requirements. This work has included launching a consultation at the end of March on new regulations that will place climate change reporting duties on specified public bodies and working with the Climate Change Committee which has provided important and invaluable advice on the path to net zero for Northern Ireland.

The recovery of nature is also so important in helping to address the threat posed by climate change. It was important therefore for the Department to be represented at both Conference of the Parties (COP) 27 and COP 15. Colleagues represented DAERA at COP 27 in Egypt in November 2022, and at COP 15 which took place in Montreal in December 2022. Ahead of COP 15 the Department, along with the Northern Ireland Environment Agency (NIEA) and DAERA's statutory advisory body, the Committee on Nature Conservation and the Countryside (CNCC), was pleased to join with counterparts throughout the UK to support a joint statement on nature recovery.

In March 2022, the then Minister, Edwin Poots MLA, outlined his policy decisions for future agricultural support in Northern Ireland and they too have a clear focus on reducing emissions and improving the quality of our natural environment as well as enhancing our agriculture sector. During 2022-23, we made significant progress on the Future Agricultural Policy



framework, the programme and funding regime designed to implement the policy decisions outlined by then Minister which are considered vital to supporting sustainable farming and rural communities. The policy is based on four key outcomes centred on increased productivity, environmental sustainability, improved resilience and supply chain functionality. During this year there has been substantial work to develop the timeline for delivering the policy scheme products aimed at supporting the interventions, and I was delighted to see much was informed by continued engagement with stakeholders to ensure a co-design approach.

As work continues on the development of the Green Growth strategy, DAERA puts our responsibility to supporting it to the fore through the development of the DAERA Estate Sustainability Action Plan. The plan outlines those activities that can help us reduce the carbon footprint of our built estate, making it more sustainable in the longer term. I am proud that we in DAERA are leading by example in delivering a government estate with net zero operational carbon. In a similar vein, during the year we launched CAFRE's new College Estate Strategy 2030 which firmly aligns the work to develop the CAFRE Estate with our commitment to addressing the climate emergency and our drive to net zero.

Turning to our rural communities, during 2022-23 the Department again provided significant funding to support rural communities. With the impacts of the cost of living crisis being acutely felt by citizens across Northern Ireland it was reassuring to note that we helped by once again exceeding our target to pay 95% of farm businesses by the end of November 2022. In fact over 99% of eligible applicants received their payment within this timeframe which totalled £296.7m during the year. There was also continued support under the Farm Business Improvement Scheme of £10m while a further £7.15m was invested under the Tackling Rural Poverty and Social Isolation (TRPSI) programme, benefitting somewhere in the region of 179,000 people.

We provided £6.5m in financial assistance to support fishing communities and the Northern Ireland fishing, aquaculture and seafood sectors. We also took collection of a new survey vessel which provides significantly enhanced capability for the delivery of marine science in Northern Ireland.

Through our College of Agriculture, Food and Rural Enterprise (CAFRE) we continued to deliver training and further and higher education courses in the agri-food sector. CAFRE delivered programmes to 13,304 people with 1,434 students successfully achieving nationally validated qualifications at Level 2 or above. We are also investing in the future by using the CAFRE estate as a sustainable learning platform demonstrating the latest innovations to students and the wider agri-food industry.

Turning to animal health, in November 2022 we took swift action to deal with an incursion of High Pathogenic Avian Influenza (HPAI). A disease which can have devastating implications for our bird population and our economy too. Mandatory housing measures for all kept birds and poultry were put in place when our veterinary epidemiological assessment indicated it a necessary measure to combat the growing threat of HPAI. The housing order, which was lifted in April 2023, along with the other precautions taken reassuringly meant that Northern

Ireland escaped a large-scale outbreak during 2022-23. I am pleased to see the extensive collaboration that took place to safeguard this industry.

DAERA has a statutory obligation, through both domestic and EU legislation, to have a Bovine Tuberculosis (bTB) control programme. The bTB Eradication Strategy was approved by Minister Poots and published in March 2022. To help farmers learn more about the Strategy, the Department ran a series of information sessions across Northern Ireland.

We have had to navigate our way through 2022-23 without an Executive and without the scrutiny normally provided by a sitting Assembly and, from 28 October, we have also been without a minister. Like other departments, we also spent most of the year without an agreed budget. While we have worked hard to make progress across multiple policy areas in line with the direction set by our previous minister, it is clear there has been a real and well-documented governance gap for much of the year which has presented some significant challenges and I return to this in my governance statement.

We also faced particular challenges as we worked to balance our understanding of the legal obligations placed on the Department by the Withdrawal Act and the Northern Ireland Protocol with the direction set by our previous minister and to ensure that we complied with our statutory responsibilities. The announcement in February of the agreement reached between the UK and the EU and set out in the Windsor Framework provided further clarity and we have continued to work closely with Defra to ensure that the SPS requirements set out in that agreement can be delivered and that DAERA can continue to discharge effectively its responsibilities as a competent authority.

The Paws for Thought initiative had a number of successes disrupting illegal puppy smuggling this year, including the rescue of 29 pups at Belfast Port.

Finally, this year we continued our important and necessary focus on how DAERA, and indeed the NI Civil Service (NICS) as a whole handles concerns raised by staff and members of the public, another topic covered more fully in my governance statement. Together we published an action plan to improve how we handle concerns across the NICS and an associated Raising a Concern Policy Framework. Within DAERA we published our own DAERA Raising a Concern Policy. It is very important that we implement and give life to our new Raising a Concern procedures in a manner that can inspire confidence among our staff and the public so that they feel able to raise concerns with us and feel confident that we will handle them openly and transparently and with a disposition that recognises that concerns bring with them valuable learning as well as opportunities to improve or, where it is needed, put things right.

This section of the Annual Report provides only a snapshot of our achievements to demonstrate just some of the diverse range of responsibilities we carry and some of the challenges we have faced. The remainder of the report sets out in more detail all of the work taken forward by us in the last financial year. Details of the work of our two agencies, the Northern Ireland Environment Agency and Forest Service, are provided separately in their respective Annual Reports and Accounts and I would like to thank both Chief Executives and their staff for the many achievements they too have delivered during 2022-23.

All of this work – and so much more - has been delivered by over 3,000 staff in the core department and its two agencies, working across more than 240 sites and managing almost 10% of the Northern Ireland’s landmass, waterways, and coast. Despite the many challenges we have faced, they have been unwavering in their commitment to public service and to the work of the Department and its agencies.

While 2023-24 looks set to provide even greater challenges, including as we work through an extremely difficult budget settlement, I know that I can continue to rely on the support, advice and hard work of colleagues from every part of DAERA.



Sharon McCue



Bernie Stuart

It has been another challenging year for DAERA, as the implications of exiting the EU continue to develop into new operational arrangements. The Climate Change Act achieved Royal assent on 6 June 2022, with the requirements coming into force the following day. The latter part of the year saw the publication of the new Northern Ireland Civil Service (NICS) Raising a Concern Framework and the associated DAERA Policy. The Non-Executive Board Members (NEBMs) 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. Of particular note, during the year were discussions on staff recruitment and retention, Cyber security as well as a review of risks in a range of areas. The NEBMs attended joint meetings with the Department's Arm's Length Bodies (ALBs) reviewing business plans and governance arrangements.

The Departmental Board (DB) adopted a hybrid working style (face to face and online) for meetings throughout the year. Along with a number of standard HR and Finance items the Board also took a deep dive into a number of issues including the risks facing the Department in delivering its obligations under the Climate Change Act. Health and Safety Reports were provided to the Board throughout the year.

During the year one of the NEBMs attended Casework Committee meetings as an independent observer. 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. Another of the Non-Executives attended Taskforce meetings relating to the implementation of an Internal Audit Report on Animal Traceability.

The Board underwent an external verification as part of its annual effectiveness review. The purpose of the review was to ensure that Departmental Board is maximising its strengths and identify any areas for further development. The Board Members attended a dedicated workshop and discussed the findings of the review. An action plan has been developed to build on the board's strengths and address the areas identified for further improvement.

The Board received a presentation from the Equality Commission for Northern Ireland (NI) highlighting the importance of effective board-level leadership in discharging the Department's statutory obligation to promote equality of opportunity and good relations. The Commission praised the Department's commitment to learning and development and its videos showing the Equality Scheme in action.

The NEBMs also attended NI Civil Service Non-Executive Directors' Forum meetings throughout the year which provides a valuable opportunity for all NEBMs to share learning and their diverse experiences.

The Audit & Risk Assurance Committee (ARAC) is an established Departmental Board Committee comprising four independent members, two of which are NEBMs and two further independent members. One of NEBMs continues to chair ARAC. During the year Donald Henry's term as an independent member of ARAC came to an end. We would like to thank Donald for his contribution to ARAC over the past six years and also welcome newly appointed Robbie Davis to join Michelle Scott. As well as reviewing the Departmental Resource Accounts and European Agricultural Fund Accounts, ARAC contributes to the DB's overall process for ensuring that governance, risk management and internal control processes operate effectively. DB received regular reports on the work of ARAC.

ARAC met throughout the year with a mixture of face to face and online meetings taking place. At ARAC members received and considered regular reports on a number of standing items from: Internal Audit on completed reviews and on their forward plan; Finance Division on the Department's financial and budgetary position, whistleblowing cases, counter fraud activities, and the Corporate Risk Register position; and Senior Sponsor on ALB issues and Assurance Reports. Other items discussed and scrutinised during the year include: the Stewardship Reports; and the response, recovery and resilience control procedures that are in place to deal with a cyber security attack.

The Chair of ARAC liaised on a regular basis with the Chairs of the ARAC Committees of the Department's Agencies and Arm's Length Bodies and together with the Permanent Secretary, hosted a meeting a joint meeting of these Chairs.

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## Overview

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The purpose of this overview is to provide a short summary of the DAERA structure, purpose and performance during the year. It also sets out the key risks to the achievement of our objectives and how we have performed during 2022-23. It is designed to provide sufficient information for users to form a high-level understanding of our organisation and its performance.

DAERA operated under the direction and control of Minister Poots until 28 October 2022 when ministers ceased to hold office. In the absence of ministers, senior officers of the department, under the leadership of the permanent secretary, continued to discharge as best they can the functions of the Department, operating since December in line with the provisions of the Northern Ireland (Executive Formation etc) Act 2022 and the associated guidance on decision-making for NI departments published by the Secretary of State for Northern Ireland.

### Who We Are

DAERA and its agencies carry responsibility for environment, climate change and sustainability, food, farming, fisheries, forestry, and the development of the rural sector in NI.



\* Figures as at March 2023

## What We Do

### Services Delivered by DAERA in 2022-23

 <p>Management of a <b>DAERA ESTATE</b> comprising of over <b>860 buildings</b> spread across <b>240 sites</b> throughout NI.</p>	 <p>Provide a <b>VETERINARY SERVICE</b> for administration of animal health and welfare.</p>	<p>Lead on the <i>NI Executive's Green Growth Strategy</i> and climate change agenda, working with <i>all Government Departments and sectors</i> to reduce carbon emissions.</p> 
<p><b>Support and manage</b> the conservation, protection and enhancement of the <b>environment</b>, including access to and management of country parks and nature reserves.</p> 	<p>Publication of <i>official Environmental and Agricultural Statistics</i> &amp; provide evidence to support policy development.</p> 	<p>Assist the <i>sustainable development</i> of the agri-food, environmental, fishing and forestry sectors of the Northern Ireland economy.</p> 
<p>Ensure the <i>efficient and effective</i> processing of <b>subsidy and grant payments</b> so as to ensure that regulatory, scheme and timing requirements are met.</p> 	<p><b>PROTECTING</b> against and responding to outbreaks of animal, fish and plant disease.</p> 	<p>Oversight of Arms Length Bodies including:</p> 
<p>Provide <b>TRAINING AND FURTHER &amp; HIGHER EDUCATION COURSES</b> in the <i>agri-food sector</i>.</p> 	<p>Develop <b>NEW DIGITAL TECHNOLOGIES</b> to better deliver enhanced customer services.</p> 	<p>Through the <b>Rural Development Programme</b>, support sustainable economic growth in NI's rural areas, tackling poverty, promoting social inclusion and supporting rural communities.</p> 

## Purpose

**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. Our purpose is achieved through achievement of our four strategic priorities as set out

in "Sustainability for the Future – DAERA's Plan to 2050".

## DAERA's Four Strategic Priorities



Our business plan, supported by group and divisional business plans, set out the operational detail that contributed to the achievement of annual targets for 2022-23 and provided staff with a clear view of how their personal contribution during the year aided the delivery of an improved service to our customers and stakeholders.

### Organisation Structure

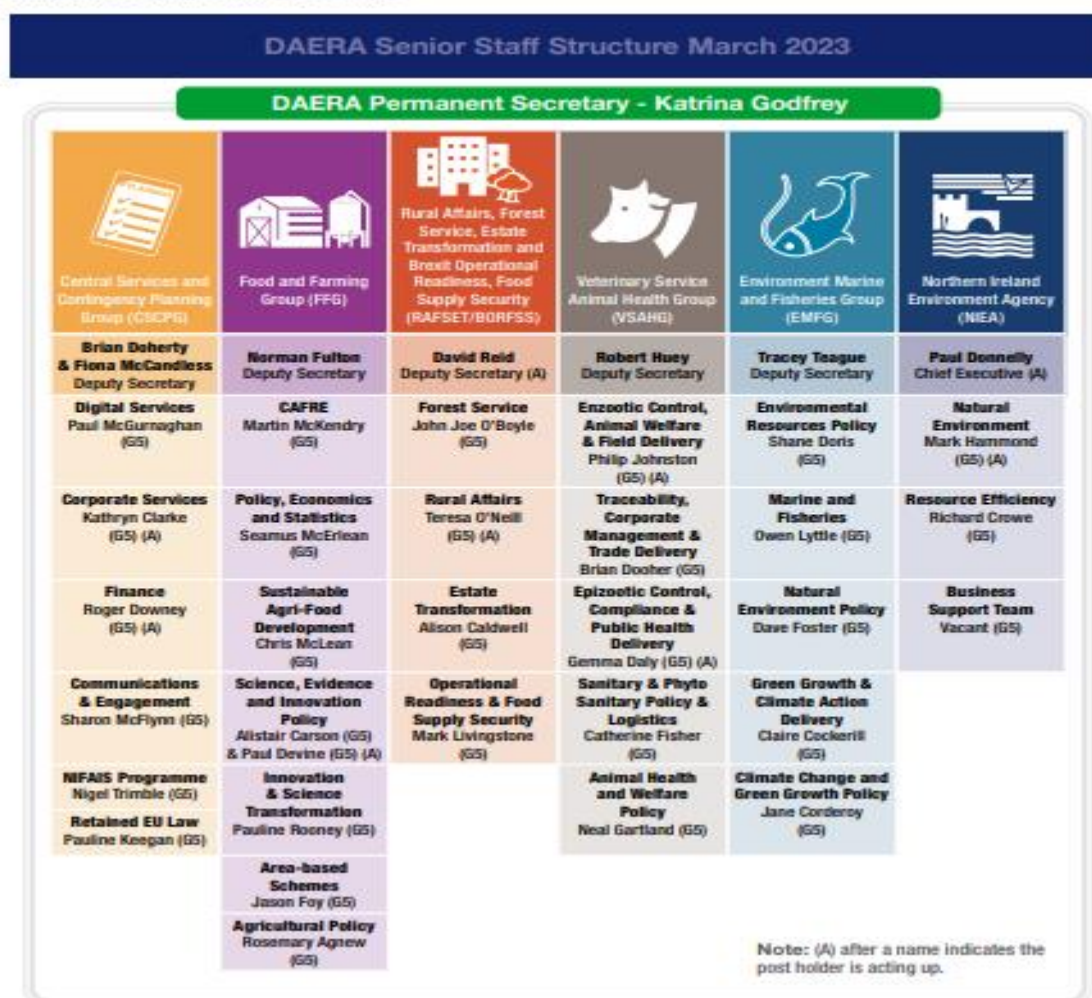
The core Department is structured into five groups. The Department also has two executive agencies: the Northern Ireland Environment Agency (NIEA) and Forest Service.

The NIEA's Accounts are included in the Consolidated Accounts of the Department. Forest Service was reclassified as a Non Financial Public Corporation for Accounts and Budgeting purposes from April 2020, by the Office of National Statistics (ONS) and accordingly its Accounts are no longer consolidated in the Departmental Group.




## DAERA Senior Staff Structure




### DAERA Senior Staff Structure



## Our Partners

Departments are required to produce a consolidated Annual Report for the first year of consolidation, which should include relevant information on the aims, activities, functions and performance of the Departmental group as a whole, including its ALB partners.

Arm's Length Bodies (ALBs)	Role of the Body
<p>Agri Food and Biosciences Institute (AFBI)</p> 	<p>AFBI is an executive non-departmental public body (NDBP) of the Department and an agri-food science organisation which exists primarily to provide DAERA with a range of statutory, surveillance, analytical and diagnostic scientific services, research and development and an emergency response capability. It also serves the agri-food and marine industries and wider community in a local, national, and international context by delivering high quality scientific services.</p>

Arm's Length Bodies (ALBs)	Role of the Body
<p>Livestock and Meat Commission</p> 	<p>The Livestock and Meat Commission for Northern Ireland (LMC) is an executive NDPB established to assist the development of the livestock and livestock products industries. The LMC mission statement is to support, examine and inform the marketing and development of the NI beef and sheep meat industry.</p>
<p>Northern Ireland Fisheries Harbour Authority</p> 	<p>NIFHA is also an executive NDPB which has a statutory responsibility for improving, managing and maintaining the three fishery harbours and harbour estates of Ardglass, Kilkeel, and Portavogie and for operating the facilities which are provided at these harbours. The Authority's mission is to facilitate sustainable wealth creation in the harbour areas for which it is responsible.</p>
<p>Loughs Agency of the Foyle Carlingford and Irish Lights Commission (FCILC)</p> 	<p>The Loughs Agency is one of six North South Implementation Bodies and aims to provide sustainable social, economic and environmental benefits through the effective conservation, management, promotion and development of the fisheries and marine resources of the Foyle and Carlingford Areas.</p>

### Agencies and ALBs

Under the Review of Financial Processes (RoFP), departments are required to produce a consolidated Annual Report for the first year of consolidation, which should include relevant information on the aims, activities, functions and performance of the Departmental group as a whole. This includes all ALBs and agencies. The table above provides information on the aims, activities and functions of each body. All publish their own Annual Report and Accounts and details of their respective performances can be found there.

### Other Bodies

The Council for Nature Conservation and the Countryside (CNCC) is an advisory NDPB and a statutory adviser to the Department on matters affecting nature conservation and the countryside.

We also fund enforcement activities carried out by the Gangmasters and Labour Abuse Authority (GLAA) in NI. The GLAA is a UK-wide arm's length body sponsored by the Home Office, which operates in NI under The Gangmasters (Licensing) Act 2004. The GLAA tackles

worker exploitation, tax evasion and health and safety negligence in agriculture, horticulture, shellfish gathering and the related food processing and packaging sectors.

### Business Plan Monitoring and Reporting Arrangements

Progress against our business plan targets was reported to the Departmental Board throughout the year. The Performance Analysis Section below sets out the position at 31 March 2023 in relation to each of the targets included in our 2022-23 Business Plan.

Of the total of 17 targets, four were achieved and 13 partially achieved. Achievement in many cases was not possible because of the absence of an Executive.

### Summary of performance against 2022-23 Business Plan Targets. (Highlighted colour reflects Year End Status)

Key Activity
Deliver a co-ordinated Green Growth approach to the challenge of climate change.
Protect & Improve our Environment for future generations.
Develop a co-ordinated cross departmental, strategic approach to food.
Champion the health and welfare of animals.
Contribute to develop a Circular Economy and deliver on the 'New Decade New Approach' commitment on plastic pollution.
Support and champion the sustainability and development of rural communities.
Lead by example in developing a Departmental (built) estate which aims to be net zero in terms of operational carbon emissions.
Continue to ensure the efficient and timely delivery of farm support whilst preparing for the transition to a new Agricultural Policy Framework Portfolio.
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.
Work across government and with stakeholders to ensure a resilient food supply into NI.
Maintain and enhance public health and international market access.
Ensure infrastructure is in place to support delivery of Sanitary and Phytosanitary (SPS) and other regulatory checks at NI Points of Entry.

**Key Activity**

Protect public health and the environment through delivering regulatory compliance and enforcement regimes.

Work to meet DAERA’s national and international obligations arising from EU withdrawal, promoting NI’s interests.













Commit to ensuring that the Department is a well led, high performing, outcomes focused and genuinely diverse organisation, which values its people.

Seek to achieve the best outcomes with your money.

Place high quality, leading-edge science evidence, enabling policy thinking and assurance of statutory requirements at the heart of DAERA.

**RAG Status Key:**      **Green – Achieved**  
                                  **Amber – Partially Achieved**

**Highlights of 2022-23**

<p><b>153<sup>rd</sup> Balmoral Show</b> took place at Eikon Centre in Lisburn where we <b>showcased the very best</b> of Northern Ireland’s agri-food and rural sectors.</p> 	<p><b>Record number of enrolments</b> in CAFRE Education programmes.</p> 	<p><b>10th Anniversary</b> of Farm Safety Week.</p> 
<p><b>The Climate Change Act (Northern Ireland) 2022</b> received Royal Assent in June. This sets a target of an <b>at least 100% reduction</b> in net zero greenhouse gas (GHG) emissions by <b>2050</b>.</p> 	<p><b>2022 Bathing Water Compliance report shows</b> highest ever number of NI’s <b>bathing waters</b> have met the best possible standard of <b>‘Excellent’</b>.</p> 	<p>DAERA supported <b>COP 15 Biodiversity Conference</b>.</p> 
<p>CAFRE Provided training to circa <b>28,000 participants</b>.</p> 	<p><b>£1 million</b> investment in a new <b>recycling facility</b> in Carrickfergus.</p> 	<p>Provided <b>Financial Support</b> to agri-food sector.</p> 
<p><b>Slieve Gullion Forest Park</b> awarded the <b>Best of the Best Community Woodland Award for the UK</b>, from the Royal Forestry Society (RFS).</p> 	<p><b>Drinking water quality</b> in Northern Ireland <b>confirmed</b> of a <b>high standard</b>.</p> 	<p>New <b>£1 million</b> Marine and Fisheries Division <b>Survey Vessel</b> procured.</p> 

## Corporate Risks

The key risks to the achievement of our corporate objectives are highlighted below with additional detail provided in the Governance Statement under the heading ‘Risk and Control Framework’.

The strategic risks were considered quarterly by Senior Responsible Officers (SROs), our Audit and Risk Assurance Committee and our Departmental Board. We worked hard to deliver mitigations for our strategic risks throughout the year to minimise the impact on delivery of strategic objectives. The Department carried out an emerging risk exercise every quarter which was reviewed by the Departmental Board.

Key Risk	Details
NI Protocol	Failure to ensure that the Department meets its obligations under the Ireland/Northern Ireland Protocol.
Food Supply and Security	There is a risk to disruptions in the security of our food supply chains and that we may not be able to keep food on our shelves and provide food for all in NI due to the combined impacts of COVID-19, EU Exit, the war in the Ukraine and the current Cost of Living Crisis.
Finance	There is a risk that: the funding available is insufficient or is not deployed or controlled effectively; the Corporate Objective to ensure 99%-100% of Resource and Capital expenditure is not met; and/or the associated expenditure has not followed proper approvals or guidance (e.g. Managing Public Money NI (MPMNI), Department of Finance (DoF) delegated limits) which could result in essential services not being maintained and the Department's strategic objectives not being progressed.
People and Resourcing	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.
Environment	There is a risk that we will fail to protect the Environment and deliver sustainability through Green Growth due to lack of

Key Risk	Details
	resources and the competing priorities of agriculture and environment, resulting in failure to meet DAERA's vision, Programme for Government (PfG) and statutory targets.
Climate Change	With passage of the Climate Change Act there is a risk that due to lack of collaboration and competing agendas facing NI departments that we will be unable to discharge our role effectively in meeting statutory obligations.
COVID-19	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 Risk – Animal Disease Control	Inability to contain and control an outbreak of Epizootic disease in a timely manner.
Enduring Risk – Information Assurance	Significant business impact resulting from ineffective Information Assurance.

# Performance Analysis

# Our Performance and Key Achievements for 2022-2023



**99%**  
of farm businesses full payment  
by the end of November  
- target surpassed.



**23,816**  
Direct Payment Recipients.  
Value **£296.7m.**



College of Agriculture,  
Food & Rural Enterprise  
delivered programmes to  
**13,304**  
people.



**£6.5m**  
in financial assistance  
provided to support  
fishing communities and  
the Northern Ireland fishing,  
aquaculture and seafood  
sectors.



fewer plastic bags  
dispensed which is  
**8.9% reduction**  
from last year.



Welcomed over  
**2.8m visitors**  
to NIEA parks and reserves.

**37,000** visitors to the  
**Portrush Coastal Zone** and  
**10 guided school visits**  
making a significant contribution to  
Ocean Literacy.



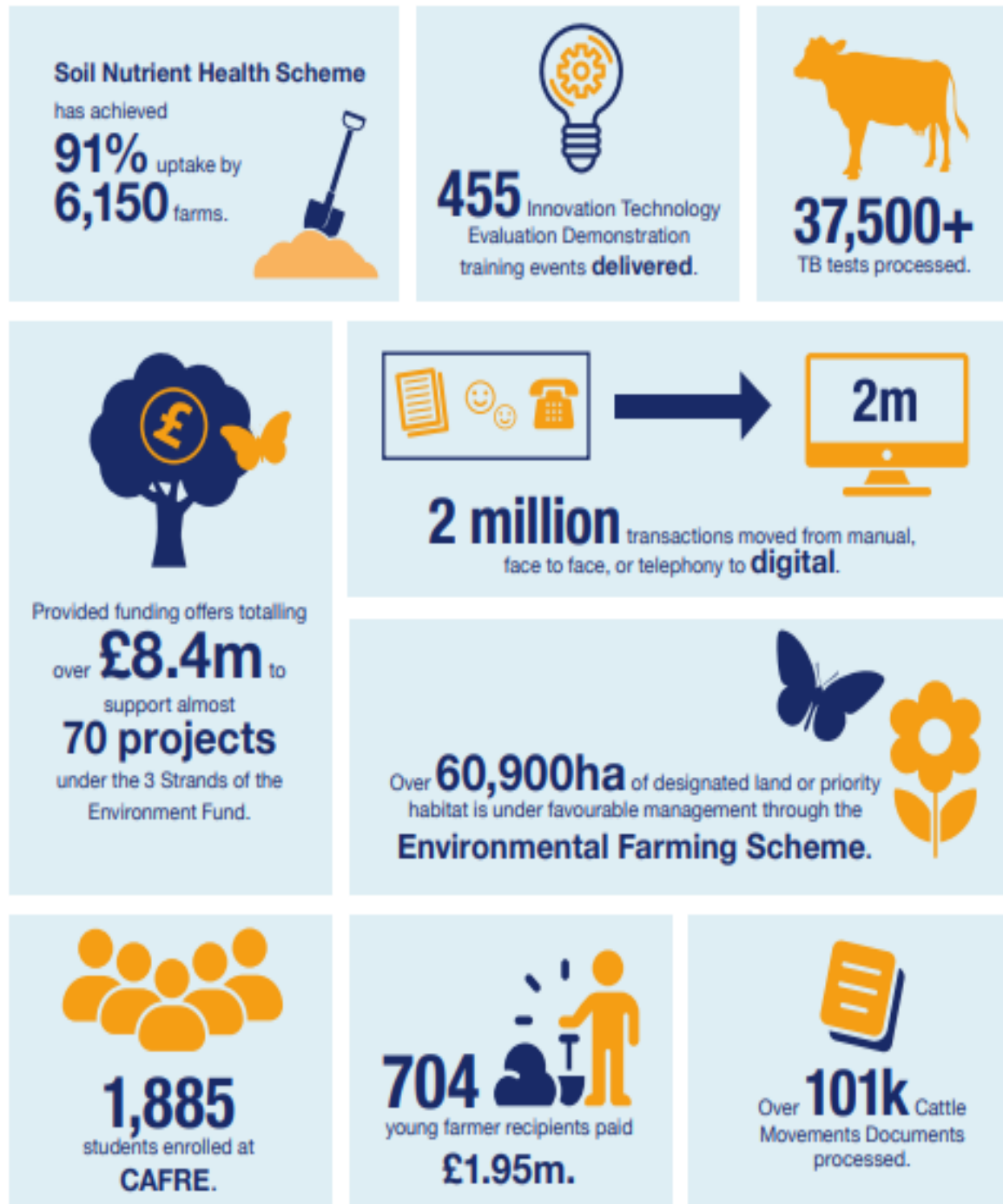
**1,434** students  
successfully completed a qualification at  
**Level 2 or above.**



TRPSI committed  
**£7.15m,**  
**179,000**  
people benefitted.



# Performance Summary for 2022-23



## The Departmental Business Plan

The 2022-23 DAERA Business Plan set out the key work planned by us during the year. A summary of the outcome at 31 March 2023 in relation to each of the targets included in our 2022-23 Business Plan can be found in the following section.

No	What we will do – include key performance indicators	Overall Target RAG Status – 31 March 2023	Final Year Progress and Actions taken to 31 March 2023
1	Deliver a co-ordinated Green Growth approach to the challenge of climate change.		<p><b>Target partially achieved.</b></p> <p>There was a lot of good work progressed this year. Work on a draft cross-departmental Green Growth Strategy is ready for presentation to a new Executive. A consultation on climate change reporting duties was launched.</p> <p>Work continued to develop Northern Ireland’s first three Carbon Budgets and first Climate Action Plan for consultation.</p>
2	Protect & Improve our Environment for future generations.		<p><b>Target Partially Achieved.</b></p> <p>Work continued on preparing key environment-related strategies for consideration by a new Executive. A draft Environment Strategy is ready for consideration and consultation was undertaken on a new Ammonia Strategy</p> <p>A draft policy statement on environmental principles has been prepared as required by the Environment Act 2021 but it has not been possible to finalise and publish the policy statement in the absence of an Executive.</p>
3	Develop a co-ordinated cross departmental, strategic approach to food.		<p><b>Target Partially Achieved.</b></p> <p>Work continued throughout the year to develop an implementation plan to support a new NI Food Strategy Framework. However, in the absence of an Executive, it has not been possible to agree</p>

No	What we will do – include key performance indicators	Overall Target RAG Status – 31 March 2023	Final Year Progress and Actions taken to 31 March 2023
			and publish the NI Food Strategy Framework.
4	Champion the health and welfare of animals.		<p><b>Target Partially Achieved.</b></p> <p>Work continued to implement the new Bovine Tuberculosis Eradication Strategy for NI in partnership with industry and other key stakeholders.</p> <p>Work also continued to develop s NI Equine Sector Strategy and a new Animal Health and Strategic Framework for NI.</p>
5	Contribute to develop a Circular Economy and deliver on the ‘New Decade New Approach’ commitment on plastic pollution.		<p><b>Target Partially Achieved.</b></p> <p>A draft Plan to Eliminate Plastic Pollution is in the final stages of development and will be consulted on later in 2023.</p>
6	Support and champion the sustainability and development of rural communities.		<b>Target Achieved.</b>
7	Lead by example in developing a Departmental (built) estate which aims to be net zero in terms of operational carbon emissions.		<b>Target Achieved.</b>
8	Continue to ensure the efficient and timely delivery of farm support whilst preparing for the transition to a new Agricultural Policy Framework Portfolio.		<p><b>Target Partially Achieved.</b></p> <p>Target partially achieved as not all Letters of Offer under Tier 2 of the Farm Business Improvement Scheme were issued by 31 March 2023.</p>

No	What we will do – include key performance indicators	Overall Target RAG Status – 31 March 2023	Final Year Progress and Actions taken to 31 March 2023
9	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.		<p><b>Target Partially Achieved.</b></p> <p>Forest Service continued to supply timber to the wood processing industry from well managed forests and planted 451 hectares against the target of 600 hectares of new woodland in 2022-23.</p>
10	Work across government and with stakeholders to ensure a resilient food supply into NI.		<p><b>Target Partially Achieved.</b></p> <p>Food Supply Security continues to regularly engage with stakeholders along the food supply chain to monitor the health of the supply chain for disruption, uncertainties and unanticipated changes in demand or supply.</p> <p>Food supply continued into NI, however we were unable to complete the full range of controls as required by Official Control Regulation (OCR) /Unilateral declarations.</p> <p>DAERA has initiated the Windsor Framework SPS Implementation programme to take forward the DAERA deliverables and support DEFRA who have overall delivery responsibility.</p>
11	Maintain and enhance public health and international market access.		<p><b>Target Achieved.</b></p>
12	Ensure infrastructure is in place to support delivery of Sanitary and Phytosanitary (SPS) and other regulatory checks at NI Points of Entry.		<p><b>Target Partially Achieved.</b></p> <p>The existing temporary contingency facilities at the Points of Entry have been maintained to support business as usual. However, the target date for constructing a temporary Product Inspection facility</p>

No	What we will do – include key performance indicators	Overall Target RAG Status – 31 March 2023	Final Year Progress and Actions taken to 31 March 2023
			was not achieved. Plans are in place to deliver this facility at Belfast by October 2023.
13	Protect public health and the environment through delivering regulatory compliance and enforcement regimes.		<p><b>Target Partially achieved.</b></p> <p>Whilst Cross Compliance Inspections on all required farm visits were completed by the 31 December 2022 all associated paperwork was not completed on time. This has now been cleared and sent to the paying agency for processing.</p>
14	Work to meet DAERA’s national and international obligations arising from EU withdrawal, promoting NI’s interests.		<p><b>Target Partially Achieved.</b></p> <p>Work continued on bringing forward required legislation and implementing 15 UK Common Frameworks within DAERA’s remit.</p> <p>14 of the 15 DAERA Common Frameworks are undergoing parliamentary scrutiny.</p> <p>The final framework has been agreed by all portfolio Ministers except DAERA, so it has not been published or laid for scrutiny.</p> <p>Colleagues continue to engage with other UK jurisdictions to manage divergence including UK Government review of retained EU law.</p>
15	Commit to ensuring that the Department is a well led, high performing, outcomes focused and genuinely diverse organisation, which values its people.		<p><b>Target Partially Achieved.</b></p> <p>The Department remained committed to our staff by ensuring that we continued to implement the People Survey Action Plan, the People Action Plan; and the Capacity and Capability Action Plan. The NICS People Survey for 2023 ran from 17 April to 17 May 2023 inclusive, DAERA scored an Employee Engagement Index (EEI) rating of 57%,</p>

No	What we will do – include key performance indicators	Overall Target RAG Status – 31 March 2023	Final Year Progress and Actions taken to 31 March 2023
			which is 3% higher than the overall NICS EEI. We will continue to work in the months ahead to build on our many strengths and to deliver improvements.
16	Seek to achieve the best outcomes with your money.		<b>Target achieved.</b>
17	Place high quality, leading-edge science evidence, enabling policy thinking and assurance of statutory requirements at the heart of DAERA.		<b>Target Partially Achieved.</b>  Target partially achieved as the independent review of internally delivered DAERA Science was not completed by 31 March 2023.

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

## FINANCIAL SUPPORT

<p>704 young farmer recipients paid £1.95m.</p>	<p>Target to pay 95% of farm businesses full payment by the end of November, surpassed - over 99% of eligible applicants receiving a payment.</p> <p>Full payment to 99.6% of eligible claims for Basic Payment.</p>	<p>£6.5m in financial assistance provided to support fishing communities and the NI fishing, aquaculture and seafood sectors.</p>	<p>The only UK region to pay full Direct Payments to farm businesses in September. 23,816 Direct Payment Recipients. Value £296.7m.</p>	<p>£2.6m financial assistance provided to support productivity and sustainability in the horticulture sector, dairy export promotion and school milk subsidy programmes under legacy EU schemes.</p>
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## EDUCATION AND TRAINING

<p>College of Agriculture &amp; Rural Enterprise (CAFRE) delivered programmes to 13,304 people.</p>	<p>Delivery of higher and further education programmes with 1,885 students enrolled in the 2022-23 academic year, representing continued growth on previous years.</p>	<p>1,434 students successfully completed a qualification at Level 2 or above. The table below reflects an 108% increase from 2020-21 to 2022-23.</p>																
	<table border="1" style="margin: 0 auto; border-collapse: collapse;"> <caption>Number of Students Enrolled at CAFRE</caption> <thead> <tr> <th>Year</th> <th>Students Enrolled</th> </tr> </thead> <tbody> <tr> <td>2020-21</td> <td>~3,500</td> </tr> <tr> <td>2021-22</td> <td>~4,500</td> </tr> <tr> <td>2022-23</td> <td>1,885</td> </tr> </tbody> </table>	Year	Students Enrolled	2020-21	~3,500	2021-22	~4,500	2022-23	1,885	<table border="1" style="margin: 0 auto; border-collapse: collapse;"> <caption>Student Qualifications</caption> <thead> <tr> <th>Year</th> <th>Students achieved qualifications</th> </tr> </thead> <tbody> <tr> <td>2020-21</td> <td>689</td> </tr> <tr> <td>2021-22</td> <td>1246</td> </tr> <tr> <td>2022-23</td> <td>1434</td> </tr> </tbody> </table>	Year	Students achieved qualifications	2020-21	689	2021-22	1246	2022-23	1434
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<b>EDUCATION AND TRAINING</b>		
By March 2023 31 Farm Innovation Visits (FIVs) training events delivered with 459 participants.	455 Innovation Technology Evaluation Demonstration training events delivered, with 4,359 participants.	23,200 farmers had participated in Farm Family Key Skills training programmes.
<b>ANIMAL HEALTH AND WELFARE</b>		
Highly Pathogenic Avian Influenza (HPAI) was confirmed in a captive bird collection at Castle Espie October 2022. The DAERA contingency plan for epizootic disease and control strategy for avian influenza were enacted. The disease was successfully eradicated as a result of the disease control actions and surveillance carried out. World Organisation of Animal Health zonal freedom from HPAI for NI was achieved from 31 March 2023.	Colleagues continued implementing the new Bovine Tuberculosis Eradication Strategy for NI in partnership with industry and other key stakeholders.	
<b>FORWARD LOOK</b>		
CAFRE's new College Estate Strategy 2030 was launched in October 2022. The strategy will use the CAFRE estate as a sustainable learning platform demonstrating the latest innovations to students and the wider agri-food industry.	Following the new agreed delivery approach and timeline for the Northern Ireland Food Animal Information System (NIFAIS), significant progress has been made with key milestones having been achieved.	
<b>FUTURE AGRICULTURAL SUPPORT</b>		
<p>DAERA's Future Farm Support and Development Programme sets a framework and principles for future delivery. It is composed of a number of workstreams which are developing policy interventions designed to deliver against its four key outcomes of increased productivity, environmental sustainability, improved resilience, and supply chain functionality.</p> <p>Substantial work has been ongoing on the development of the timeline for delivering the policy scheme products over the next number of years and there has been continued engagement with stakeholders both internal and external to ensure a co-design approach.</p>		

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

## ENVIRONMENT

The Climate Change Act (Northern Ireland) 2022 received Royal Assent on 06 June 2022. 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 set under the Act.

Policy development work and stakeholder engagement work progressed in respect of climate change public body reporting legislation. This included a series of pre-consultation engagement sessions (via a series of sectoral workshops) with a wide range of public bodies in November and December 2022.

In early 2023, DAERA initiated the development of a Blue Carbon Action Plan for NI and a review of the Marine Protected Area Strategy in partnership with stakeholders. Both initiatives are key to addressing the challenges presented by biodiversity loss, climate change and the goal of restoring our natural capital, complementing the Green Growth Strategy.

The Environmental Farming Scheme helps to protect and enhance habitats, biodiversity, water quality and to sequester carbon. Over 5,000 farm businesses are participating in the scheme. Over 60,900 hectares of designated land or priority habitat is under favourable management. Conservation Management Plans for 47 environmentally designated sites were completed in 2022.

## GREEN GROWTH

A consultation report on the draft Green Growth Strategy was published in October 2022. The Green Growth Strategy is the NI Executive's multi-decade strategy, balancing climate, environment and the economy in NI. The Green Growth approach 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.

## RECYCLING

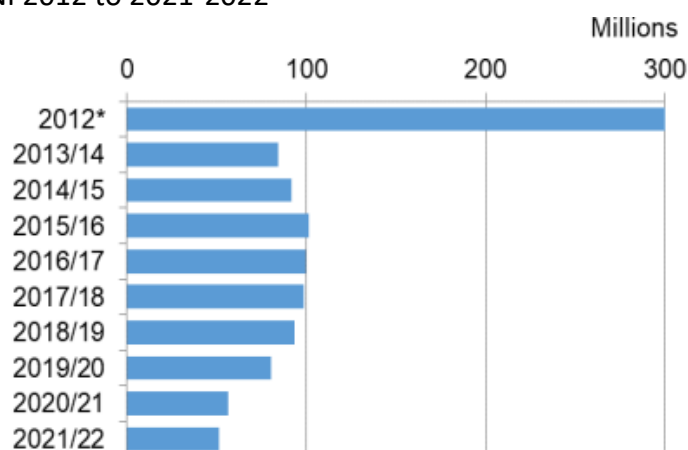
NI annual household waste recycling rate for 2021-22 was published on 01 December 2022, with the rate reported at 50.1%, reflecting a 0.8% drop on the previous year. To date £4.9m has been committed to six local councils for nine projects This will result in reducing waste sent to landfill annually by an estimated 11,000 tonnes and save around 10,800 tonnes of CO2 per year.



The annual statistics published on 18 August 2022 outlined that there was 5m fewer bags dispensed which is an 8.9% reduction from the previous year. New regulations came into operation on 01 April 2022. The main changes are that the levy has increased from 5p to 25p and will apply to ALL bags costing £5 and below.

### Carrier bags dispensed by year

NI 2012 to 2021-2022



\*estimated figure for 2012 calendar year.

Note: The scope of the carrier bag levy was extended during the last quarter of 2014/15. This contributed to the increases shown in reported bag numbers after 2013-14.

## AIR

Local councils were offered funding of £0.2m to assist with the monitoring and improvement of local air quality.

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.

We began development of NI's first Clean Air Strategy using responses from our public discussion document.

We have consulted on NI's first draft Ammonia Strategy. Responses will help us plan the way forward to reduce ammonia emissions from agriculture. Ammonia emissions have adverse effects on nature and public health, and we must take action to support our local farm businesses and rural communities and help them to thrive and be sustainable, while at the same time protecting our environment.

By working together with the Education Authority, Department of Health (DoH), and Department of Education (DE), we informed 3,500 primary school children about steps they can take to improve air quality and make a difference to our health.

## WATER QUALITY

The 3<sup>rd</sup> cycle River Basin Management Plan has been developed and subject to Executive approval the Programme of Measures within the plan will assist with delivery of the work needed to improve the overall water quality in NI.

## MARINE AND FISHERIES

We completed three coastal change surveys which has helped to create a high-quality baseline of data, for the entire coastline of NI, to assist future coastal management decisions.

Working to produce a fully updated and finalised Marine Plan for NI which will provide the sustainable policy framework for public authorities.

River habitat improvement measures designed to increase the carrying capacity of waters for juvenile and adult Salmon and Trout have been developed and implemented across a number of river catchments.

37,000 visitors to the Portrush Coastal Zone and 10 guided school visits.

## NUTRIENT EFFICIENCY

The Soil Nutrient Health Scheme has achieved 91% uptake by 6,150 farm businesses within its first delivery Zone in 2022-23. This provides investment of £8m towards the free-to-farmer soil sampling and analysis scheme, driving efficiency through effective nutrient management on farm. Online training will assist farm businesses to interpret soil analysis results and understand the importance of carbon on NI farms.

## COUNTRY PARKS

NIEA welcomed over 2.8m visits to its parks and reserves in 2022.

## FUNDING

We provided significant funding to allow a new independent environmental oversight body, the Office for Environmental Protection (OEP), to become established in NI. The OEP has extensive powers to hold public authorities to account for the proper implementation of environmental law.

Provided funding offers totalling over £8.4m to support almost 70 projects under the three Strands of the Environment Fund.



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

## LEADER

LEADER is an EU Programme worth £70m over the Rural Development Programme. £947k was paid out to the remaining projects during 2022-23.

The 'LEADER' initiative has brought benefits to rural areas across NI with £61.7m project funding being committed to 1,011 projects benefitting Rural Businesses, Community and Voluntary Sector and Councils.

To date 1,177 Full Time Equivalent (FTE) jobs have been created under the Rural Business Investment Scheme and just over 240,000 of the rural population benefitting from new or improved community facilities through the Rural Basic Services Scheme and Village Renewal Scheme.

## RURAL SUPPORT

The Farm Business Improvement Scheme includes tiered capital investment to farmers and growers to invest in construction, equipment and machinery. The final tranche of Tier 1 opened and all letters of offer issued worth £10m.

The Agri-Food Co-Operation Scheme has issued 74 letters of offer to local operational groups to support the integration of primary producers into the food chain through quality schemes, promotion in local markets and short supply chains. The scheme has made available a support package worth £2.1m.

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. There was a scheme spend of £1.6m during 2022-23.

## RURAL NEEDS

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.

During 2022-23 £7.15m was committed to TRPSI which led to 179,000 rural people benefitting from the initiative.

We published the 5<sup>th</sup> Rural Needs Annual Monitoring Report in December 2022.

We provided five training sessions for Rural Needs Co-Ordinators in Public Authorities.

We held two Rural Needs Network sessions to encourage co-operation between Public Authorities.

# **Strategic Priority 4 – Exemplar**

**Organisation – To be  
an exemplar, people-  
focused organisation,  
committed to making  
a difference for the  
people we serve.**



## DIGITAL SERVICES

This year, DAERA’s digital transformation portfolio has enabled channel shift resulting in:

- 2m new digital transactions
- 2.9m unnecessary process steps removed
- 57k working days saved
- 69k new digital correspondence

The digital transformation portfolio has also enabled the successful implementation of priority business outcomes across the Department.

12 DAERA Direct Offices provided digital assistance by processing:

- 37,500+ TB tests;
- 80,000+ Front Office Transactions;
- 1,000+ Cattle Identification Inspection Tests;
- 75,000+ Cattle Births;
- 6,000+ Cattle Deaths;
- Over 101k Cattle Movements Documents; and
- 30,000+ Map Edits.

DAERA is ensuring food supplies and other key goods continue to move to NI, by developing a digital end to end system that will support the range of checks required though the design and implementation of permanent infrastructure at the NI Points of Entry.

## HUMAN RIGHTS AND STATUTORY EQUALITY OBLIGATIONS

The Department is committed to being a diverse and inclusive organisation. We continued to meet our statutory equality duties under Section 75 of the Northern Ireland Act 1998.

The Department’s Diversity and Inclusion Action Plan highlights its commitment to diversity and inclusivity and incorporates the key actions and values contained within the NICS Plan.

## STAFF

Our Staff Engagement and Leadership Forum acts as a communication platform for all employees, enabling them to voice their ideas as well as their concerns. Members of the Forum delivered a very successful Leadership Week across the Department.

## ANTI CORRUPTION AND BRIBERY

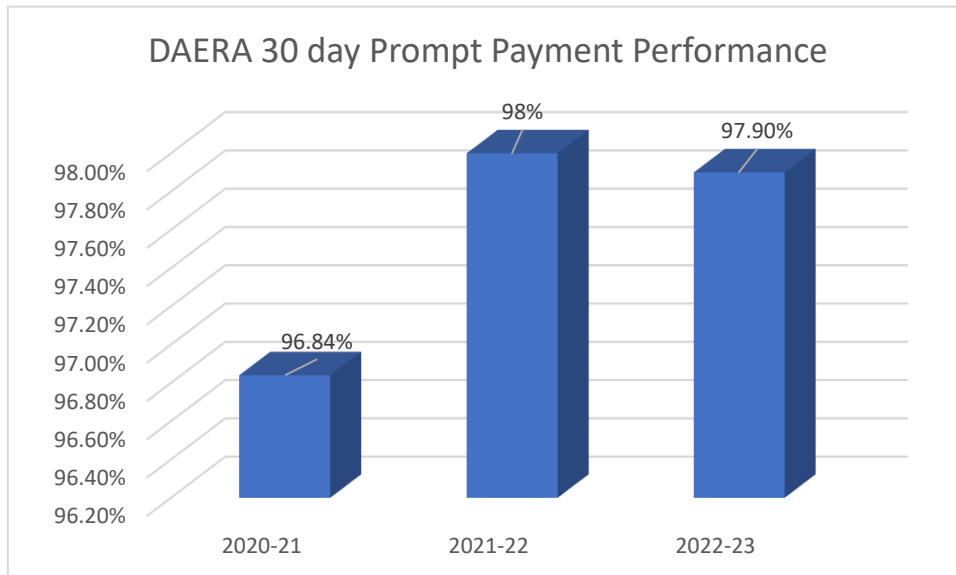
The [NICS Standards of Conduct](#) sets the Principles, Code of Ethics, Core Values that are expected of all staff within the Department. The NICS Standards of Conduct also covers bribery and corruption. We are committed to maintaining high ethical standards and do not tolerate fraud, bribery, any form of corruption, illegal or unethical activity. To support and promote the core values of integrity, honesty, objectivity and impartiality the Department has policies, procedures and quarterly reporting in relation to acceptance of Gifts and Hospitality reported to the Accounting Officer; and Counter Fraud Strategy and Raising a Concern policy reported to ARAC.

## SCIENCE

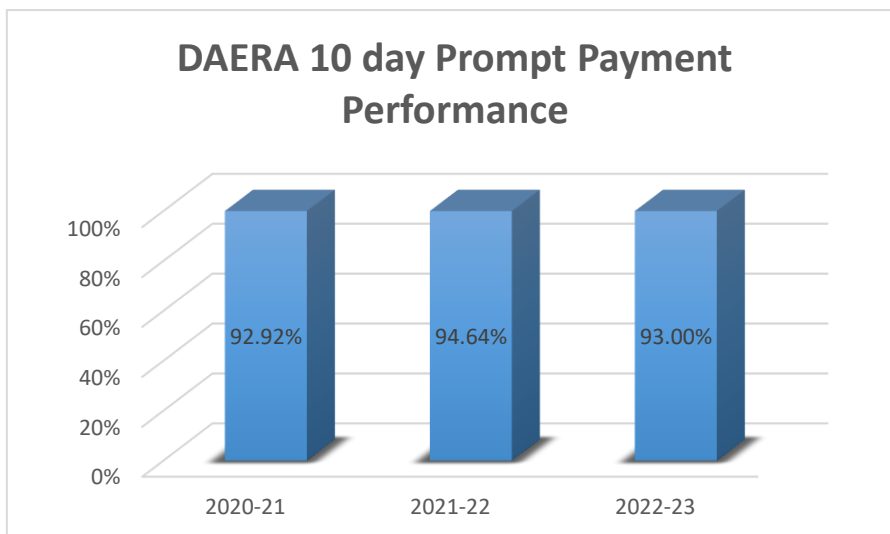
The Department is committed to placing high quality, leading-edge science evidence, enabling policy thinking and assurance of statutory requirements at the heart of DAERA, through implementing the DAERA Science Transformation Programme. In 2022-23, milestones achieved included the agreement of science operational strategies and the initiation of their implementation. An externally led review of internally delivered DAERA science is also underway.

## PAYMENT OF SUPPLIERS

We are committed to the prompt payment of bills for goods and services received. During 2022-23, 97.9% of our bills were paid within 30 days. The chart reflects our payment performance from 2020-21 to 2022-23.



During 2022-23, 93% of our bills were paid within the 10-day target, as shown in the chart.



## DAERA ESTATE

Capital projects in the Department's Estate Transformation Programme have been progressed during the course of the year, and work was undertaken to facilitate New Ways of Working across our Departmental office estate.

## LEGISLATION

A DAERA Legislative Programme Board was reconstituted in October 2022. The Board's primary objective is to ensure that the Department's primary and secondary legislative programme is developed in a manner that reflects the Department's obligations under national and international law and DAERA's strategic priorities.

The Department continued to monitor UK wide and NI domestic legislation to ensure NI's continuing alignment with EU regulations, where required under the NI Protocol, and movement to business as usual.

## Significant Issues facing Department in 2022-23

### 1. Resourcing & People Management

The Department faced significant challenges matching its ambitions for delivery of outcomes with the funding and availability of staff to deliver these.

### 2. Bovine Tuberculosis (bTB)

DAERA has a statutory obligation, through both domestic and EU legislation, to have a bTB control programme. The programme is essential for our continued access to trade, to improve animal productivity and sustainability, and for public health.

The current bTB Control Programme underpins the ability of NI's livestock sectors to trade internationally. In 2020, NI had sales of processed food to external markets worth £4.2b, of which external sales of milk and milk products were estimated to be worth £913m, and external sales of beef and sheep meat products were just under £1.2b.

The herd incidence of Tuberculosis (TB) for the reporting period was over 10% and is at the highest level since just after the Foot and Mouth outbreak over twenty years ago. DAERA is required under statute to pay compensation at market value for animals they direct to be removed.

The additional funding (increase on the Contingency Planning Envelope) that DAERA received in the Secretary of State for NI's Written Ministerial Statement (WMS) on Budget 2022-23 helped to cover this pressure along with further proactive financial management within the Department.

### 3. Avian Influenza

Avian Influenza season has seen an unprecedented level of the highly pathogenic disease outbreak in Northern Ireland and across Ireland, England, Scotland and Wales.

On 28 November 2022 a mandatory housing measure for all kept poultry came into force across NI in a bid to combat the growing threat of avian flu. This order was subsequently lifted in April this year and, as a result of the precautions taken, NI largely escaped a large-scale outbreak.

### 4. Cost of Living Pressure

As part of the Budget Process, DAERA advised the Department of Finance (DoF) in June 2022 of forecast Cost of Living pressures for the 2022-23 year of £6.6m. Following a proactive approach to mitigating these pressures the pressure was revised down to £3.2m in November.

The additional funding (increase on the Contingency Planning Envelope) that DAERA received in the Secretary of State for NI's WMS on Budget 2022-23 helped to cover this pressure along with further proactive financial management within the Department.

Increases in various energy sector prices created a significant pressure for the Department in the 2022-23 financial year.

Similarly, increased costs of materials placed pressure on the various maintenance contracts across the DAERA estate to ensure facilities were kept up to the appropriate health and safety standard.

#### **5. Absence of an Executive**

The absence of an Executive and a sitting Assembly is a challenge faced by all NICS departments, not least as it meant there was no opportunity for departments to be guided by an agreed PfG and no agreed budgets for 2022-23 until the Secretary of State's intervention in November.

DAERA worked with colleagues in DoF on contingency planning envelopes for this year, to allow for clearer planning. We also continued to work with colleagues across the NICS on cross cutting areas to ensure agreement at official level.

#### **6. Food Supply and Security**

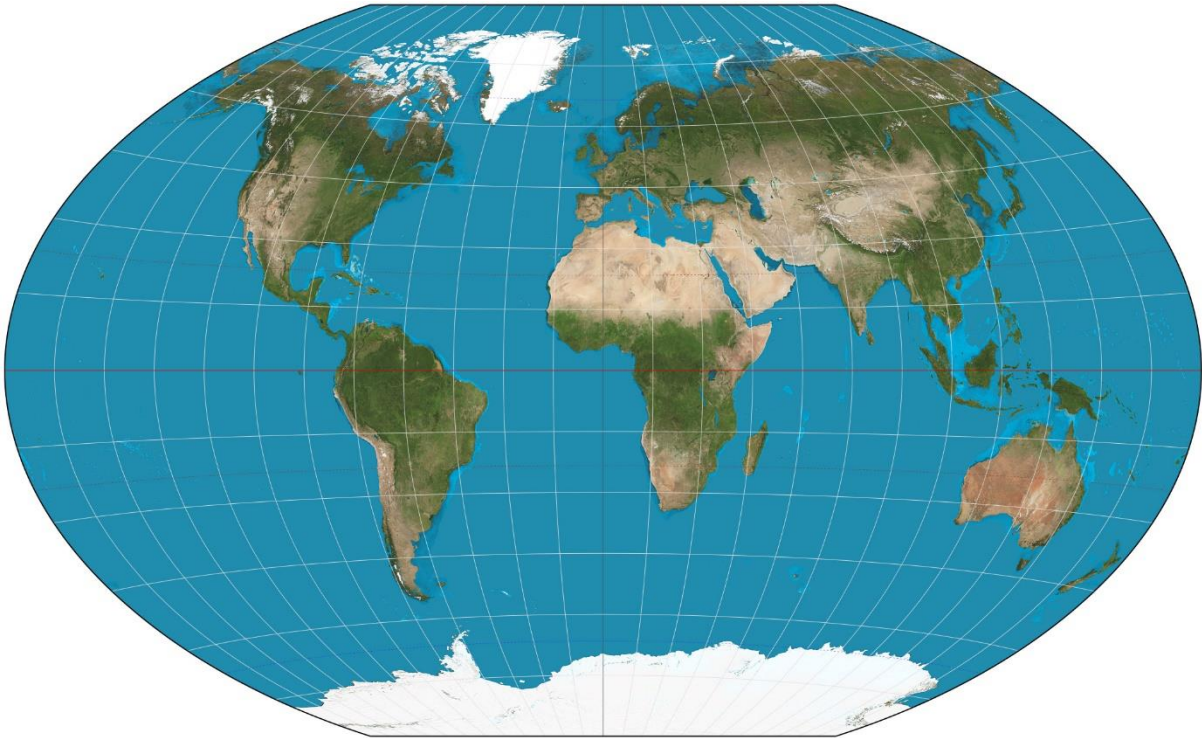
DAERA faced the real risk of keeping food on Northern Ireland shelves due to disruptions in the security of our food supply chains due to the ongoing impacts of EU Exit and the war in Ukraine.

In meeting this challenge, we established a Food Observatory to provide assessments of food supply security and summarise the level of confidence we have in securing food supply for NI both in the immediate and longer term.

#### **7. Protecting Against and Responding to Emergencies**

We continued to discharge our responsibilities to protect against and respond to outbreaks of animal, fish and plant disease and had a key role in responding to Food Security and Food Safety emergencies. DAERA is also the lead department for the response to a radiological or nuclear incident.

Throughout 2022-23 DAERA has continued engagement with stakeholders in relation to emergency response and developing situations which affect its remit. This work included hosting an Agri-Food Stakeholder Forum to keep abreast of industry views and concerns, initially on EU Exit and more recently on the impacts of the conflict in Ukraine. We participated in Civil Contingencies and Co-ordinate, Command and Control (C3) Structures, maintaining a vital link into The Executive Office (TEO) for escalation of any priority issues which affect the people we serve and work with.



### Sustainability

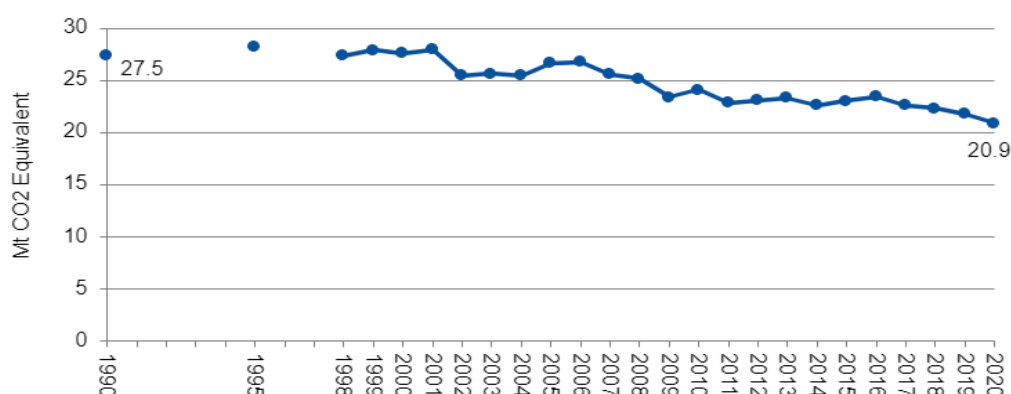
Key sustainable development milestones for DAERA are summarised as follows:



## Climate Change

The Climate Change Act (Northern Ireland) 2022 received Royal Assent on 06 June 2022. This was NI's first piece of Climate Change legislation and committed the region to net zero greenhouse gas emissions by 2050. DAERA began preparation of the NI Climate Action Plan to set out NI's approach to meeting the first carbon budget for 2023 to 2027. This will include policies and proposals submitted by all departments, including those which address the impact on greenhouse gas (GHG) emissions of planned agriculture, fisheries, waste, and land-based mitigation activities.

### Total greenhouse gas emissions in Northern Ireland, 1990 - 2020



Note: Given the small differences involved, 1990 refers to 'base year' estimates as provided by the Greenhouse Gas Inventory.

The table above shows the base year is 1990 for carbon dioxide, methane and nitrous oxide, and 1995 for the fluorinated gases. In 2020, NI's total greenhouse gas emissions accounted for 5% of the UK total, higher than its population share of 3%. Since the base year, NI's total greenhouse gas emissions have decreased by 24% from 27.5 to 20.9 million tonnes of carbon dioxide equivalent (MtCO<sub>2</sub>e).

DAERA has engaged the UK Climate Change Committee to undertake an expert independent assessment of the over-arching NI Climate Change Adaptation Programme which sets out the policies / proposals NI Executive departments are taking in response to the UK Climate Change Risk Assessment. The independent review looks across all climate change risk areas and will provide an assessment of the effectiveness of action taken in adapting to climate change.

DAERA has supported Keep Northern Ireland Beautiful (KNIB) to develop and deliver climate change awareness materials for use by schools and community groups. As part of the wider package of work with KNIB a bespoke 'Climate Smart for Civil Servants' training course has been developed which has been delivered to over 170 DAERA staff to date with further courses being planned.

Since 'Forest for our Future' was launched, we have planted 1,300 hectares of new woodland which is an example of the mitigations we are taking to Climate Change.

## Green Growth

Following consultation on a draft Green Growth Strategy, a consultation report was published on 22 October 2022. Included in the Green Growth principles which underpin the draft strategy to achieve net zero are: respecting our planet by restoring and protecting natural capital; reducing GHG emissions by replacing fossil fuels with renewable energy sources; and reducing the wasteful use of resources through greater efficiency and an increasingly diverse circular economy.

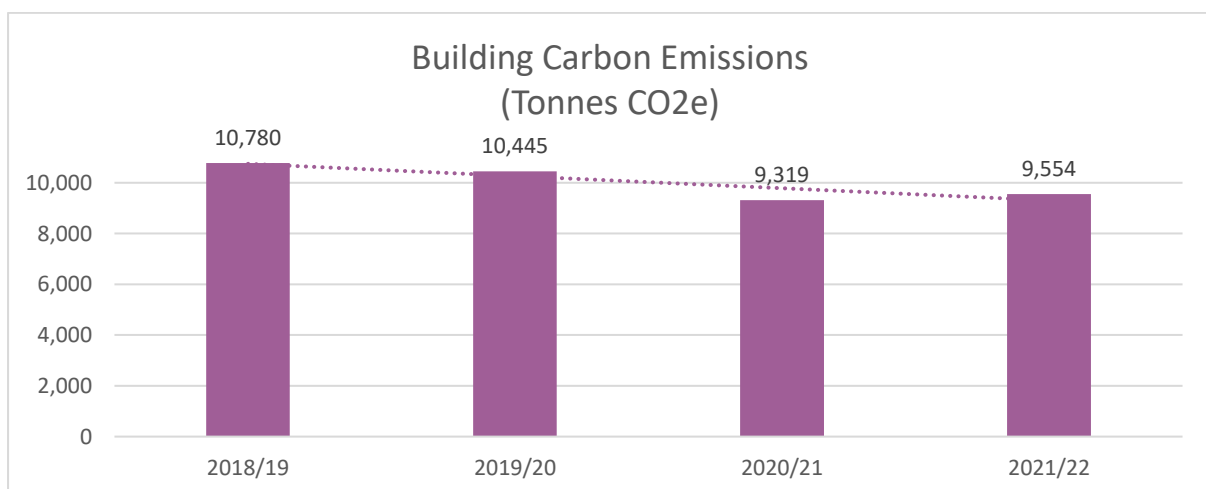
## DAERA Estate Sustainability Action Plan

DAERA has agreed an Estate Sustainability Action Plan for the Built Estate (2022-27). The Plan set out the actions being taken under a number of key themes to help reduce the Department's carbon footprint and to contribute to achieve Net Zero carbon emissions by 2050. Work has also been undertaken across the range of estate new build projects to reduce their operational carbon footprints when constructed.

On energy usage DAERA has been working towards reducing our overall carbon emissions costs. Across the four areas of energy usage, the breakdown is electricity (38%) and Gas/LPG (35%) with these two sources accounting for nearly three quarters of the energy consumed, followed by oil (22%) and renewables (5%).

There is an ongoing upward trend in Gas/LPG usage which is contributing to lower emissions being reported across that period. The switch to 100% BioLPG in August 2022 under DoF's collaborative contract is projected to provide emissions savings of up to 68% over normal LPG and reduce our overall carbon emissions.

The overall DAERA emissions reported over the last four years in tonnes CO<sub>2</sub>e are showing a downward trend which equates to an 11% reduction in emissions over the period 2018 to 2022. These figures are calculated in line with the Department for Business, Energy and Industrial Strategy (BEIS) factors used to calculate carbon emissions.





### Sustainable Initiatives

DAERA launched a Small Business Research Initiative (SBRI) competition on the sustainable use of livestock slurry. Applications had to address the core aim of nutrient separation / processing of livestock slurry (particularly from cattle and pigs) to reduce surplus phosphorus within NI agriculture and ensure efficient recycling of organic nutrients.

We have legislation in place to preserve existing environmental standards and protections as well as arrangements to continue to regulate those areas.

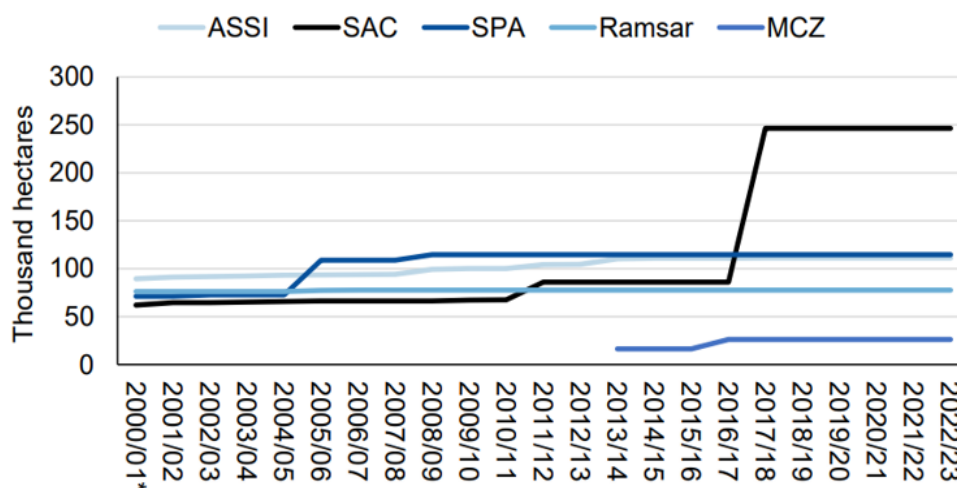
Implementation of the Plastic Reduction Action Plan has removed unnecessary single use plastics from across the government estate. All in scope products have been eliminated or replaced with environmentally friendly alternatives.

### Nature Recovery

NIEA has progressed initiatives and funded projects in support of Nature Recovery and Action Planning. Designated Sites will help form core elements of Nature Recovery Networks. To date, 47 draft Conservation Management Plans (CMPs) for our Special Areas of Conservation (SAC) have been completed. All plans have been developed using a common approach consisting of development of a habitat map, identification of the pressures and threats, stakeholder engagement and subsequent development of appropriate management actions. Work is continuing with partners to deliver the remaining plans and prepare completed draft plans for sharing with delivery partners.

### Nature Conservation Designations

Area of nature conservation designations, 2001/01- 2022/23



Source: NIEA \* These figures include all conservation designations up to and including 2000-01.

Identifying and protecting areas of special nature and geological interest has been a cornerstone of conservation action on land in NI over the last 50 years, and at sea from the mid-2000s. Areas which are particularly important for certain species, habitats or earth science features have been formally designated in accordance with a number of pieces of

national and international legislation, into one or more of the designations displayed in the above chart.

These are areas of protection which aim to retain and enhance the nature conservation value of these species and habitats, and therefore their associated wider ecosystem benefits too. The ongoing protection and management of this network of sites ensures that important natural and cultural assets can be enjoyed by this and future generations. By 31 March 2023, a total of 111,159 hectares across 394 sites were declared Areas of Special Scientific Interest (ASSI). 246,300 hectares across 58 sites were declared SACs and 114,600 hectares across 16 sites as Special Protection Areas (SPAs). 77,700 hectares across 20 sites were declared as Ramsar sites (areas of wetland and waterfowl conservation), and 26,178 hectares across five sites as Marine Conservation Zones (MCZs).

### Environment Fund

The Environment Fund also supported climate adaptation projects. A new Environment Fund to cover 2023 to 2028 was also developed by NIEA in 2022-23 and two Environmental Impact Priority areas were identified for new strategic strand projects:

- Nature and Climate Recovery: Building Ecological and Climate Resilience; and
- Connecting People with the Environment.

These included projects which contribute towards:

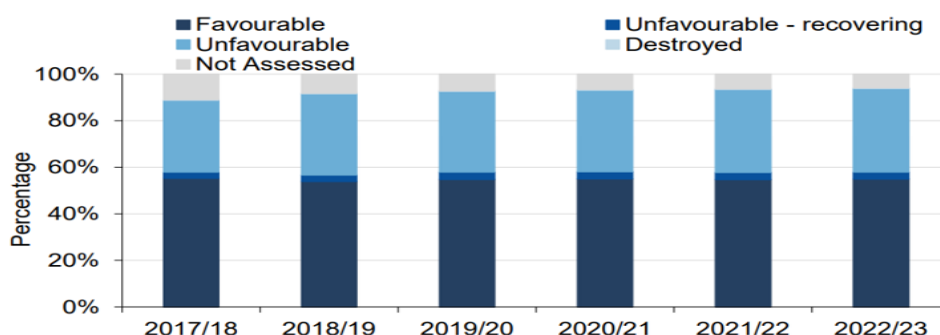
- Landscape, water, habitats, species, and earth science condition maintained or improved and extent increased;
- Development and delivery of management measures which significantly contribute to maintaining and increasing the area of protected area in favourable condition;
- Developing Nature Recovery Networks; and
- Providing climate adaptation and resilience.

### Successful projects should commence in 2023-24

NIEA is committed to the wildfire management and mitigation of wildfires and during the year published a consultation on the Strategic Way Forward for the management of Wildfires in NI. This will contribute further to Climate Change Adaptation.

### Protected Sites

#### Conditions of features within Marine and Terrestrial protected sites, 2017/18 – 2022/23



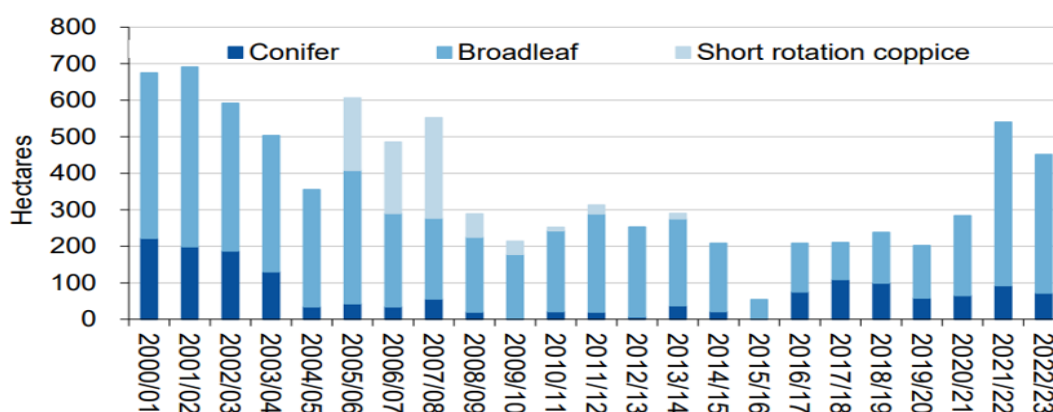
Protected sites have been designated based on specific qualifying features, namely species, habitats and geological features. A site will have at least one, and often multiple, features of interest. To comply with the parent legislation, regular monitoring of and reporting on the features is required, to assess their condition. This is undertaken within a six-year cycle.

The most up-to-date figures for the 2022-23 reporting period highlight that 55% of all features are in favourable condition, 36% are in unfavourable condition, 3% are unfavourable-recovering and less than 1% are destroyed. 6% of features have not had a formal condition assessment, and so a feature condition assessment cannot be determined for these features.

When split into habitats, species and earth science features and assessed, 38% of habitats and 57% of species features are in favourable condition, compared to 94% of earth science features in favourable condition. This reflects the relative stability of geological features compared to the increasing pressures on the natural environment, contributing to the comparatively lower percentages for habitats and species features.

### Forest cover

Area of new forest and woodland plantings by private landowners supported by grant aid and NI Forest Service planting, 2000/01 – 2022/23



In NI, over 52% of forests and woodlands are managed by Forest Service. Grant support to encourage afforestation and sustainable management of non-Forest Service woodlands is provided by forestry measures in the 2014 to 2020 Rural Development Programme. In 2022-23, 451 hectares of new woodland (72 hectares conifer and 379 hectares broadleaf) were planted and part funded by the European Commission under the Forestry Grant Schemes.

### Future Plans

‘Sustainability for Our Future - DAERA’s Plan to 2050’ is an ambitious plan that frames our work for the next three decades, highlighting the strategic priorities it aims to deliver in improving the lives of our people, supporting our communities and businesses and in continuing to protect and enhance our natural environment. The plan outlines our roadmap to sustainability for the future which includes the Green Growth Strategy. This Plan to 2050 will be supported by the Department’s various multi-year strategies 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-deliver.

DoF is responsible for management of the NI Executive Budget process in line with a budgetary framework set by HM Treasury.

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

- Annually Managed Expenditure (AME); and
- 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 HM Treasury.

As DEL budgets are understood and controllable, HM Treasury sets firm limits for DEL budgets for Whitehall departments and Devolved Administrations (DA) 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.

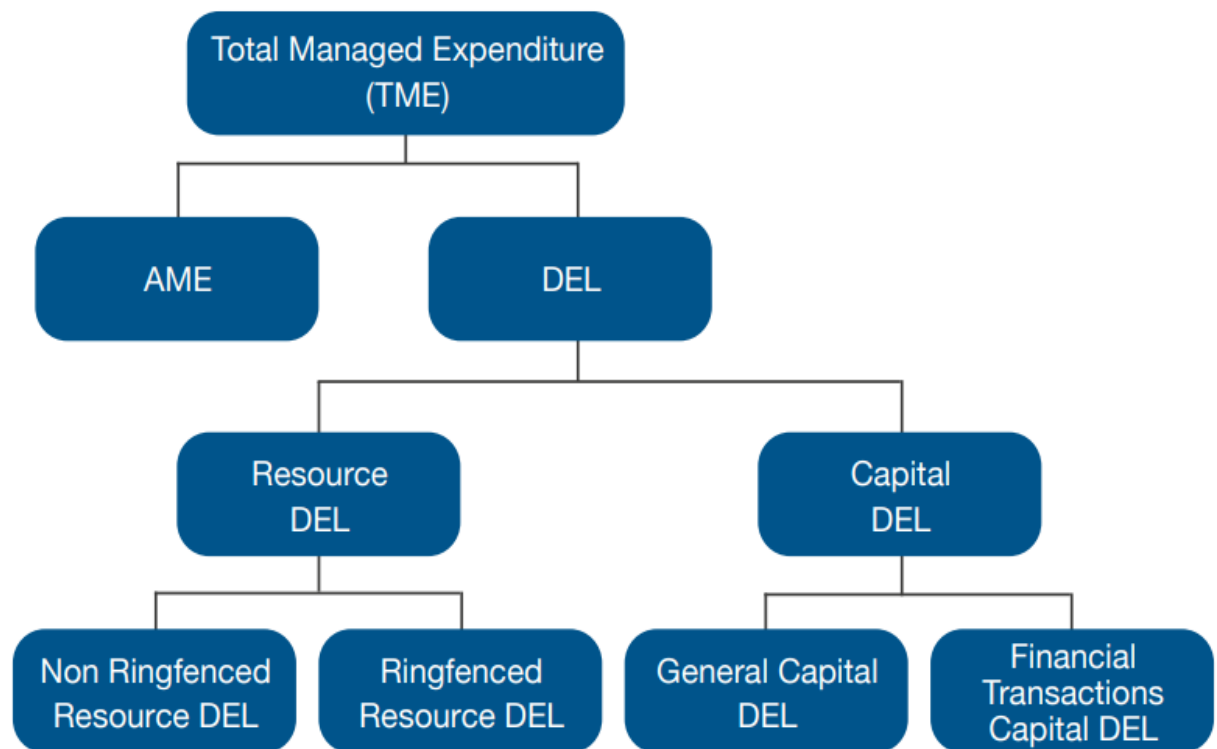
DEL budgets are classified into resource and capital.

- Resource DEL is 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. Consolidated budgeting guidance 2022 to 2023 - GOV.UK ([www.gov.uk](http://www.gov.uk)).

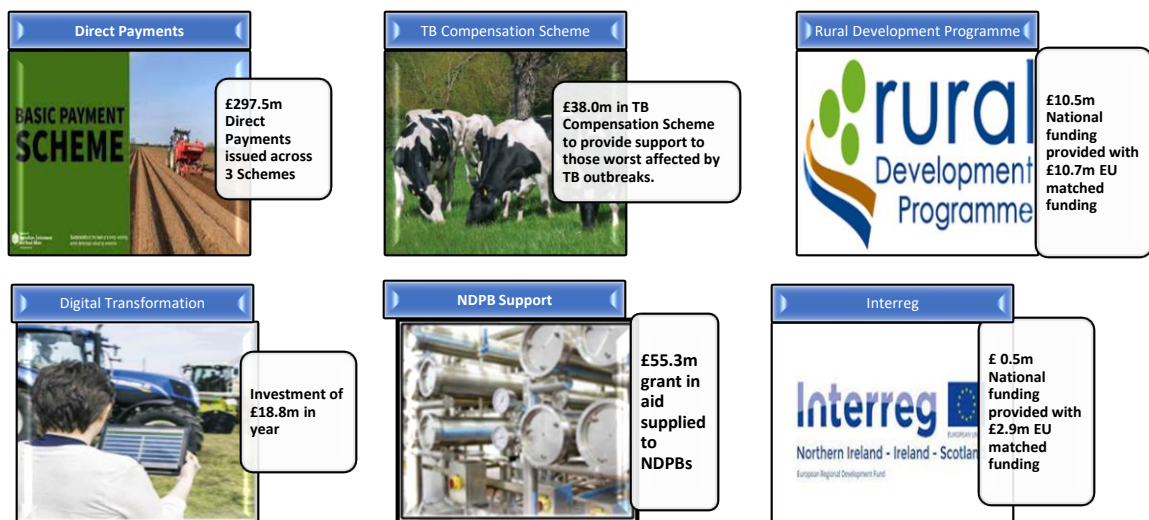
Previously the information contained within budgetary controls did not read directly to financial information presented in Financial Statements due to a number of misalignments. The Executive's Review of Financial Process (RoFP), which was implemented in 2022-23, has helped to address these differences and improve transparency. Further information on the Executive's Review of Financial Process can be found on the Northern Ireland Assembly website.

## Budget Structure



## DAERA Financial Performance 2022-23

Robust forecasting and financial management processes have underpinned our Resource DEL Provisional Outturn (PO) of 99.9%, Capital DEL PO of 99.9% and total DEL PO of 99.9% for 2022-23. Some of our key financial outputs for the 2022-23 financial year can be seen below.



Departmental Resource Accounts are required under legislation and are published on an annual basis. The financial results of DAERA are on pages 116 onwards.

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 for NI.

The Statement of Outturn against Assembly Supply (SOAS) shows that our net outturn for the 2022-23 financial year was £672.3m. This consisted of £673.5m in DEL and (£1.2m) in AME.

### Outturn against Budget Control Totals

Following the Written Ministerial Statement (WMS) for 2022-23, the Department had final budgets for 2022-23 of £596.2m Resource DEL and £82.4m Capital DEL to support the delivery of its strategic objectives.

On Resource DEL there was a £1.3m (0.2%) underspend against a budget of £596.2m. On Capital DEL there was a £0.1m (0.1%) underspend against a budget of £82.4m. This equates to a Total DEL underspend of £1.4m (0.2%) of the Total DEL budget of £678.7m.

A detailed analysis of Outturn against Estimate by function can be found within the Accountability Report. Outturn and the Estimates are compiled against the budgeting framework, which is similar to, but different from the relevant accounting standard. SOAS Note 2 provides a reconciliation of the resource outturn to net operating expenditure, linking the SOAS to the financial statements.

The table below shows Resource and Capital DEL Outturn Compared to Budget from 2018-19 to 2022-23.

	2018-19	2019-20	2020-21	2021-22	2022-23
	£'m	£'m	£'m	£'m	£'m
<b>Resource DEL Budget</b>	213.3	230.7	599.5	598.5	596.2
<b>Resource DEL Outturn</b>	213.1	230.3	598.0	597.7	594.9
<b>Underspend</b>	<b>0.2</b>	<b>0.4</b>	<b>1.5</b>	<b>0.6</b>	<b>1.3</b>
<b>Capital DEL Budget</b>	63.8	81.7	91.0	87.4	82.4
<b>Capital DEL Outturn</b>	63.8	81.0	86.0	87.3	82.3
<b>Underspend</b>	<b>-</b>	<b>0.7</b>	<b>5.0</b>	<b>0.1</b>	<b>0.1</b>

The Resource DEL budget increased significantly from 2019-20 to 2020-21 as the CAP and Fisheries funding that was previously provided by the EU was replaced by HM Treasury funding.

### Annually Managed Expenditure Outturn against Budget

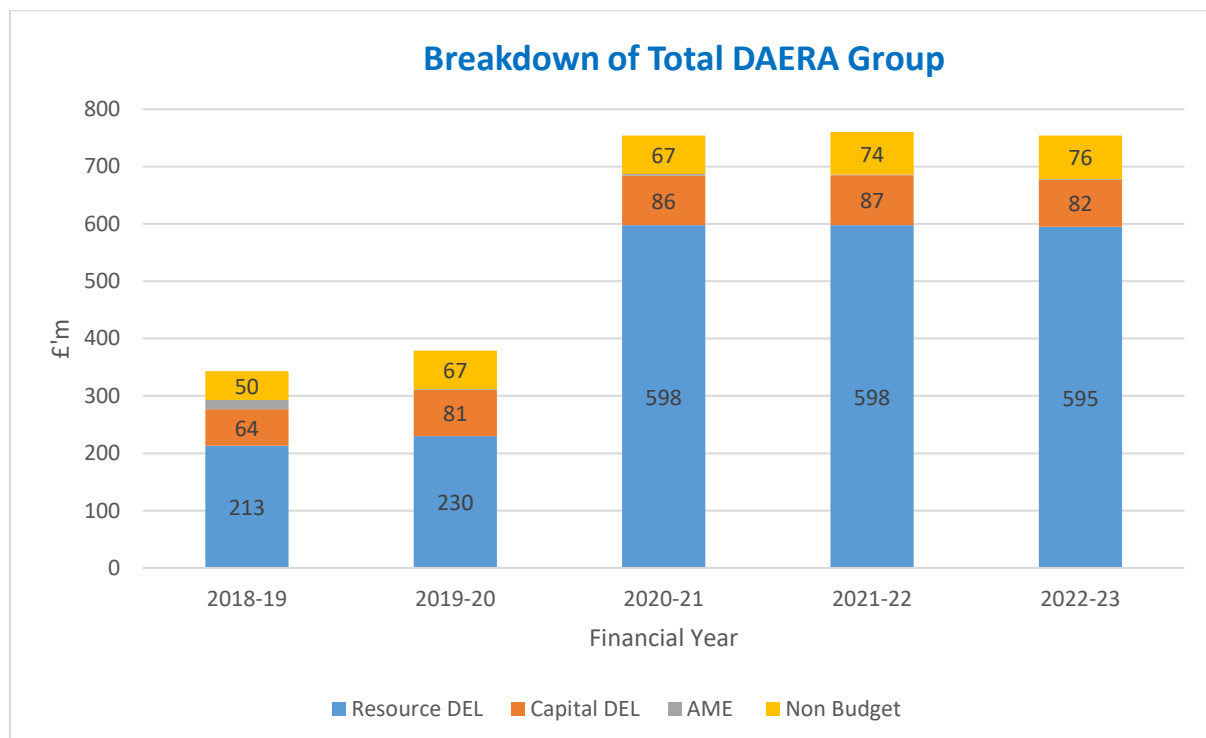
Particular areas of departmental expenditure are more volatile and difficult to forecast with accuracy beyond a 12-month period. Such items are budgeted for as AME, with the Department having a Final AME Budget of £16.1m. The AME Outturn of (£1.2m) resulted in an underspend of £17.3m which was mainly due to the underspend in the provisions and underspends in revaluation charges.

### Net Cash Requirement

The Department's net cash requirement outturn was £655.0m against an estimate of £678.0m.

### Long Term Expenditure Analysis and Trends

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

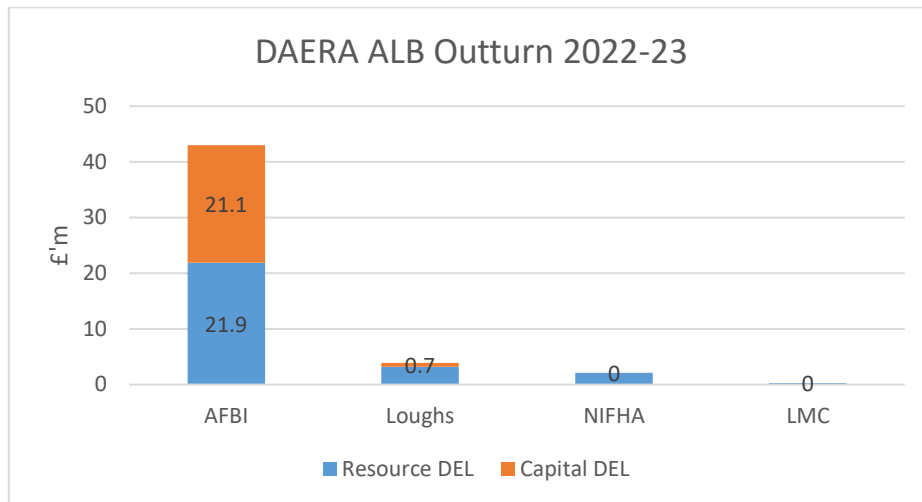


In 2020-21 the significant increase in Resource DEL relates to the £293.3m for Farm Support Direct Payments for the 2020 scheme year which previously had been EU funded. Further analysis of the 2022-23 Resource DEL and Capital DEL is explained further on page 50, with additional information on variances available within the Statement of Assembly Supply Notes 1.1 and 1.2.

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: £33.1m in 2022-23).

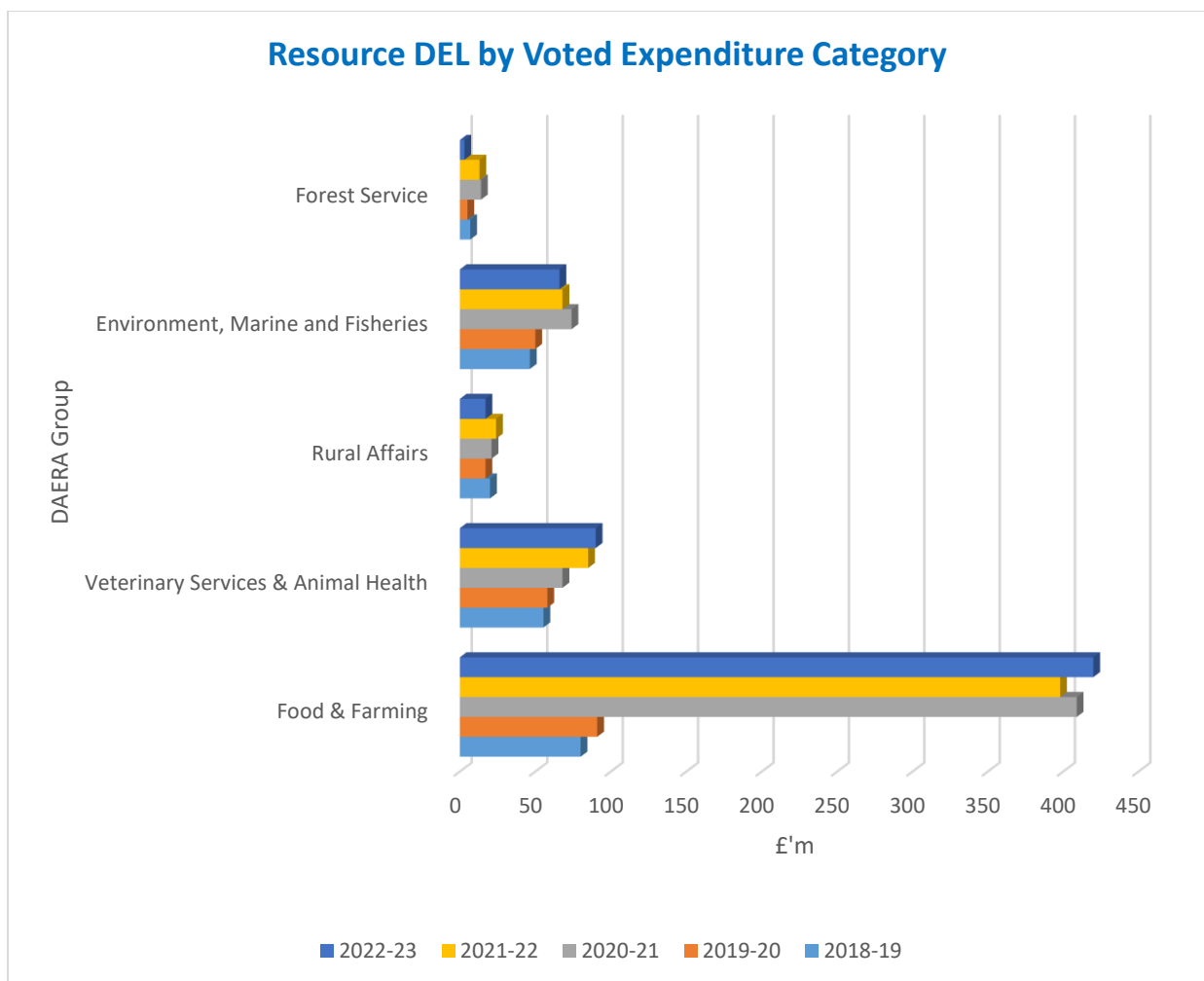


The graph below provides a summary of the ALB Outturns for 2022-23, reflected in the figures above.



### Resource DEL by Voted Expenditure Category

The graph below shows the Group Resource DEL by Voted Expenditure Category.



The largest area of spend remains Food and Farming which is largely driven by spend in relation to Direct Farm Payments which prior to 2020-21 was EU funded. This voted expenditure category also includes the outturn for AFBI.

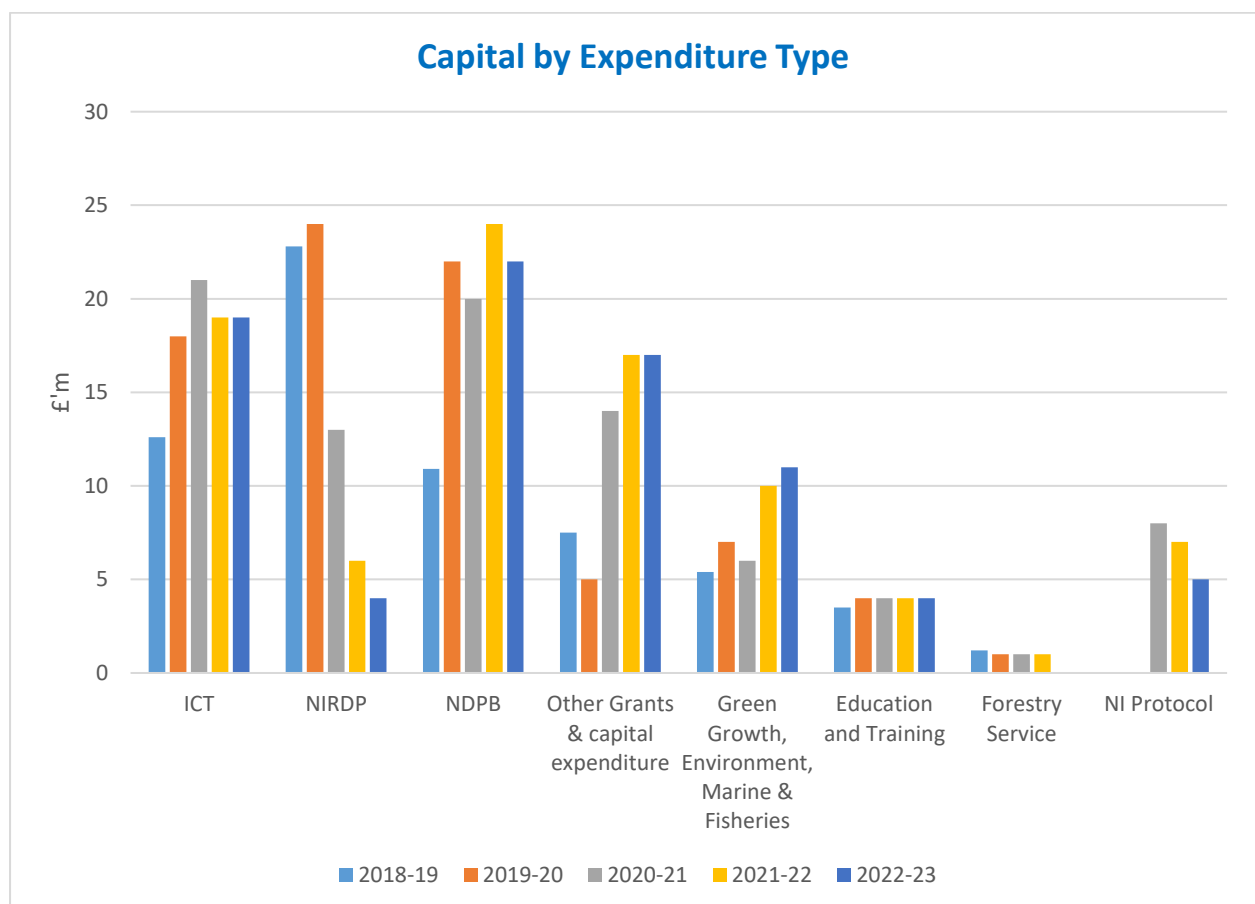
Veterinary Services and Animal Health has also seen an increase in spend relating to TB Compensation and the NI Protocol.

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 or 2022-23 and is reflected in a reduction of expenditure in this Group.

### Capital Expenditure by Type

Capital spend covers investment in the assets we need to deliver our objectives. This includes expenditure on our estate, our Information Communications Technology (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 2022-23 as part of the Department's Digital Transformation programme.

The Department continues to provide capital support to farm businesses under the Northern Ireland Rural Development Programme (NIRDP) with significant capital expenditure in the Farm Business Improvement Scheme and Environmental Farming Scheme. However, as we have left the EU and schemes begin to end, spend has decreased in 2022-23 and a corresponding increase in spend in other Grants has occurred, due to funding switching to national.

Environmental spend includes Green Growth capital spend which is a key priority for DAERA. Spend has also continued, in relation to the capital requirements of the NI Protocol.

### **Budgetary Outlook**

With the continued lack of an Executive, in April 2023 the Secretary of State for NI made a Written Ministerial Statement advising that DAERA had been allocated an opening Resource allocation of £579.8m (of which the £233.3m baseline is subject to a £3.5m cut) and a Capital DEL allocation of £115.7m. This included HM Treasury funding for the NI Protocol for 2023-24 of £9.6m Resource DEL. This funding is mainly for staff costs and has been allocated to Business Areas as part of this opening position. This also includes HM Treasury funding for Points of Entry of £11.4m Resource DEL, £4.4m Capital DEL and £2.2m Ringfenced Depreciation DEL.

In addition to the budget reduction, the Department is facing significant pressures that will need to be managed in-year including the TB Programme, inflation and pay. These are being proactively managed internally in year to ensure that the Department lives within the budget set for DAERA by the Secretary of State for NI.



**Katrina Godfrey**  
**Accounting Officer**  
**Department of Agriculture, Environment and Rural Affairs**  
**7 February 2024**

## Accountability Report

### Corporate Governance and Director's Report

#### Departmental Accounting Boundary

Minister Poots MLA had been in appointment since 14 January 2020. However, there has been no functioning NI Executive since 3 February 2022. Ministers remained in office until end of October 2022. The Northern Ireland (Executive Formation etc) Act 2022 allows senior officers of a NI department, in the absence of a Minister, to exercise a function of the Department when it is in the public interest.

The Permanent Secretary, as Principal Accounting Officer, is responsible for the overall operation and performance of the Department. 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, appointed by the Principal Accounting Officer and are responsible for the Agency performance and operations.

DAERA's Accounts for the financial year ended 31 March 2023 comprise a consolidation of the income and expenditure, assets and liabilities of those entities falling within the Departmental Group.

#### Departmental Board

The Department is headed by its Permanent Secretary, who in 2022-23 was supported by a DB of nine senior DAERA officials, the Department's NICS HR Strategic Business Partner and two Non-Executive Members. The Board meets to discuss departmental business at a strategic level and during 2022-23 the Board met ten times. During 2022-23, the composition of the Board was as follows:

Mrs K Godfrey	Permanent Secretary from 20 April 2022
Mr B Doherty/ Mrs F McCandless	Director Central Services and Contingency Planning Group (shared post)
Mr N Fulton	Food and Farming Group
Dr R Huey	Chief Veterinary Officer
Mr P Donnelly	Chief Executive NIEA
Mrs T Teague	Director Environment, Marine and Fisheries Group.
Mr D Reid	Director Rural Affairs, Forest Service, Estate Transformation, Brexit Operational Readiness and Food Security Group from 1 September 2022. Mrs F McCandless was Director until 31 August.
Mr R Downey	Finance Director
Mrs L Lowe	Director of Corporate Services until 9 October 2022

Dr K Clarke	Director of Corporate Service from 10 October 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 has any significant interests which conflict with their management responsibilities. The DAERA Senior Civil Service and DB Register of Interests was published on the DAERA Internet on the 13 December 2022. Full details of interests are given in Note 22 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 committees are available within the DAERA Corporate Governance Framework.

[DAERA Corporate Governance Framework | Department of Agriculture, Environment and Rural Affairs \(daera-ni.gov.uk\)](https://www.daera-ni.gov.uk)

### 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 documents published by DoF.

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

### Security of Personal Data

DAERA and its ALBs are 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 been reaccredited under ISO27001 certification of the Paying Agency activities. Alignment of all other areas to the ISO27001 standard is now being considered. The Department's Annual Report, Departmental Security Report and Governance Statement reflect that:

- necessary controls are in place to safeguard information assets;
- 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 as well as a Data Breach Management Plan in place 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 regarding 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 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 2022-23 for DAERA or its ALBs 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.

Following a NICS wide project, conducted in liaison with the Northern Ireland Public Services Ombudsman Office, revised guidance for the handling of complaints was put in place on 20 October 2022. 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 quarterly, this information is collated to produce an annual report which is submitted to the Departmental Senior Civil Service Group (SCSG), 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 66 new complaints relating to quality of service received by the Department in 2022-23. Of these 15 were escalated to step two by the end of March 2023. The Department will publish a breakdown of the levels and categories of complaints received during 2022-23 on its website during 2023-24.

The ALBs have reported 10 complaints during 2022-23.

### **Departmental Auditor**

The financial statements are audited by the Comptroller and Auditor General (C&AG), Mrs D Carville, in accordance with the Government Resources and Accounts Act (NI) 2001. Mrs Carville is Head of the NI Audit Office (NIAO). She and her staff are independent of the Department and she reports her findings to the NI Assembly.

The audit of the financial statements for 2022-23 resulted in a notional audit fee of £156k. This is included in non-staff administration costs in the Consolidated Statement of Comprehensive Net Expenditure (CSocNE).

As DAERA is an accredited paying agency, the NIAO also undertakes the audit of DAERA's 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 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**  
**7 February 2024**

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## Statement of Accounting Officer's Responsibilities

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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 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 *Managing Public Money Northern Ireland* published by the Department of Finance

### 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. As 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**  
**7 February 2024**



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## Governance Statement

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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 2022 to 31 March 2023.

DAERA operates in compliance with the guidance set out in the “Corporate Governance in Central Government Departments: Code of Good Practice (NI) 2013”.

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.

DAERA works in close partnership with its agencies and arm’s length bodies and, 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 (PAC), Internal Audit and the ARAC. They have also met as an ‘Accounting Officer family’ to refresh their understanding of their responsibilities and to explore how they can work in partnership to deliver their individual and collective responsibilities.

Until November 2022, the Department operated without an agreed budget, working instead to manage its resources within a contingency planning envelope notified by the Department of Finance. The Northern Ireland Budget Act 2023 was passed by Parliament and received Royal Assent on 8 February 2023 and this authorised the cash and use of resources for all departments and other bodies for the full 2022-23 year and included a Vote on Account for the early months of the 2023-24 financial year. The Northern Ireland Budget (No. 2) Act 2023, which received Royal Assent on 18 September 2023, provides the statutory authority for the 2023-24 Northern Ireland Budget which the Secretary of State for Northern Ireland set in his Written Ministerial Statement on 27 April 2023.

### 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 2023, and up to the date of approval of the Annual Report and Accounts, in accordance with HM Treasury and DoF guidance.

The Chief Executives of the NIEA and Forest Service were Agency Accounting Officers during the past year and each was directly responsible to the Permanent Secretary for their respective agency’s performance and operations during the year.

Additional assurance is obtained through a formal Governance Reporting process. Stewardship Reports are provided by individual business areas, including those which sponsor ALBs. The Stewardship Reporting process is monitored by Finance Division and Internal Audit; any issues of significance are highlighted in the Stewardship Reports and

reported to the ARAC. The Department’s non-departmental public bodies provide an Assurance Statement to the DAERA ARAC on a quarterly basis. 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: [DAERA Corporate Governance Framework | Department of Agriculture, Environment and Rural Affairs \(daera-ni.gov.uk\)](https://www.daera-ni.gov.uk/corporate-governance-framework)

### Departmental Board

As Principal Accounting Officer, I am supported in the discharge of my role and responsibilities by the Departmental Board, the membership of which includes senior DAERA officials, a 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) 2013”, which is chaired by me, provides leadership for the department’s business and support to me in my role as Principal Accounting Officer. The independent members of the Board are considered to be independent in character and judgement.

The Board usually meets ten times a year to discuss departmental business at a strategic level. During 2022- 23 the Board met ten times.

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

ATTENDANCE OF BOARD MEMBERS		MEETINGS ATTENDED (maximum possible attendance)
Mrs K Godfrey Appointed DAERA Accounting Officer on the 20 April 2022	Permanent Secretary	9 (10)
Mr B Doherty Until August 2022	Senior Finance Director / Deputy Secretary, Central Services and Contingency Planning Group	4 (5)
Mr B Doherty/ Mrs F McCandless From September 2022	Senior Finance Director / Deputy Secretary, Central Services and Contingency Planning Group (shared post)	4 (5)
Mrs F McCandless Until August 2022	Deputy Secretary, Rural Affairs, Forest Service and Estate Transformation Group	3 (5)
Mr D Reid From September 2022	Deputy Secretary, Rural Affairs, Forest Service, Estate Transformation, Brexit Operational Readiness and Food Security Group	4 (5)
Mrs T Teague	Deputy Secretary, Environment Marine and Fisheries Group	8 (10)
Mr N Fulton	Deputy Secretary, Food and Farming Group	6 (10)
Mr P Donnelly	Chief Executive, NI Environment Agency	8 (10)

ATTENDANCE OF BOARD MEMBERS		MEETINGS ATTENDED (maximum possible attendance)
Dr R Huey	Chief Veterinary Officer, Veterinary Service and Animal Health Group)	9 (10)
Mr R Downey	Finance Director	9 (10)
Mrs L Lowe Left role in October 2022	Director of Corporate Services	6 (6)
Dr K Clarke Joined October 2022	Director of Corporate Services	3 (4)
Mrs P Bratton	Human Resource Business Partner (NICS HR)	10 (10)
Mrs S McCue	Non-Executive Member	9 (10)
Dr B Stuart	Non-Executive Member	8 (10)

### Roles and Responsibilities of the Board

The Board assists the Permanent Secretary to meet her 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 Programme for Government, Budget, and Investment Strategy;
- oversee performance and risk management of the Department's ALBs;
- ensure sound financial management is in place and scrutinise the allocation of financial and human resources to achieve strategic objectives;
- ensure clear, consistent, comparable performance information is used to drive improvements; and monitor and steer performance against plans;
- set the Department's appetite for risk and ensure transparent, prudent and effective controls are in place to manage risk;
- ensure the Department has the 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 2022-23, 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 DAERA SCS and Departmental Board members published on 13 December 2022 includes details of company directorships and other significant interests held by members of the management board which may conflict with their management responsibilities.

### **Review of Board Effectiveness**

The Board Operating Framework commits the Board to an annual review of its performance. This commitment is in line with DAO (DFP) 06/13 and the “Corporate governance in central government departments: Code of good practice NI (2013)” 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).

At least every third year the process must have independent input. The last external review was in 2018-19 and therefore an external review was due for the 2021-2022 year. In April 2022, the review was initiated and was conducted using 28 mandatory questions and one optional question, which were circulated to all 16 board members through Citizen Space. Statements were grouped under Role of the Board, Strategic Clarity, Commercial Sense, Talented People, Results Focus and Skills, Knowledge and Conduct of Board Meetings which rated Members’ views on the relative strengths of the Board’s effectiveness during the financial year 2021-22. Members were asked to agree or disagree with each statement and were offered the opportunity to provide general feedback. The findings were mainly positive, with results indicating that the strategic direction and governance oversight of the Departmental Board is good. All areas for improvement identified in the Review are being 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 Manual, MPMNI and guidance from the DoF, issued primarily as Dear Finance Director (FD) or Dear Accounting Officer (DAO) letters. All transaction records are provided from the Account NI shared service system.

HR Data is provided in papers compiled by the Strategic HR Business Partner. This data is derived from a range of sources managed and controlled by the Department of Finance (DoF), including official statistics published by the Northern Ireland Statistics and Research Agency (NISRA) and management information data from a number of operational systems (including HR Connect) that are subject to audit and DoF external controls. Business Intelligence reports are available for all line managers to utilise.

Additionally, the Board will draw on statistical, economic and scientific information along with the analysis from the departments' economists, scientists and ALBs to support and inform its work. The Climate Change Committee provides advice regarding proposals to make regulations, the NI Climate Adaptation Programme and NI carbon budgets which, supports the Board in the decision making in relation to NI developing its first Climate Action Plan, and meeting net zero by 2050.

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 (2013)", all DAERA Committees are chaired by a member of the Board.

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

#### **Audit and Risk Assurance Committee**

ARAC, as a Committee of the DB, supports 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, to assist in identifying priorities for action.

ARAC has no authority 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, considering 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 Departmental Board. Membership during the year consisted of the two DAERA NEBMs (Sharon McCue and Dr Bernie Stuart) and two Independent External Members (Donald Henry, Utility Regulator and Michelle Scott, Head of Business Interventions Division, Department for the Economy (DfE)). Donald Henry's term expired on 31 March 2023. ARAC was chaired during 2022-23 by the NEBM 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 Business Plan.

During the past year ARAC held four formal routine meetings (27 April 2022, 27 June 2022, 20 October 2022 and 8 February 2023). ARAC also met at Final Accounts stage (23 May 2022 and Joint formal ARAC and Accounts 27 June 2022) to provide the Accounting Officer with the level of assurance required before signing the Departmental Accounts. The DAERA European Agriculture Fund 2022 Accounts were reviewed at the meeting held on 26 January 2023.

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 (6)
Mrs S McCue	Non-Executive Member (Chair)	6/6
Dr B Stuart	Non-Executive Member	5/6
Mr D Henry	Independent External Member	6/6
Ms M Scott	Independent External Member	4/6

### 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; monitoring the use of resources and monitoring value for money through the development of improved financial and performance reporting. The Senior Finance Director (Group Head of Central Services and Contingency Planning) chairs the Committee. 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, Head of In Year Financial Planning Branch and Head of Future Years 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 the Board 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's 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 includes Departmental Group Heads, the Finance Director, the Director of Corporate Services, the Head of Business Management Branch and the HR Business Partner.

### **Equality and Diversity Steering Group Committee**

I chair the Equality and Diversity Steering Group Committee. Its purpose is to ensure DAERA fulfils its equality, diversity, good relations and human rights obligations.

### **Leadership and Engagement Committee**

I chair the Leadership and Engagement Committee. 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 Employment Engagement Index (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 2022-23. The following nine risks were still on the Corporate Risk Register at the end of the 2022-23 year:

1. Failure to ensure that the Department meets its obligations under the Ireland/Northern Ireland Protocol.
2. There is a risk to disruptions in the security of our food supply chains and that we may not be able to keep food on our shelves and provide food for all in NI due to

the combined impacts of COVID-19, EU Exit, the war in the Ukraine and the current Cost of Living Crisis.

3. There is a risk that: the funding available is insufficient or is not deployed or controlled effectively; the Corporate Objective to ensure 99%-100% of Resource and Capital expenditure is not met; 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. With passage of the Climate Change Act there is a risk that due to lack of collaboration and competing agendas facing NI departments we will be unable to discharge our role effectively in meeting statutory obligations.
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 the Departmental Board has overall responsibility for the management of risks associated with the delivery of the Department's functions. The Board 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 the Board and ARAC;
- assurances received from ARAC;
- scrutiny, challenge and advice on risk registers provided by the Department's qualified Risk Practitioners;
- the work undertaken by the Department's Internal Audit Branch; and



- Risk Registers produced and monitored at Group and Divisional level.

### Assurances

A key element of the Departmental risk management processes is the provision of regular assurances. All business areas across the Department and Agency Accounting Officers, provide six monthly 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. The NDPB Accounting Officers through their sponsor branches provide quarterly assurance to ARAC that there are satisfactory governance arrangements in place.

### Raising a Concern

On 25 January the NICS published the Raising a Concern Policy Framework and the reports from the external independent review carried out by PwC into how DAERA dealt with the concerns raised in the recent industrial tribunal case involving Dr Tamara Bronckaers. In response to the review and the other issues raised in the PwC reports, DAERA agreed and published a detailed action plan setting out how we intend to respond to the recommendations made in the PwC report, including the publication of the new DAERA Raising a Concern Policy 28 March 2023. Reflecting the requirements of the new framework the Department has appointed a Designated Officer who ensures that there is a consistent approach to the handling of concerns across the Department and takes action to raise the general awareness about the value of receiving and responding to concerns.

The review identified a much wider set of lessons, including how we manage concerns; the standard of some of our record keeping; how we apply, review and update our core policies; and learning in relation to how we define and discharge our responsibilities when decisions are needed on employment-related legal cases.

The Department's effectiveness in handling concerns and in building a culture where concerns can be raised and where staff and customers/stakeholders can be confident that they will be followed up has remained a key area of focus during 2022-23.

During the year, the Department continued to record and report concerns and disclosures to its Audit & Risk Assurance Committee. This requires all divisions within the core department to maintain a register to record all disclosures received in each division, or Agency. The maintenance of registers is a mandatory requirement across the core Department, with similar arrangements in place in NIEA and Forest Service.

Updates are commissioned in advance of each ARAC meeting to ensure that senior management and ARAC have the most up-to-date information on concerns raised. During 2022-23 a total of 65 raising concerns notifications were received by the Department and its Agencies and reported to ARAC. These concerns included 24 allegations involving staff and 41 reported as line of business concerns. These notifications included allegations of corruption and misconduct by staff members. This compared to the number of 33 notifications in 2021-22.

Where there are cases of suspected fraud, an investigation by the DoF Fraud Investigation Service is requested. In all other cases a senior staff member from the business area, if

appropriate, reviews the facts of the case to determine if further investigation is required. Where further investigation is required, the Department works closely with our Internal Audit and NICS HR business partners.

Information and updates on every Raising a Concern case are provided to ARAC at each meeting. I have also asked the chair of ARAC to make the action plan a standing item on ARAC's agenda until I am satisfied that the DAERA actions have been completed and embedded.

### **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 Corporate Risk Register (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.

The Departmental Board held a workshop in October on planning and managing a cyber security incident. The workshop included Board members role playing their response to a major cyber incident and discussing business contingency planning. 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.

### **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 2022-23 confirmed an overall satisfactory opinion in respect of the Department's governance, risk management and control framework.

### **Enterprise Shared Services**

Assurances were received within the Annual Inter-Departmental Assurance Report 2022-23 from the Head of Internal Audit in DoF on the various components of Enterprise Shared Services which include Account NI, which is responsible for the Department's transaction processing, and HR Connect which is responsible for the Department's Human Resource management arrangements. Management in the Department of Finance have implemented the recommendations of the 2022 'Limited' opinion audit report in relation to HR Connect Information Governance and as a result the opinion has been raised to "Satisfactory". Digital Shared Services Competent Authority Team follow up audit on the 2021 'Limited' opinion was also raised to 'Satisfactory'. In addition, the European Structural and Investment Funds

Database, HR Connect, Digital Shared Services, and Cyber Risk Management and Management Information all received “Satisfactory” opinions.

### **Ministerial Directions**

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

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

There was one Ministerial Direction given by Minister Poots in the 2022-23 year. Minister Poots issued a Direction on 21 October 2022 for a support scheme for the Pig Sector, at an approximate cost of £1.6m.

The Ministerial Direction was approved by the Minister of Finance on 27 October 2022.

### **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 Senior Responsible Officers (SRO) 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 2022-23.

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 Raising a Concern awareness across the Department;
3. improve financial management generally, and the quality of financial information being provided to the Departmental Board; and
4. ensure proportionate and effective monitoring of ALB Governance arrangements and compliance with all key guidance, ensuring that the arrangements in place also embody the principles of partnership working.

### **Internal Audit**

For 2022-23, the Annual Internal Audit report provided a satisfactory opinion. The opinion of DAERA IAB was based on the results of 33 Final Reports and 11 Draft Reports. Of these Reports 26 had 'Satisfactory' opinions, five issued with a 'Limited' opinion and the remaining were special exercises (no opinion provided).

### **Key issues reported by DAERA IAB over the period**

#### **Limited Opinion Audit Reports 2022 –23**

There were five limited opinion reports issued during 2022-23. All limited opinion reports are reviewed by ARAC and all are subject to follow up audit by our Internal Audit team.

#### DAERA Direct Offices Customer Services Branch

The final report for the audit of DAERA Direct Offices (DDO) Customer Services Branch (CSB) issued with an overall 'limited' opinion. The review identified control weaknesses in relation to CSB's system of management checks which provide assurance that administrative activities are conducted appropriately and consistently across the DDO network. Audit testing identified significant inconsistencies in the completion and recording of management checks, including checks over high-risk activities. In addition, a clear framework for completion of management checks, including the escalation process when issues are identified, had not been documented and agreed. Seven recommendations were made to improve the control framework and were accepted by management.

#### Temporary Promotions: Compliance with TP Policy & Guidance

The Internal Audit report for a review of Temporary Promotions across DAERA issued in May 2023 with a 'limited' opinion. The review identified that there was insufficient documentary evidence retained by business areas to confirm that procedures are being followed for TP exercises. This was compounded by the fact that guidance is not prescriptive regarding what documentation should be completed and retained for temporary promotions and a retention period that was considered not fit for purpose. The report included three recommendations to improve the control framework and all were accepted by management.

#### Measure 7.5: Rural Tourism

While the report for the audit of Measure 7.5 Rural Tourism concluded that there was satisfactory control over the administration and management of approved applications for grant award and the Measure 7.5 budget, Internal Audit 'limited' the overall opinion due to concerns relating to the process applied during individual project evaluation. This included concerns that the terms of approval of the OBC by DoF Supply may not have been met regarding individual projects being able to demonstrate value for money. The report included 10 recommendations to improve the control framework.

### [Marine and Fisheries Division \(MFD\) Marine Licensing & Enforcement](#)

A final report for the review of Licensing & Enforcement within MFD issued on 13 June 2023 with an overall 'limited' opinion. Audit testing found discrepancies in the monitoring of applications and inspection process for marine licences. Although there is guidance in place for risk assessing licence applications, audit testing found that inspections were not always conducted. Documentation was not retained to confirm licence holders agreed to the conditions and it was noted a number of licences had no record of inspections conducted to determine that conditions were applied. The report included six recommendations were made in total including 2 classified as priority 1.

### [Rural Affairs: Rural Pollinator Scheme](#)

Internal Audit issued the Rural Community Pollinator Pilot Scheme report in June 2023 with a 'limited' opinion. Ten recommendations were made in total including three classified as priority 1. These findings and associated recommendations are all being addressed, with four fully implemented, four partially implemented and two on track to be addressed by the target deadlines.

### [Absence of a Minister](#)

In the absence of Ministers the Northern Ireland (Executive Formation etc) Act 2022 permits senior officers of a NI department to exercise a function of the Department where the senior officer is satisfied that it is in the public interest to do so. Senior officers must have regard to the Guidance published by the Secretary of State, which sets out the principles which must be taken into account in deciding whether or not the exercise of a function is prevented. The Act received Royal Assent on 6 December 2022 and, in the period from then until 31 March 2023, senior officers within DAERA have taken 34 decisions that in normal circumstances would have been brought to a minister to decide or agree. Decisions taken under the Act are published on a monthly basis by The Executive Office and are available at [Reports of decisions taken by Northern Ireland Departments - 2022/2023 | The Executive Office \(executiveoffice-ni.gov.uk\)](#)

### [Windsor Framework](#)

On 27 February 2023, the European Commission and the UK Government reached a political agreement in principle (Windsor Framework) on the way forward regarding the operation of the Protocol on Ireland/Northern Ireland (the Protocol). The 'Windsor Framework; a new way forward' includes joint solutions that constitute a series of practical and sustainable measures that both the Commission and the UK Government consider necessary to address in a definitive way a number of implementation issues that have emerged since the date of application of the Protocol and respond to everyday challenges faced by people and businesses in Northern Ireland in relation to the operation of the Protocol.

The proposed joint solutions which are to be delivered over a two-year period include a commitment for the provision of adequate infrastructure, equipment, and sufficient numbers of suitably qualified staff to deliver the necessary controls at NI Sanitary & Phytosanitary (SPS) Inspection Facilities all of which will be funded by UK Government. While overall responsibility for implementation of Windsor Framework arrangements rests with the UK Government and will be delivered by Defra's NI programme, DAERA has a very clear

set of responsibilities including as competent authority for SPS checks. The Department therefore established a DAERA NI Windsor Framework SPS Programme to ensure the DAERA responsibilities in relation to SPS aspects of the Windsor Framework are discharged effectively, while supporting and complementing the work of the Defra Programme.

### **Retained EU legislation**

The Retained EU Law (Reform and Revocation) Act attained Royal Assent on 29 June 2023. Included within the Act is a Schedule of 588 pieces of retained EU law (REUL) to be revoked at the end of 2023. Some of these laws are England only, but most are UK wide, and many engage matters devolved to NI, REUL not listed in the Schedule will automatically be preserved and assimilated into Domestic Law.

Before it became an Act an amendment was made to the REUL Bill which saw Clause 1 (“sunset clause”) being replaced by the schedule mentioned above. The principle of supremacy of EU law and general principles of EU law will still sunset on 31 December 2023, as will associated interpretive effects.

Whilst the amendment to remove the sunset clause from the REUL Bill was welcomed it does bring its own challenges, including UK Government (UKG) legislating for devolved matters on a UK wide basis. It also does not negate the potential for major divergence in policy and regulation within the UK and between GB and NI using the Act’s reform powers. Any changes made by Defra (or the other Devolved Administrations) now or in future will need to be scrutinised for their impact on NI, and for consequences for the functioning of the internal UK market.

The implications of the REUL Act are still being identified and assessed by UKG and Devolved Administrations (DAs) and this work is both complex and fast-paced in nature. The main area of concern at this stage relates to the loss of interpretive effects and we continue to engage regularly with UKG, The Executive Office (TEO) and wider NICS to understand these impacts and our response to them.

There is now an agreed consent process between UKG and NICS, which is welcome news. This will become more prevalent as we move into a potential accelerated REUL reform programme which will in itself create significant challenges in the absence of Ministers / Assembly.

In addition, while a key department priority there continues to be to capacity and capability challenges to resource these team’s effectively.

### **Unlawfulness and Irregularity**

On 2 February 2022, former Minister Poots instructed the then Permanent Secretary to “cease all checks that were not in force on 31 December 2020 (the “Official Controls Regulation Checks”) to halt from 00.01 Thursday 03 February 2022.” Three judicial reviews were lodged against the Minister’s instruction by Mr Rooney, an unnamed application (JR181(3)) and later by Belfast City Council. On 4 February 2022 the Court suspended the Minister’s instruction until the conclusion of the judicial reviews. On 15 December 2022, Justice Colton delivered his judgment. He declared that the Minister’s instruction was

unlawful and of no effect. The Court also concluded that the checks were lawful and did not require referral to the Executive Committee.

Justice Colton ruled that: “The Minister and DAERA had at all material times a statutory obligation to implement the checks on OCR goods entering NI from GB under section 7A of the 2018 [EU Withdrawal] Act read with the provisions of the Protocol and the OCR.”

### **Lead in Day Payments**

An issue relating to lead-in-day arrangements for several port of entry staff, based in Belfast and Larne Port without documented approvals being in place, has been in operation for several years. Following receipt of legal advice this arrangement has now been resolved through a buyout payment, in the region of £450k to those staff which benefited from these arrangements. All figures are subject to deduction of tax and NI and are not pensionable. Payments relating to these lead-in-day arrangements continued during the 2022-23 financial year (ceasing on 31 October 2022) at cost in the region of £32k.

### **Agriculture Act**

The provision for making miscellaneous grants for agricultural purposes under the Agriculture Act (Northern Ireland) 1949 section 12 required the approval of the Department of Finance. It was identified this year that the appropriate approval was not secured before payments of £432k were made over the period 1 April 2022 to 8 March 2023. The appropriate approval is now in place for future payments.

### **Agriculture Order 1994**

The provision for making grants for the purpose of encouraging rural development under the Agriculture (Miscellaneous Provisions) (Northern Ireland) Order 1994 section 4 required the approval of the Department of Finance. It was identified this year that the appropriate approval was not secured before payments of £1.6m occurred between April and September 2022. Since September 2022 the appropriate approval has been in place for future payments.

### **North South Body**

In the absence of an Executive and in a context where the North South Ministerial Council (NSMC) has not met in plenary form since 30 June 2021, it has not been possible to secure NSMC approval of the 2022 Business Plan for the Loughs Agency. The Agency received a grant of £3,002k in 2022. While arrangements have been made with DoF to ensure legality of the payment in 2022, expenditure will be irregular until the NSMC approves a business plan.

### **Other control issues reported**

#### **Policy and Delivery Issues**

There has been a continuing risk of not fully supporting the implementation of EU Directives and regulations listed in Annex II of the Windsor Framework. Plans are now in place to implement and enforce those relating to Animal Health Law requirements with legislation to support its application in Northern Ireland intended for finalisation by March 2024.

The Department is planning the way forward to reduce ammonia emissions from agriculture through two key measures: a reworked draft Ammonia Strategy; and a revised Operational



Protocol to assess the impacts of air pollution on the natural environment. The reworked draft Ammonia Strategy is being informed by stakeholder responses to the consultation. The revised Operational Protocol will be prepared following consideration of responses to the Call for Evidence which remains open until 27 October 2023 following stakeholder requests for extensions to the deadline. The target for completion of both measures is the end of March 2024.

The European Commission (EC) introduced new legislation relating to veterinary medicines residues surveillance in December 2022. The Department has been working towards the implementation of the new legislative requirements with EC colleagues and is undertaking the work necessary to update domestic legislation for such times when it is possible to do so.

### **Capacity, capability and workforce planning**

The Department's staff resource is the key to delivering its priorities. During the 2022-23 year the Department continued to face significant people challenges in the context of transformation and cultural change required across the NICS. Transformation is required to improve workforce planning, both in terms of headcount and skills required and to improve operational vacancy management, recruitment and selection policies and managing performance. Significant constraints on budgets and public sector policy on pay and recruitment has presented challenges in filling vacancies, particularly in Professional and Technical posts where market value rates exceed those available in the NICS. Furthermore, the Department has an older workforce which is attributing to turnover of staff and requires sustained effort now to build future capacity and capability and a diverse workforce that is representative of the people we serve.

The Health and Wellbeing of our people remains paramount and during the year sickness absence rates continued to rise, with an increase in work related stress. Senior management continue to monitor absence and review work priorities given budget constraints and the resultant impact on capacity.

A Capability and Capacity Action Plan was developed in March 2023 to assist the Department meet its priorities to support staff in their ability to effectively carry out their duties with the appropriate skills, understanding, autonomy and expertise.

### **ALBs**

#### **AFBI Finance Systems**

An upgrade to AFBI's financial systems in March 2022 resulted in issues relating to permissions, access, transactional volumes, functionality, connectivity and general system stability. This resulted in issues with supplier invoicing and year end accounts procedures.

A resolution of the outstanding issues was achieved in November 2022. Internal audit has been commissioned to determine the lessons learned from the March 2022 upgrade issues and how these may need to be applied to other similar projects in the future.



### **NIFHA End of Life Vessels**

There are a number of end-of-life fishing vessels within the NI Fishery Harbour Authority's harbours. Some of these have been abandoned and others are awaiting disposal by their owners. The risks arising from these vessels are a key concern for the Authority. The Authority has submitted a planning application to Ards and North Down Council to open a dismantling facility in Portavogie harbour and awaits a decision on this application. The Authority continues to work with DAERA to develop a comprehensive solution to this problem.

### **ALB Board Appointments**

Appointments to the Boards of a number of DAERA Arm's Length Bodies can only be made by a Minister. Three of DAERA's ALBs (Agricultural Wages Board (AWB), the Livestock and Meat Commission (LMC) and the Northern Ireland Fishery Harbour Authority (NIFHA) were added to the Northern Ireland Executive Formation etc Act 2022 by statutory instrument on 10 July 2023. The Council for Countryside and Nature Conservation (CNCC) was added on 2 October 2023. This permits the Secretary of State for Northern Ireland to take appointments decisions in respect of these Boards and will allow DAERA to make appointments as soon as procedure allows.

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## Remuneration and Staff Report

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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 2022-23

#### Remuneration Policy

The pay remit for the NICS, including senior civil servants (SCS), is normally approved by the Minister of Finance. Following the Secretary of State for NI's 24 November 2022 Written Ministerial Statement (WMS) on the Budget and the NI (Executive Formation) Act receiving Royal Assent on the 6 December 2022, the NI public sector pay policy guidance was published on 8 December 2022.

Annual NICS pay awards are made in the context of the wider public sector pay policy. The pay award for NICS non-industrial staff, including SCS, for 2022-23 was paid in June 2023. The pay award for NICS industrial staff for 2022-23 was paid in July 2023.

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 NI 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](http://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.

## Remuneration and pension entitlements - Minister [Audited Information]

Minister	Salary (£)		Benefits in kind (to nearest £100)		Pension Benefits* (to nearest £1,000)		Total (to nearest £1,000)	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Minister Poots MLA (until 28 October 22)	21,758	38,000	-	-	1,000	8,000	23,000	46,000

*\*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	Salary (£'000)		Pension Benefits* (to nearest £1,000)		Total (£'000)	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Mrs Katrina Godfrey Permanent Secretary (from 20 April 22)	130-135	130-135	(31,000)	72,000	95-100	200-205
Dr D McMahon Permanent Secretary (until 25 July 21)	-	45-50 (130-135 FYE)	-	23,000	-	65-70
Mr A Harbinson** Permanent Secretary (until 30 April 22)	10-15 (120-125 FYE)	80-85 (120-125 FYE)	18,000	137,000	25-30	220-225
Mr B Doherty**** Deputy Secretary	75-80	100-105	(129,000)	58,000	(50-55)	155-160
Mr N Fulton Deputy Secretary	100-105	105-110	(55,000)	89,000	(45-50)	190-195
Mr R Huey Deputy Secretary	100-105	105-110	(50,000)	38,000	50-55	140-145
Mrs F McCandless**** Deputy Secretary	80-85	105-110	(86,000)	48,000	(5-10)	150-155
Mr D Small Deputy Secretary (Retired 4 May 21)	-	10-15 (105-110 FYE)	-	1,000	-	10-15
Mrs T Teague Deputy Secretary	95-100	95-100	(26,000)	32,000	70-75	125-130
Mr D Reid Director of Finance (until 27 June 21) Deputy Secretary from 1 Sept 22	55-60 (95-100 FYE)	15-20 (80-85 FYE)	44,000	16,000	100-105	30-35
Mr P Donnelly Deputy Secretary (from 28 June 21)	95-100	75-80 (95-100 FYE)	18,000	104,000	110-115	175-180
Mr R Downey Finance Director (from 28 June 2021)	75-80	60-65 (75-80 FYE)	12,000	38,000	85-90	95-100
Mr S McGrade Corporate Services Director (until 12 June 21)	-	10-15 (75-80 FYE)	-	22,000	-	30-35

Officials	Salary (£'000)		Pension Benefits* (to nearest £1,000)		Total (£'000)	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
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 to 9 October 22)	35-40 (70-75 FYE)	15-20 (70-75 FYE)	139,000	45,000	175-180	60-65
Dr K Clarke Corporate Services Director (from 10 October 22)	35-40 (70-75 FYE)	-	32,000	-	65-70	-
Ms S McCue Non-Executive Board Member	15-20	20-25	-	-	15-20	20-25
Dr B Stuart Non-Executive Board Member	10-15	10-15	-	-	10-15	10-15

*\*The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation and any increase or decrease due to a transfer of pension rights. The reason why some Pension Benefits have negative outcome is that the change in value is shown in real terms. A lack of pay rise since 2021 and CPI rate of 10.1% are the two factors responsible for the negative results. It is also dependent on the type of pension scheme each member is on.*

**\*\***Anthony Harbinson, Temporary Permanent Secretary from 26 July 2021 to 30 April 2022

**\*\*\***Sharon McFlynn attended Departmental Board meeting on 15 December 2021 as requested by DB members.

**\*\*\*\***Mr Brian Doherty and Mrs Fiona McCandless moved to partial retirement working arrangements during the year

## Salary

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation and any severance or ex gratia payments. This report is based on accrued payments made by the Department and thus recorded in these accounts.

The Northern Ireland Assembly was dissolved from 3 February 2022 with an election taking place on 5 May 2022, on which date Ministers ceased to hold office. An Executive was not formed following the 5 May 2022 election. Consequently, the former Ministers retained their roles in a caretaker capacity until 28 October 2022. As such, DAERA was under the direction and control of Minister Poots during the financial year. His salary and allowances were paid by the Department and have been included in these accounts. These amounts do not include costs relating to the Minister's role as 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 2022-23 or 2021-22.

## Fair pay disclosure [Audited Information]

### Pay Ratios

The banded remuneration of the highest-paid director in DAERA in the financial year 2022-23 was £130k - £135k (2021-22, £120k - £125k). This was 4.1 times (2021-22, 3.7) the median remuneration of the workforce, which was £32,893 (2021-22, £33,459). The

relationship between the mid-point of this band and the remuneration of the organisation's workforce is disclosed below.

2022-23	25 <sup>th</sup> percentile	Median	75 <sup>th</sup> percentile
Total remuneration (£)	26,575	32,893	40,711
Pay ratio	5:1	4:1	3.30:1

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

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 2022-23 and 2022-21, the 25th percentile, median and 75th percentile remuneration values consisted solely of salary payments.

In 2022-23 and 2022-21 no employees received remuneration in excess of the highest paid director in either year.

Remuneration ranged from £19k to £135k (2021-22, £19k to £125k).

#### 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 as Temporary Permanent Secretary. However, Katrina Godfrey has been a Permanent Secretary in DfI since 6 September 2018 which explains the difference in the pay scales. The ratios are reflection of the composition of grade, of individuals employed by us.

Percentage change for:	2022-23 v 2021-22	2021-22 v 2020-21
Average employee salary and allowances	1.53%	(4.28%)
Highest paid director's salary and allowances	8.16%	(3.92%)

## Pension Entitlements – Ministers [Audited information required]

	Accrued pension at pension age as at 31/03/23 £'000	Real increase In pension at pension age £'000	CETV at 31/03/2023 £'000	CETV at 31/03/2022 £'000	Real increase in CETV £'000
Minister Poots MLA	5 - 10	0 - 2.5	153	140	-

### 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.

Members of the Legislative Assembly ("MLA" or "Member") aged 55 or over on 1 April 2015 and in continuous service between 1 April 2015 and 6 May 2016 retained their Final Salary pension arrangements under transitional protection until 6 May 2021. The McCloud judgment 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 judgment could have an impact on MLAs 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 MLAs, they also accrue an MLA's pension under the AMPS (details of which are not included in this report). Pension benefits for Ministers under transitional protection arrangements are provided on a "contribution factor" basis, taking account of service as a Minister. The contribution factor is the relationship between salary as a Minister and salary as an MLA 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 an MLA. 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 the 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 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 Assembly Commission's contribution to the AMPS, and excludes increases due to inflation and contributions paid by the Minister and is calculated using valuation factors for the start and end of the period.

## Pension Entitlements – Officials [Audited information]

Officials Table	Accrued pension at pension age as at 31-3-23 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31-3-23 or date of leaving if earlier	CETV at 31-3-22 or date of commencement if later	Real increase/ (decrease) in CETV*	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Mrs Katrina Godfrey Permanent Secretary from 20 April 22	60-65 plus lump sum of 120-125	-	1,199	1,121	(47)	-
Mr A Harbinson Permanent Secretary (until 30 April 22)	60 - 65 plus lump sum of 175-180	0-2.5 plus lump sum of 0-2.5	1,424	1,402	17	-
Mr B Doherty Deputy Secretary	50-55 plus lump sum of 125-130	-	1,124	1,121	(137)	-
Mr N Fulton Deputy Secretary	60-65	-	1,225	1,150	(71)	-
Mr R Huey Deputy Secretary	45-50 plus lump sum of 125-130	-	999	972	(54)	-
Mrs F McCandless Deputy Secretary	35-40 plus lump sum of 55-60	-	635	651	(91)	-
Mrs T Teague Deputy Secretary	45-50 plus lump sum of 90-95	-	850	792	(37)	-
Mr D Reid Deputy Secretary from 1 Sept 22	30-35 plus lump sum of 50-55	0-2.5 plus lump sum of 2.5-5	460	412	28	-
Mr Paul Donnelly Deputy Secretary (from 28 June 21)	30-35 plus lump sum of 60-65	0-2.5 plus lump sum of 0	541	480	3	-
Mr R Downey Finance Director (from 28 June 21)	30-35 plus lump sum of 50-55	0-2.5 plus lump sum of 0	485	431	(1)	-
Mrs L Lowe Corporate Services Director from 10 January 22 to 9 October 22)	35-40 plus lump sum of 75-80	5-7.5 plus lump sum of 15-17.5	695	544	126	-
Dr K Clarke Corporate Services Director (from 10 October 22)	20 -25 plus lump sum of 35-40	0-2.5 plus lump sum of 2.5-5	349	301	27	-

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contributions rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023-24 CETV figures.



## 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).

## McCloud Judgment

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, steps are being taken by Department of Finance to remedy those 2015 reforms, making the pension scheme provisions fair to all members. Some active members will have seen changes from April 2022.

The remedy is made up of two parts. The first part was completed last year with all active members now being members of alpha from 1 April 2022, this provides equal treatment for all active pension scheme members.

The second part is to put right, 'remedy,' the discrimination that has happened between 2015 and 2022. We are currently working on new scheme regulations and processes in readiness for this.

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 completed 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, once published, 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%.

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

### Information on the PCSPS(NI) – Closed Scheme

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

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

### Partnership Pension Account

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

Active members of the pension scheme will receive an Annual Benefit Statement. The accrued pension quoted is the pension the member is entitled to receive when they reach their scheme pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. The normal scheme pension age in alpha is linked to the member's State Pension Age but cannot be before age 65. The Scheme Pension age is 60 for any pension accrued in the legacy **Classic**, **Premium**, and **Classic Plus** arrangements and 65 for any benefits accrued in **Nuvos**. Further details about the NICS pension schemes can be found at the website [www.finance-ni.gov.uk/civilservicepensions-ni](http://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 2022 was 10.1% and HM Treasury has announced that public service pensions will be increased accordingly from April 2023.

Employee contribution rates for all members for the period covering 1 April 2023 - 31 March 2024 are as follows:

#### Scheme Year 1 April 2023 to 31 March 2024

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution rates – All members
From	To	From 01 April 2023 to 31 March 2024
£0	£25,049.99	4.6%
£25,050.00	£56,999.99	5.45%
£57,000.00	£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) Regulations 1996 (as amended) 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 the Civil Service Compensation Scheme (NI) (CSCS (NI)) in the year ending 31 March 2023 or 31 March 2022.

## 2. Staff Report

DAERA staff figures and costs for 2022-23 reflect the new Departmental boundary which excludes the Forest Service. The increase in staff numbers has been a result of vacancies being filled largely by General Service supply from volume recruitment.

The number of staff serving as senior civil servants (or equivalent) based on full year equivalent as at 31 March 2023 is as follows:

Core Department and Agency	2022-23	2021-22
Pay Band		
£50,000 - £54,999	-	1
£60,000 - £64,999	-	1
£70,000 - £74,999	13	6
£75,000 - £79,999	12	14
£80,000 - £84,999	5	10
£95,000 - £99,999	4	3
£100,000 - £104,999	3	3
£120,000 - £124,999	-	1
£130,000 - £134,999	1	-

### 2.1 Staff Costs comprise [Audited Information]:

Group	2022-23			2021-22	
	Permanent staff* £'000	Others £'000	Minister £'000	Total £'000	Total £'000
Wages	127,437	13,853	28	141,318	133,537
Social Security Costs	14,227	2	-	14,229	13,672
Other pension costs	39,933	-	-	39,933	39,126
Pension transfer out	-	-	-	-	109
Recoveries from outward secondments	-	-	-	-	(14)
<b>Total net costs**</b>	<b>181,597</b>	<b>13,855</b>	<b>28</b>	<b>195,480</b>	<b>186,430</b>
<b>IAS 19 Actuarial Valuation</b>					
Current Service Cost	271	-	-	271	226
Past service cost/gain	-	-	-	-	-
Contributions per employer	(117)	-	-	(117)	(93)
<b>Total Net Costs</b>	<b>181,751</b>	<b>13,855</b>	<b>28</b>	<b>195,634</b>	<b>186,563</b>
<b>Of which</b>					
<b>Charged to Administration</b>	41,303	857	-	42,160	<b>40,634</b>
<b>Charged to Programme</b>	140,448	12,998	28	153,474	<b>145,929</b>
<b>Total</b>	<b>181,751</b>	<b>13,855</b>	<b>28</b>	<b>195,634</b>	<b>186,563</b>

\*The 2022-23 figures include the cost of the Department's Special Advisor who was paid in the pay band £50-55k (2021-22:£50-55k) in line with the Special Advisor Code, as agreed by the Executive on 20 January 2020.

\*\*Excluded from the total is £6,685,805 (2021-22 £5,685,203) which has been charged to capital.

### (DAERA, the Department and AFBI)

The NICS main pension schemes are unfunded multi-employer defined benefit schemes but DAERA and AFBI are unable to identify their share of 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'. DoF 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, including a copy of Unpause Cost Cap Valuation Report, can be found on the DoF 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 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 2022-23, employers' contributions of £38,606k were payable to the NICS pension arrangements (2021-22 £39,400k) 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 £125k (2021-22 £118k) 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% (2021-22, 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% (2021-22 £3k, 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.

11 persons (2021-22: 13 persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £59k (2021-22: £40k).

## 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 Agency and other bodies included within the consolidated Departmental Accounts.

Departmental Strategic Objective					2022-23	2021-22
	Permanent staff	Others	Minister	Special advisor*	Total Number	Total Number
DAERA CORE	2,508	192	1	1	2,702	2,551
NIEA (Agency)	586	86	-	-	672	608
AFBI	671	99	-	-	770	746
LMC	18	6	-	-	24	21
NIFHA	22	-	-	-	22	23
Loughs Agency	23	8	-	-	31	29
Staff engaged on AFBI capital projects	-	-	-	-	-	26
Staff engaged on DAERA capital projects	117	-	-	-	117	94
<b>Total</b>	<b>3,945</b>	<b>391</b>	<b>1</b>	<b>1</b>	<b>4,338</b>	<b>4,098</b>
<b>Of which:</b>						
<b>Core Department</b>	2,625	192	1	1	2,819	2,645
<b>Agency</b>	586	86	-	-	672	608
<b>Other designated bodies</b>	734	113	-	-	847	845

Special Advisor left his post on 28 October 2022 due to no Minister in post.

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

Comparative data is shown (in brackets) for previous year.

Exit package cost band	2022-23			
	Number of other departures agreed	Department Total number of exit packages by cost band	Number of other departures agreed	Group Total number of exit packages by cost band
<£10k	-/(-)	-/(-)	2/(-)	2/(-)
£10k - £25k	1/(-)	1/(-)	1/(-)	1/(-)
£25k - £50k	-/(-)	-/(-)	-/(-)	-/(-)
£50k - £100k	-/(-)	-/(-)	-/(-)	-/(-)
<b>Total number of exit packages</b>	<b>1/(-)</b>	<b>1/(-)</b>	<b>3/(-)</b>	<b>3/(-)</b>
<b>Total Resource Cost/£'000</b>		<b>£25k/(-)</b>		<b>£35k/(-)</b>

In 2022-23, the former Minister's Special Adviser received an exit package in accordance with the Code Governing the Appointment of Special Advisers issued under the Civil Service (Special Advisers) Act (Northern Ireland) 2013.

There were no compulsory redundancies in 2022-23 or 2021-22.

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. The table above shows the total cost of exit packages agreed and accounted for in 2022-23 and 2021-22. £35k exit costs were paid out in 2022-23, the year of departure (2021-22 £nil) for the Group. Where the Department has agreed early retirement costs, the additional costs are met by the Department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

### Staff Composition

The number of persons employed at 31 March 2023 by the Core Department and its Agency was as follows:

Core Department and Agency	Male	Female*	Total
Board Members	5	4	9
Senior Managers	18	10	28
Other Employees	1,862	1,734	3,596
<b>Total</b>	<b>1,885</b>	<b>1,748</b>	<b>3,633</b>

\*This excludes 2 female Non Executive board members

Departmental employees are eligible for pension benefits that are disclosed in Note 1.18 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 2022-23 financial year. There are 51 DAERA staff yet to sign agreements totalling £34,276.



### Sickness Absence Disclosures

The Department/Agency had an overall sickness absence rate of 10.9 (22-23) 9.6 days lost per employee in 21-22. Annual sickness absence figures can be found in the “Sickness Absence in the NICS 2022/23” report at [Sickness Absence in the Northern Ireland Civil Service 2022/23 | Northern Ireland Statistics and Research Agency \(nisra.gov.uk\)](https://www.nisra.gov.uk/publications/nics-sickness-absence-2022-23).

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

Staff have access to welfare services and trade union membership. The Department uses the established Whitley process of staff consultation. The Whitley Council and Committees provide an agreed forum for discussion and they are attended by employer and employee (trade union) representatives. Staff turnover for the Department and its 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.

### Staff Engagement Scores

The Head of the NI Civil Service issued a message on 7 November 2022 indicating that the launch of the next People Survey would be postponed until Spring 2023 and so no survey was conducted in 2022. In 2023, the 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 FD (DoF) 01/23 - Annex A 25 part in the survey. For DAERA there were 3,564 (2021: 3,442) staff invited to complete the survey, of which 1,817 (2021: 1,686) participated, a response rate of 48.3% (2021: 49%). 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 57% (2021: 62%), compared to the NICS average of 54% (2021: 57%). The full survey can be accessed at <https://www.financeni.gov.uk/publications/nics-people-survey-results>

The Departmental Staff Turnover percentage (the total number of people that have left the Department including those who have moved within the NICS) for 2022-23 is 5.5%, 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	5.5%	3.8%

There has been a change in methodology. For 2021-22, the revised departmental turnover percentage for all DAERA is 4.7%. All other figures remain unchanged.



## 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 2023, earning £245 per day or greater

	Core Department	Agency	ALBs	Departmental Group
Number of existing engagements as of 31 March 2023	1	-	-	1
<b>Of which have existed for:</b>				
Less than one year at time of reporting	-	-	-	-
Between one and two years at time of reporting	1	-	-	1
Between two and three years at time of reporting	-	-	-	-
Between three and four years at time of reporting	-	-	-	-
Four or more years at time of reporting	-	-	-	-

All existing off-payroll engagements outlined 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.

## All temporary off-payroll workers engaged at any point during the year ended 31 March 2023, earning £245 per day or greater

	Core Department	Agency	ALB's	Departmental Group
Number of off payroll workers engaged during the year ended 31 March 2023	1	-	-	1
Of which:				
Not subject to off payroll legislation	-	-	-	-
Subject to off-payroll legislation and determined as in-scope IR35	1	-	-	1
Subject to off-payroll legislation and determined as	-	-	-	-

	Core Department	Agency	ALB's	Departmental Group
out-of-scope of IR35				
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 2022 and 31 March 2023:

	Core Department	Agency	ALB's	Departmental Group
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	17	9	52	78

## Consultancy Costs

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

	2022-23		2021-22	
	Core Dept & Agency	Group	Core Dept & Agency	Group
	£'000	£'000	£'000	£'000
Consultancy	93	93	80	80
Temporary staff costs	9,750	13,855	4,099	7,209
<b>Total</b>	<b>9,843</b>	<b>13,948</b>	<b>4,179</b>	<b>7,289</b>

## DEPARTMENTAL POLICIES

### Employment, training and advancement of disabled persons

The NICS values and welcomes diversity and is committed to creating a truly inclusive workplace for all. The NICS Diversity Champions Network was established in 2015 and continues to drive diversity and inclusion across the service.

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 service.

The NICS applies the recruitment principles as set out in the Recruitment Code of the Civil Service Commissioners for NI, appointing candidates based on merit through fair and open competition. Panel members must complete mandatory recruitment and selection training prior to participating on any selection panel. This training includes specific learning on equality and diversity, relevant legislation and reasonable adjustments for disabled candidates. Unconscious bias training is available to all staff.

The NICS continues to be a lead partner of Employers for Disability NI (EFDNI) and is committed to the employment and career advancement of disabled people. A range of activities to encourage and promote Civil Service career opportunities to the disability sector were delivered during 2022/23; including positive action advertising, targeted advertising and outreach information sessions for large volume recruitment competitions. The NICS continues to have a permanent presence on EFDNI's Jobs Bulletin Board which is an online career opportunities service circulated to disability organisations.

The NICS operates a Guaranteed Interview Scheme (GIS) which applies to all external NICS recruitment competitions (at any grade and any discipline) where appropriate. This ensures a guaranteed number of disabled applicants, who meet the minimum essential eligibility criteria for the role they have applied for, are offered an interview. For more information refer to the "Information for disabled applicants" section of the [NICS recruit website](#).

Due to the ongoing COVID-19 restrictions, the NICS Work Experience Scheme for Disabled People remained closed to applications until November 2022. The NICS continued its participation in International Job Shadow Day (IJSJ) by facilitating 13 work placements in 2022. This initiative provides work experience for disabled people of all ages.

During this year the nine-month placement work placement opportunities under the Job Start Scheme pilot within the Department for Communities (DfC) for 15 young disabled people (aged 16-24) concluded. As a result of an amendment to Recruitment Code merit principle approved by the Civil Service Commissioners, nine of the successful participants were made permanent offers of appointment in the NICS. Another three placement workers successfully obtained employment with other employers.

In June 2022, the NI Executive, in partnership with the Harkin Institute, hosted the Harkin International Summit 2022. The event brought together leaders and activists across Business, Government, Philanthropy, the Third and Voluntary Sector, and Academia to highlight and address disability employment issues, showcase best practice and success, build relationships and challenge for change. The NCS as an employer participated, attended and supported the summit to promote its commitment to disability inclusion.

To maintain and promote a disability inclusive workplace, the NICS has policies in place to support reasonable adjustments to working practices or the work environment as required by disabled persons. During the year a programme of awareness training was available to all staff.

## **Other Employee Matters**

### **Learning and Development**

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

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

Talent management is a key theme of the NICS People Strategy and highlights the importance of the development conversation between managers and staff, with a number of resources already available within 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.

### **Application of Business Appointment Rules (BARs)**

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

Summary information in respect of applications from Senior Civil Service Grade 5 and above, including equivalent grades, and Special Advisers can be found at [Department of Agriculture and Rural Affairs](#).

	SCS	G6	DP	SO	EO1	Total
Number of exits from the Civil Service	-	-	-	-	-	165
Number of BARs applications assess by the Department over the year (by grade)	2	1	1	2	1	7
Number of BARs applications where conditions were set (by grade)	-	-	-	-	-	-
Number of applications that were found to be unsuitable for the applicant to take up (grade)	-	-	-	-	-	-
Number of breaches of the Rules in the preceding year	-	-	-	-	-	-

### Employee Consultation and Trade Union Relationships

The Department of Finance is responsible for the NICS Industrial Relations Policy. People & Organisational Development<sup>2</sup> 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.

### Equality, Diversity and Inclusion

The NICS values and welcomes diversity and is committed to creating a truly inclusive workplace for all.

Our Diversity Champions Network includes senior colleagues as designated Diversity Champions for each of the nine NICS departments, as well as four thematic leads for gender, race and ethnicity, disability and LGBTQ+.

We deliver an ambitious diversity and inclusion programme of work through the implementation of an annual NICS Diversity Action Plan, which sets out our priorities for action by diversity and inclusion theme and cross-cutting priorities.

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](#).

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](#).

The annual "Equality Statistics for the NICS" 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. Although not a statutory requirement, the NICS also conducts a similar formal review of the gender profile of its workforce. The findings from both tri-annual reviews are published in the NICS [Workforce 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 [Department of Agriculture and Rural Affairs](#).

### **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 2022-23 has been actions towards compliance with DAERA Health & Safety Management Framework, approved by DAERA Board in 2019.

- Health & Safety has been integrated into the Departments governance process, with inclusion in the DAERA Strategy, Risk Management process and senior management Stewardship Reports;
- A Health and Safety Annual Report is provided to the Departmental Board;
- The DAERA Board reviews Health and Safety performance on a regular basis;
- A Department wide "Health and Safety Organisation" document, establishing staff Health and Safety responsibilities, is in place;
- Twenty one Departmental wide "Health and Safety Arrangements", outlining how key Health and Safety issues should be managed, are in place; and
- Health and Safety articles are a regular feature within DAERA Digest, DAERA Weekly update emails and Offices in Charge/Premises Offices 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.

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### Statement of Outturn against Assembly Supply (SOAS) [Audited Information]

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

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

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

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

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

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

The supporting notes detail the following: Outturn detailed by Estimate line, providing a more detailed breakdown (note 1); a reconciliation of outturn to net 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).

The SOAS and Estimates are compiled against the budgeting framework, which is similar to, but different to, IFRS. An understanding of the budgeting framework and an explanation of key terms is provided on page 47

, 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](http://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.



## Summary Table of Resource Outturn 2022-23

								2022-23		2021-22
				Outturn			Estimate	Outturn vs Estimate, saving / (excess)		Prior Year Outturn
Type of spend	Note	Voted	Non-Voted	Total	Voted	Non-Voted	Total	Voted	Total	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Departmental Expenditure Limit</b>										
Resource	SOAS 1.1	<b>594,886</b>	-	594,886	<b>596,248</b>	-	596,248	<b>1,362</b>	1,362	593,180
Capital	SOAS 1.2	<b>82,294</b>	-	82,294	<b>82,447</b>	-	82,447	<b>153</b>	153	92,606
<b>Total</b>		<b>677,180</b>	-	677,180	<b>678,695</b>	-	678,695	<b>1,515</b>	1,515	685,786
<b>Annual Managed Expenditure</b>										
Resource	SOAS 1.1	<b>(1,240)</b>	-	(1,240)	<b>16,092</b>	-	16,092	<b>17,332</b>	17,332	(1,807)
Capital	SOAS 1.2	-	-	-	-	-	-	-	-	-
<b>Total</b>		<b>(1,240)</b>	-	(1,240)	<b>16,092</b>	-	16,092	<b>17,332</b>	17,332	(1,807)
<b>Total Budget</b>										
Resource	SOAS 1.1	<b>593,646</b>	-	593,646	<b>612,340</b>	-	612,340	<b>18,694</b>	18,694	591,373
Capital	SOAS 1.2	<b>82,294</b>	-	82,294	<b>82,447</b>	-	82,447	<b>153</b>	153	92,606
<b>Total Budget Expenditure</b>		<b>675,940</b>	-	675,940	<b>694,787</b>	-	694,787	<b>18,847</b>	18,847	683,979
<b>Non-Budget</b>		-	-	-	-	-	-	-	-	-
Resource	SOAS 1.1	-	-	-	-	-	-	-	-	-
Capital	SOAS 1.2	-	-	-	-	-	-	-	-	-
<b>Total Non-Budget Expenditure</b>		-	-	-	-	-	-	-	-	-
<b>Total Budget and Non Budget</b>		<b>675,940</b>	-	675,940	<b>694,787</b>	-	694,787	<b>18,847</b>	18,847	683,979

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

## Net Cash Requirement 2022-23

	Note	Outturn £'000	Estimate £'000	2022-23 Net total outturn compared with estimate: saving/(excess) £'000	2021-22 Prior Year Outturn £'000
<b>Net Cash Requirement</b>	SOAS3	<b>655,001</b>	<b>677,958</b>	22,957	679,036

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

## Administration Costs 2022-23

	Note	Outturn £'000	Estimate £'000	2022-23 Net total outturn compared with estimate: saving/(excess) £'000	2021-22 Prior Year Outturn £'000
<b>Administration Costs</b>	SOAS1.1	<b>80,324</b>	<b>74,110</b>	(6,214)	73,304

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

## Notes to the Statement of Outturn against Assembly Supply – 2022-23

### SOAS Note 1 - Outturn detail by Estimate Line

#### SOAS Note 1.1 – Analysis of resource outturn by Estimate line

Type of spend (Resource)	Resource outturn						Estimate				Outturn vs Estimate (inc virements), saving/ (excess)	Prior Year Outturn Total 2021-22
	Administration			Programme			Total	Total	Virements*	Total inc. virements		
	Gross	Income	Net	Gross	Income	Net						
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Spending in Departmental Expenditure Limits (DEL)</b>												
<b>Voted Expenditure</b>	<b>80,873</b>	<b>(549)</b>	<b>80,324</b>	<b>575,411</b>	<b>(60,849)</b>	<b>514,562</b>	<b>594,886</b>	<b>596,248</b>	<b>-</b>	<b>596,248</b>	<b>1,362</b>	<b>593,180</b>
Of which:												
1 – Food and Farming	48,351	(59)	48,292	378,845	(10,853)	367,992	416,284	422,845	(5,811)	417,034	750	417,188
Of which:												
Food and Farming – Departmental Expenditure	34,754	(59)	34,695	356,904	(10,853)	346,051	380,746	386,240	(5,484)	380,756	10	389,789
Livestock and Meat Commission (ALB - Net)	651	-	651	(307)	-	(307)	344	415	(59)	356	12	(228)
The Agric-Food and Biosciences Institute (ALB - Net)	12,946	-	12,946	22,248	-	22,248	35,194	36,190	(268)	35,922	728	27,627
2 – Veterinary Service and Animal Health	7,353	(3)	7,350	102,157	(19,166)	82,991	90,341	87,697	2,644	90,341	-	84,894
3 – Rural Affairs	6,439	(232)	6,207	10,388	(17)	10,371	16,578	18,658	(2,080)	16,578	-	14,739
4 – Foyle, Carlingford and Irish Lights Commission (ALB - Net)	-	-	-	2,912	-	2,912	2,912	2,630	587	3,217	305	2,820
5 – Environment, Marine and Fisheries	16,691	(254)	16,437	74,012	(24,994)	49,018	65,455	58,294	7,468	65,762	307	61,920
Of which:												
Environment, Marine and Fisheries – Departmental Expenditure	16,370	(254)	16,116	71,729	(24,725)	47,004	63,120	56,005	7,420	63,425	305	61,348
EU Community Initiatives	-	-	-	316	(269)	47	47	29	18	47	-	396
Northern Ireland Fishery Harbour Authority (ALB - Net)	321	-	321	1,967	-	1,967	2,288	2,260	30	2,290	2	176

Type of spend (Resource)	Resource outturn						Estimate				Outturn vs Estimate (inc virements), saving/ (excess)	Prior Year Outturn Total 2021-22
	Administration			Programme			Total	Total	Virements*	Total inc. virements		
	Gross	Income	Net	Gross	Income	Net						
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
6 - Forestry	2,039	(1)	2,038	1,287	(9)	1,278	3,316	6,124	(2,808)	3,316	-	11,619
7 - Common Agricultural Policy	-	-	-	5,810	(5,810)	-	-	-	-	-	-	-
<b>Total Voted DEL</b>	<b>80,873</b>	<b>(549)</b>	<b>80,324</b>	<b>575,411</b>	<b>(60,849)</b>	<b>514,562</b>	<b>594,886</b>	<b>596,248</b>	<b>-</b>	<b>596,248</b>	<b>1,362</b>	<b>593,180</b>
Non-voted Expenditure	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total non-voted DEL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total spending in DEL</b>	<b>80,873</b>	<b>(549)</b>	<b>80,324</b>	<b>575,411</b>	<b>(60,849)</b>	<b>514,562</b>	<b>594,886</b>	<b>596,248</b>	<b>-</b>	<b>596,248</b>	<b>1,362</b>	<b>593,180</b>
<b>Spending in Annually Managed Expenditure (AME)</b>												
<b>Voted Expenditure</b>												
8 – Provisions – Departmental Expenditure	-	-	-	(2,735)	-	(2,735)	(2,735)	13,226	(100)	13,126	<b>15,861</b>	(1,168)
9 – Revaluations - Departmental Expenditure	-	-	-	(394)	-	(394)	(394)	1,050	-	1,050	<b>1,444</b>	(737)
10 - Depreciation Departmental Expenditure	-	-	-	110	-	110	110	116	-	116	<b>6</b>	98
11 - Arms Length Bodies	-	-	-	1,779	-	1,779	1,779	1,700	100	1,800	<b>21</b>	-
<b>Total voted AME</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,240)</b>	<b>-</b>	<b>(1,240)</b>	<b>(1,240)</b>	<b>16,092</b>	<b>-</b>	<b>16,092</b>	<b>17,332</b>	<b>(1,807)</b>
<b>Total non-voted AME</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total spending in AME</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,240)</b>	<b>-</b>	<b>(1,240)</b>	<b>(1,240)</b>	<b>16,092</b>	<b>-</b>	<b>16,092</b>	<b>17,332</b>	<b>(1,807)</b>
<b>Total Non Budget</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total resource</b>	<b>80,873</b>	<b>(549)</b>	<b>80,324</b>	<b>574,171</b>	<b>(60,849)</b>	<b>513,322</b>	<b>593,646</b>	<b>612,340</b>	<b>-</b>	<b>612,340</b>	<b>18,694</b>	<b>591,373</b>

**\*ALB Outturn is recorded net**

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 NI 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 is as follows:

- The Estimates contain a high provision limit of £13.2m 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.

## SOAS Note 1.2 – Analysis of capital outturn by Estimate line

Type of spend (Capital)	Outturn			Estimate			Outturn vs Estimate (inc virements), saving/ (excess)	Prior Year Outturn Total 2021-22
	Gross	Income	Net total	Total	Virements*	Total inc. virements		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Spending in Departmental Expenditure Limits (DEL)</b>	<b>93,983</b>	<b>(11,689)</b>	<b>82,294</b>	<b>82,447</b>	-	<b>82,447</b>	<b>153</b>	<b>92,606</b>
<b>Voted Expenditure</b>								
1 – Food and Farming	42,883	(83)	42,800	42,585	274	42,859	59	48,052
Of which:								
Food and Farming - Departmental Expenditure	21,899	(83)	21,816	21,448	368	21,816	-	21,229
Livestock and Meat Commission (ALB - Net)	3	-	3	30	-	30	27	24
The Agri-Food and Biosciences Institute (ALB - Net)	20,981	-	20,981	21,107	(94)	21,013	32	26,799
2: Veterinary Service and Animal Health	10,198	-	10,198	10,316	(118)	10,198	-	12,112
3: Rural Affairs	8,591	-	8,591	8,869	(274)	8,595	4	11,221
4: Foyle, Carlingford and Irish Lights Commission (ALB - Net)	314	-	314	653	(304)	349	35	1,262
5: Environment, Marine and Fisheries	24,976	(6,525)	18,451	17,859	597	18,456	5	17,470
Of which:								
Environment, Marine and Fisheries - Departmental Expenditure	21,569	(3,921)	17,648	17,327	321	17,648	-	15,424
EU Community Initiatives	3,064	(2,604)	460	460	-	460	-	-
Northern Ireland Fishery Harbour Authority (ALB - Net)	343	-	343	72	276	348	5	2,046
6: Forestry	1,940	-	1,940	2,165	(175)	1,990	50	2,489
7: Common Agricultural Policy	5,081	(5,081)	-	-	-	-	-	-
<b>Total Voted DEL</b>	<b>93,983</b>	<b>(11,689)</b>	<b>82,294</b>	<b>82,447</b>	-	<b>82,447</b>	<b>153</b>	<b>92,606</b>

Type of spend (Capital)	Outturn			Estimate			Outturn vs Estimate (inc virements), saving/ (excess)	Prior Year Outturn Total 2021-22
	Gross	Income	Net total	Total	Virements*	Total inc. virements		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Non-voted Expenditure	-	-	-	-	-	-	-	-
<b>Total non-voted DEL</b>	-	-	-	-	-	-	-	-
<b>Total spending in DEL</b>	<b>93,983</b>	<b>(11,689)</b>	<b>82,294</b>	<b>82,447</b>	-	<b>82,447</b>	<b>153</b>	<b>92,606</b>
<b>Spending in Annually Managed Expenditure (AME)</b>	-	-	-	-	-	-	-	-
Voted Expenditure	-	-	-	-	-	-	-	-
<b>Total voted AME</b>	-	-	-	-	-	-	-	-
Non-voted expenditure	-	-	-	-	-	-	-	-
<b>Total non-voted AME</b>	-	-	-	-	-	-	-	-
<b>Total spending in AME</b>	-	-	-	-	-	-	-	-
<b>Total Non Budget</b>	-	-	-	-	-	-	-	-
<b>Total Capital</b>	<b>93,983</b>	<b>(11,689)</b>	<b>82,294</b>	<b>82,447</b>	-	<b>82,447</b>	<b>153</b>	<b>92,606</b>

\* 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 NI 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.

## SOAS Note 2 - Reconciliation of outturn to net expenditure

		Outturn total	Prior Year Outturn Total
Item	Note	2022-23	2021-22
		£'000	£'000
Total Resource Outturn	SOAS 1.1	593,646	591,373
Add: Capital Grants		21,325	26,084
R&D treated as Capital in the accounts (Resource for Outturn)		17,726	23,712
Other Capital adjustments		1,944	-
<b>Total</b>		<b>40,995</b>	<b>49,796</b>
<b>Net Expenditure in Consolidated Statement of Comprehensive Net Expenditure (Note a)</b>	<b>SOCNE</b>	<b>634,641</b>	<b>641,169</b>

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.



### SOAS Note 3 - Reconciliation of Net Resource Outturn to Net Cash requirement

Item	Note	Outturn total	Estimate	Outturn vs Estimate, Saving / (excess)
		£'000	£'000	£'000
<b>Total Resource outturn</b>	SOAS 1.1	593,646	612,340	18,694
<b>Total Capital outturn</b>	SOAS 1.2	82,294	82,447	153
Adjustments for ALBs:				
Remove voted resource		(42,517)	(43,195)	(678)
Remove voted capital		(21,641)	(21,862)	(221)
Add cash grant in aid		58,202	63,287	5,085
Adjustments to remove non-cash items:				
Depreciation, impairments and revaluations		(23,442)	(24,333)	(891)
New provisions and adjustments to previous provisions		(504)	(13,436)	(12,932)
Other non-cash items		698	-	(698)
Adjustments to reflect movements in working balances				
Increase/(decrease) in inventories		(105)	-	-
Increase/(decrease) in receivables		3,299	-	-
(Increase)/decrease in payables		1,666	22,500	17,640
Use of provisions		3,405	210	(3,195)
<b>Total</b>		(20,939)	(16,829)	4,110
<b>Removal of non-voted budget items</b>				
Consolidated Fund Standing Services		-	-	-
Other Adjustments		-	-	-
<b>Total</b>		-	-	-
<b>Net cash requirement</b>		655,001	677,958	22,957

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 2022 when forecasting the cash requirements of the Department to 31 March 2023. The variance of £23.0m mainly related to the year end regarding movements in working capital balances, as a result of Trade Payables being higher than anticipated.

### **SOAS Note 4– Amounts of Income to the Consolidated Fund**

The Department had no income or receipts in 2022-23 due to the Consolidated Fund (2021-22 income nil and receipts nil).

## 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	2022-23 Income £'000	2022-23 Full Cost £'000	2022-23 Surplus / (Deficit) £'000	Financial Objective
Carrier Bag Levy	14,307	13,825	482	Full cost recovery - achieved with marginal over recovery.
NIEA - Resource Efficiency Pollution	9,327	8,669	658	Full cost recovery - achieved with marginal over recovery.
Food Standards Agency	7,877	7,983	(106)	Full cost recovery -achieved with marginal under recovery.
<b>Total</b>	<b>31,511</b>	<b>30,477</b>	<b>1,034</b>	

Income Source	2021-22 Income £'000	2021-22 Full Cost £'000	2021-22 Surplus/ (Deficit) £'000	Financial Objective
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.
<b>Total</b>	<b>16,128</b>	<b>16,527</b>	<b>(399)</b>	

### 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 2022-23, no further information in addition to the items covered in the Provisions Note 17 and the contingent liabilities Note 21, have been noted.

## Regularity of Expenditure [Audited Information]

A Stewardship Reporting exercise is undertaken twice a year and Finance Division along with the Casework Committee has a role in reviewing Economic Appraisals to assess the regularity, propriety and value for money 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

	2022-23		2021-22	
	Core Department & Agency	Departmental Group	Core Department & Agency	Departmental Group
Total number of losses/cases	69	69	45	45
Total value of losses £'000	266	266	159	159

These cases include abandoned claims, other losses, and unvouched or incompletely vouched expenditure. The above table does not include losses in relation to the 2022-23 payments for Basic Payment Scheme, Greening and Young Farmers. Based on an error rate of 1.21% the expected losses on Pillar 1 national payments for 2022-23 is £3,598 (2021-22 £3,560k). This is an estimated loss extrapolated from sampling and in some cases recovery will be sought by the Department.

### Special Payments

	2022-23		2021-22	
	Core Department & Agency	Departmental Group	Core Department & Agency	Departmental Group
Total number of special payments	8	8	17	17
Total value of special payments £'000	560	560	2,145	2,145

The special payments include Ex Gratia payments, Compensation payments, Extra Contractual and Extra Statutory payments. Out of the total, no cases exceed £250k.



**Katrina Godfrey**  
**Accounting Officer**  
**Department of Agriculture, Environment and Rural Affairs**  
**7 February 2024**

### **Qualified opinion on financial statements**

I certify that I have audited the financial statements of the Department of Agriculture, Environment and Rural Affairs and of its Departmental Group for the year ended 31 March 2023 under the Government Resources and Accounts Act (Northern Ireland) 2001. The Department comprises the core Department and its agency. The Departmental Group consists of the Department and the bodies designated for inclusion under the Government Resources and Accounts (Northern Ireland) 2001 (Estimates and Accounts) (Designation of Bodies) Order 2022. The financial statements comprise those of the Department and the Departmental Group and include:

- Statement of Financial Position as at 31 March 2023
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year ended 31 March 2023; and
- the related notes including the significant accounting policies.

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

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

In my opinion, except for the effects of the matter described in the Basis of Opinions section of my certificate, the financial statements:

- give a true and fair view of the state of the Department and the Departmental Group's affairs as at 31 March 2023 and of its net operating expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance directions issued thereunder.

### **Qualified opinion on regularity**

In my opinion, except for the effects of the matter described in the Basis of Opinions section of my certificate, 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 2023 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 qualified opinions**

At Note 21 to the financial statements, the Department has included disclosure of a contingent liability, noting that there has not been sufficient progress to identify and approve costs of remediating an illegal dump site at Mobuoy, County Londonderry. I disagree with this accounting treatment as it is my opinion that the conditions are met for the costs to be accounted for by way of a provision in the financial statements.

The estimated costs of implementing the various options range from £17m to £700m, with the preferred option being £107m. On that basis, £107m is deemed to be a reliable estimate of the potential costs of remediation.

DAERA has accounted for provisions to the value of £1.13m in its financial statements of which £418k relates to annual maintenance of the Mobuoy site. DAERA has chosen not to adjust the quantum of its provisions in the financial statements to reflect the £107m estimated cost of remediation of the Mobuoy site.

The result is that the provisions figure in the Statement of Financial Position is materially understated, as is the net operating expenditure figure in the Statement of Comprehensive Net Expenditure and the £17.33m underspend against the Annually Managed Expenditure (AME) budget figure in the Statement of Outturn against Assembly Supply. In addition, a contingent liability has been disclosed in the notes to the financial statements when the conditions for doing so are no longer met.

Had the above adjustments been made by DAERA, the Department would have overspent its AME budget by approximately £89.67m for the year ended 31 March 2023, thereby breaching the amount approved by the NI Assembly in its supply estimate. As a result, the amount by which expenditure would have exceeded budget would not have been approved and would have been deemed to be irregular.

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

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

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

### **Conclusions relating to going concern**

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

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

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

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

### **Other Information**

The other information comprises the information included in the annual report other than the financial statements, the parts of the Accountability Report described in that report as having been audited, and my audit certificate and report. The Accounting Officer is responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

### **Opinion on other matters**

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

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

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

In the light of the knowledge and understanding of the Department of Agriculture, Environment and Rural Affairs and of its Departmental Group and their 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;
- ensuring the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with the applicable financial reporting framework; and
- assessing the Department of Agriculture, Environment and Rural Affairs and its Departmental Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Department of Agriculture, Environment and Rural Affairs and its Departmental will not continue to be provided in the future.

### **Auditor's responsibilities for the audit of the financial statements**

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

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



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

- obtaining an understanding of the legal and regulatory framework applicable to the Department of Agriculture, Environment and Rural Affairs and of its Departmental Group 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, Government Resources and Accounts (Northern Ireland) 2001 (Estimates and Accounts) (Designation of Bodies) Order 2022, the Financial Reporting (Departments and Public Bodies) Act (Northern Ireland) 2022;
- making enquires of management and those charged with governance on Department of Agriculture, Environment and Rural Affairs and its Departmental Group's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of Department of Agriculture, Environment and Rural Affairs and its Departmental Group's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas,
- to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the following areas: expenditure recognition and posting of unusual journals;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- documenting the design and implementation of internal controls in place to mitigate risk of material misstatement due to fraud and non-compliance with laws and regulations;
- communicating with component auditors to request identification of any instances of non-compliance with laws and regulations that could give rise to a material misstatement of the group financial statements;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading Board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate;

- 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
- applying tailored risk factors to datasets of financial transactions and related records to identify potential anomalies and irregularities for detailed audit testing.

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

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



*Dorinnia Carville*  
*Comptroller and Auditor General*  
*Northern Ireland Audit Office*  
*106 University Street*  
*BELFAST*  
*BT7 1EU*  
*13 February 2024*

# Financial Statements

## DEPARTMENT OF AGRICULTURE, ENVIRONMENT AND RURAL AFFAIRS

### Consolidated Statement of Comprehensive Net Expenditure for the Year ended 31 March 2023

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

	Note	Core Dept & Agency £'000	2022-23 Departmental Group £'000	Core Dept & Agency £'000	2021-22 Departmental Group £'000
Revenue from contracts with customers	6	(55,182)	(65,158)	(37,875)	(47,847)
Other Operating Income	6	(17,809)	(23,341)	(31,944)	(39,648)
<b>Total Operating Income</b>		<b>(72,991)</b>	<b>(88,499)</b>	<b>(69,819)</b>	<b>(87,495)</b>
Staff costs	3	157,792	195,634	149,863	186,564
EU expenditure	4,5	17,754	14,526	31,856	28,642
National grant expenditure and disallowance	4,5	395,746	337,543	414,624	357,436
Funding to Public Corporation	4,5	1,585	1,585	10,456	10,456
Purchase of goods and services	4,5	49,262	70,688	40,896	58,744
Depreciation and impairment charges	4,5	23,057	29,265	18,729	25,441
Provision expense	4,5	753	632	(1,340)	(1,182)
Other operating expenditure	4,5	62,206	74,080	47,957	63,345
Revaluation of Biological Assets		-	(1,136)	-	(782)
<b>Total Operating Expenditure</b>		<b>708,155</b>	<b>722,817</b>	<b>713,041</b>	<b>728,664</b>
<b>Net Operating Expenditure</b>		<b>635,164</b>	<b>634,318</b>	<b>643,222</b>	<b>641,169</b>
Taxation		-	79	-	386
Finance income		-	(32)	-	-
Finance Expense		3	276	-	196
<b>Net Expenditure for the year</b>		<b>635,167</b>	<b>634,641</b>	<b>643,222</b>	<b>641,751</b>
Notional Audit Costs	4	156	170	142	156
Other Notional Costs	4,5	16,272	17,305	16,923	17,953
<b>Total Notional Costs</b>		<b>16,428</b>	<b>17,475</b>	<b>17,065</b>	<b>18,109</b>

	Note	Core Dept & Agency £'000	2022-23 Departmental Group £'000	Core Dept & Agency £'000	2021-22 Departmental Group £'000
<b>Net Expenditure for the year including notionals</b>		<b>651,595</b>	<b>652,116</b>	<b>660,287</b>	<b>659,860</b>
<b>Other Comprehensive Net Expenditure</b>					
<b>Items that will not be reclassified to net operating costs:</b>					
Net (gain)/loss on revaluation of Property, Plant and Equipment	7	(12,860)	(16,302)	(9,970)	(12,843)
Net (gain)/loss on revaluation of heritage		-	-	(471)	(471)
Net (gain)/loss on revaluation of Intangible Assets	8	(9,474)	(9,528)	(4,443)	(4,472)
Actuarial (gain)/loss on retirement benefit obligations		-	(2,365)	-	(2,113)
Deferred tax on indexation uplift	19	-	600	-	328
Deferred tax credit/(debit) on retirement benefit	19	-	206	-	158
<b>Comprehensive Net Expenditure for the year</b>		<b>629,261</b>	<b>624,727</b>	<b>645,403</b>	<b>640,447</b>

All income and expenditure are derived from continuing operations.

The notes on pages 125 to 169 form part of these accounts

## DEPARTMENT OF AGRICULTURE, ENVIRONMENT AND RURAL AFFAIRS

### Consolidated Statement of Financial Position as at 31 March 2023

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.

	Note	Core Dept & Agency £'000	2022-23 Departmental Group £'000	2021-22 Core Dept & Agency £'000	2021-22 Departmental Group £'000
<b>Non-current assets</b>					
Property, plant & equipment	7.1	267,831	320,240	251,898	301,238
Biological assets	7.2	1,699	3,092	1,458	2,639
Heritage assets	7.3	2,197	2,197	2,193	2,193
Intangible assets	8	102,840	105,350	81,136	82,839
Trade and other receivables	15	-	-	-	341
Deferred income tax assets	19	-	338	-	414
Pension Assets		-	46	-	-
Financial Assets		26	26	26	26
<b>Total non-current assets</b>		<b>374,593</b>	<b>431,289</b>	<b>336,711</b>	<b>389,690</b>
<b>Current assets</b>					
Inventories	13	939	1,538	1,042	1,753
Trade and other receivables	15	34,057	52,502	32,557	47,877
Cash and cash equivalents	14.1	683	2,258	572	3,563
Short Term Bank Deposits	14.2	-	1,552	-	1,521
<b>Total current assets</b>		<b>35,679</b>	<b>57,850</b>	<b>34,171</b>	<b>54,714</b>
<b>Total assets</b>		<b>410,272</b>	<b>489,139</b>	<b>370,882</b>	<b>444,404</b>
<b>Current liabilities</b>					
Trade and other payables	16	(75,411)	(90,426)	(76,469)	(90,264)
Cash and cash equivalents	14.1	(1,521)	(1,521)	(3,209)	(3,209)
Provisions	17	(1,131)	(1,961)	(2,071)	(3,172)
<b>Total current liabilities</b>		<b>(78,063)</b>	<b>(93,908)</b>	<b>(81,749)</b>	<b>(96,645)</b>
<b>Total assets less current liabilities</b>		<b>332,209</b>	<b>395,231</b>	<b>289,133</b>	<b>347,759</b>
<b>Non current liabilities</b>					
Deferred income	16	-	(1,919)	-	(2,631)
Other Payables	16	(1,585)	(1,659)	-	-
Deferred income tax liabilities	19	-	(7,019)	-	(6,494)
Pension liability	20	-	(8,182)	-	(15,872)
Provisions	17	-	(12)	(1,961)	(1,986)
<b>Total non-current liabilities</b>		<b>(1,585)</b>	<b>(18,791)</b>	<b>(1,961)</b>	<b>(26,983)</b>
<b>Total assets less Total liabilities</b>		<b>330,624</b>	<b>376,440</b>	<b>287,172</b>	<b>320,776</b>

	Note	Core Dept & Agency £'000	2022-23 Departmental Group £'000	2021-22 Core Dept & Agency £'000	2021-22 Departmental Group £'000
<b>Taxpayer's equity &amp; other reserves:</b>					
General fund	CSoCIT E	206,392	234,956	180,744	198,329
Revaluation reserve	CSoCIT E	124,232	141,484	106,428	122,447
<b>Total equity</b>		<b>330,624</b>	<b>376,440</b>	<b>287,172</b>	<b>320,776</b>



**Katrina Godfrey**  
**Accounting Officer**  
**Department of Agriculture, Environment and Rural Affairs**  
**7 February 2024**

The notes on pages 125 to 169 form part of these accounts

## DEPARTMENT OF AGRICULTURE, ENVIRONMENT AND RURAL AFFAIRS

### Consolidated Statement of Cash Flows for the year ended 31 March 2023

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

	Note	Core Dept & Agency £'000	2022-23 Departmental Group £'000	Core Dept & Agency £'000	2021-22 Departmental Group £'000
<b>Cash flows from operating activities</b>					
Net operating cost	CSocNE	(651,595)	(652,116)	(660,287)	(659,860)
Adjustments for non-cash transactions		39,772	45,977	34,593	41,376
(Increase)/Decrease in trade and other receivables	15	(1,500)	(4,284)	17,168	11,556
Less movements in receivables relating to items not passing through the Consolidated Statement of Comprehensive Net Expenditure	15	(1,799)	(1,799)	2,637	2,637
Adjustment for ALB Capital Grants (Increase)/Decrease in Inventories	13	103	215	(122)	(616)
Increase/(Decrease) in trade and other payables	16	527	1,109	(35,925)	(34,120)
Less movements in payables relating to items not passing through the Consolidated Statement of Comprehensive Net Expenditure		(2,609)	(2,122)	1,697	1,697
Use of Provisions	17	(3,405)	(3,558)	(502)	(576)
Other Movements		-	(47)	-	2,238
<b>Net cash outflow from operating activities</b>		<b>(620,506)</b>	<b>(616,625)</b>	<b>(640,741)</b>	<b>(635,992)</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment		(11,182)	(17,605)	(16,187)	(21,118)
Purchase of intangible assets		(22,855)	(23,743)	(22,347)	(23,611)
Purchase of biological assets		-	(12)	-	(13)
Interest Received		-	(31)	-	-
Proceeds of disposal of property, plant and equipment		101	260	239	322
Proceeds from disposal of biological assets		-	944	-	709
<b>Net cash outflow from investing activities</b>		<b>(33,936)</b>	<b>(40,187)</b>	<b>(38,295)</b>	<b>(43,711)</b>
<b>Cash flows from financing activities</b>					



	Note	2022-23 Core Dept & Agency £'000	2022-23 Departmental Group £'000	2021-22 Core Dept & Agency £'000	2021-22 Departmental Group £'000
Capital grants received		-	975	-	1,356
Cash outflows for leases		-	(20)	-	-
Capital Payments in respect of Lease Liability		(516)	(516)	-	-
Interest payments in respect of Lease Liability		(43)	(43)		
From the Consolidated Fund (Supply) – current year	CSoCITE	654,163	654,163	676,399	676,398
From the Consolidated Fund (Supply) – prior year	CSoCITE	2,637	2,637	(10,844)	(10,843)
<b>Net financing</b>		<b>656,241</b>	<b>657,196</b>	<b>665,555</b>	<b>666,911</b>
<b>Net increase/(decrease) in cash and cash equivalents in the year before adjustment for receipts and payments to Consolidated Fund</b>	14	<b>1,799</b>	<b>384</b>	<b>(13,481)</b>	<b>(12,792)</b>
Payments of amounts due to the Consolidated Fund		-	-	-	-
<b>Net increase/(decrease) in cash and cash equivalents in the year after adjustment for receipts and payments to the Consolidated Fund</b>		<b>1,799</b>	<b>384</b>	<b>(13,481)</b>	<b>(12,792)</b>
<b>Cash and cash equivalents at beginning of the year</b>	14	<b>(2,637)</b>	<b>353</b>	<b>10,844</b>	<b>13,145</b>
<b>Cash and cash equivalents at the end of the year</b>	14	<b>(838)</b>	<b>737</b>	<b>(2,637)</b>	<b>353</b>

The notes on pages 125 to 169 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 2023

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

#### DEPARTMENTAL GROUP

	General Fund	Revaluation Reserve	Taxpayers' Equity
Notes	£'000	£'000	£'000
<b>Balance at 31 March 2021</b>	<b>161,492</b>	<b>111,439</b>	<b>272,931</b>
Net Assembly Funding - drawn down	665,555	-	665,555
Net Assembly Funding – supply receivable	2,637	-	2,637
Net Assembly Funding – supply payable	10,844		10,844
Comprehensive Net Expenditure for the year	(659,860)	17,538	(642,322)
Actuarial gain / (loss) on pension scheme - Loughs	2,134	-	2,134
Deferred Pension Asset - Loughs	(14,055)	-	(14,055)
Non-cash charges – auditor's remuneration	156	-	156
Non-cash charges – accommodation and other charges	17,953	-	17,953
Transfers to reserves	6,530	(6,530)	-
Other Reserve Movements	4,943	-	4,943
<b>Balance at 31 March 2022</b>	<b>198,329</b>	<b>122,447</b>	<b>320,776</b>
Net Assembly Funding - drawn down	654,163	-	654,163
Net Assembly Funding – supply receivable	838	-	838
Comprehensive Net Expenditure for the year	(652,116)	25,230	(626,886)
Actuarial gain / (loss) on pension scheme - Loughs	8,731	-	8,731
Non-cash charges – auditor's remuneration	170	-	170
Non-cash charges – accommodation and other charges	17,305	-	17,305
Transfers to reserves	6,193	(6,193)	-
IFRS 16 Lease	1,559	-	1,559
Other Reserve Movements	(216)	-	(216)
<b>Balance at 31 March 2023</b>	<b>234,956</b>	<b>141,484</b>	<b>376,440</b>

## CORE DEPARTMENT & AGENCY

	General Fund	Revaluation Reserve	Taxpayers' Equity
Notes	£'000	£'000	£'000
<b>Balance at 31 March 2021</b>	<b>141,035</b>	<b>95,439</b>	<b>236,474</b>
Net Assembly Funding - drawn down	665,555	-	665,555
Net Assembly Funding – supply receivable	2,637	-	2,637
Net Assembly Funding – supply payable	10,844		10,844
Comprehensive Net Expenditure for the year	(660,287)	14,884	(645,403)
Non-cash charges – auditor’s remuneration	142	-	142
Non-cash charges – accommodation and other charges	16,923	-	16,923
Transfers to reserves	3,895	(3,895)	-
<b>Balance at 31 March 2022</b>	<b>180,744</b>	<b>106,428</b>	<b>287,172</b>
Net Assembly Funding - drawn down	654,163	-	654,163
Net Assembly Funding – supply receivable	838	-	838
Comprehensive Net Expenditure for the year	(651,595)	22,334	(629,261)
Non-cash charges – auditor’s remuneration	156	-	156
Non-cash charges – accommodation and other charges	16,272	-	16,272
Transfers to reserves	4,530	(4,530)	-
IFRS 16 Lease	1,280	-	1,280
Other Reserve Movements	4	-	4
<b>Balance at 31 March 2023</b>	<b>206,392</b>	<b>124,232</b>	<b>330,624</b>

The Group adopted IFRS 16 ‘Leases from 1 April 2022. As a result, Peppercorn Leases, previously recognised as Operating leases, are now classified as non-current assets in the Statement of Financial Position, and were professionally valued by LPS at this date. The difference between the carrying amount of the non-current asset and lease liabilities have been included as part of the adjustment to the opening balances of the Taxpayer’s Equity. Carrying amounts are disclosed in Note 7.1 to the accounts.

The notes on pages 125 to 169 form part of these accounts

# DEPARTMENT OF AGRICULTURE, ENVIRONMENT AND RURAL AFFAIRS

## RESOURCE ACCOUNTS AT 31 MARCH 2023

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### Notes to the Group Resource Accounts

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#### 1.1 Statement of accounting policies

These financial statements have been prepared in accordance with the 2022-23 Government Financial Reporting Manual (FReM) issued by DoF. The accounting policies contained in the FReM apply 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 the DAERA Group 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.

#### 1.2 Accounting convention

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

#### 1.3 Basis of consolidation

These accounts comprise a consolidation of the core Department, its Departmental agency and other bodies listed in note 22 which fall within the departmental boundary as defined in the FReM and make up the 'Departmental Group'. Transactions between entities included in the consolidated accounts are eliminated. The consolidated bodies prepare accounts in accordance with either FReM or Financial Reporting Standard (FRS) 102. For those bodies that do not prepare accounts in accordance with FReM, adjustments are made at consolidation if necessary where differences would have a significant effect on the accounts.

From April 2020 the Forest Service, an executive agency of DAERA was reclassified as a Non Financial Public Corporation for Accounts and Budgeting purposes, by the Office of National Statistics (ONS). Its Accounts are no longer consolidated in the Departmental Group.

#### 1.4 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.

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

In accordance with IAS 41 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

## Donated fixed assets

Donated fixed assets are capitalised at their fair value on receipt and this value is credited to the General Fund. Donated fixed assets are valued and depreciated as described below for purchased assets. Gains and losses on revaluations are also taken to the General Fund and, each year, an amount equal to the depreciation charge on the asset is released from the donated asset charged to the SoCNE. Any impairment on donated assets charged to the SoCNE is matched by transfer from the General Fund.

## **1.5 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.

### 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' as prepared by the ONS to ensure that the carrying value of the intangible asset does not exceed its recoverable amount.

## **1.6 Biological Assets**

Biological assets comprise livestock which are used for education and research purposes which are commercially sold.

Biological assets are valued at fair value less estimated costs at the point of sale at the end of the reporting period. This is further disclosed in accordance with IAS 41 Agriculture, by showing the aggregate value of purchases, sales, changes in value due to changes in physical conditions of the herd and changes in the value of the herd due to changes in market price.

## **1.7 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.

## **1.8 Current Assets Held for Sale**

The Group 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.

## **1.9 Inventories**

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

## **1.10 Research and Development expenditure**

DAERA applies European System of Accounts (ESA) 10 in regard to accounting and budgeting for Research and Development expenditure. Under ESA 10 Research and Development is defined as: "Creative work undertaken on a systematic basis to increase the stock of knowledge, and use of this stock of knowledge for discovering or developing new products, including improved versions or qualities of existing products, or discovering or developing new or more efficient processes of production".

Research and development expenditures include all costs relating to the scientific and technical patent work, education and training necessary to ensure the development, start-up and commercialisation of new or improved products or processes.

Research expenditure is recognised as an expense when incurred.

Development expenditure on new or substantially improved products is capitalised as an intangible asset and amortised through cost of sales over the expected useful life of the product concerned. Capitalisation commences from the point at which the technical feasibility and commercial viability of the product can be demonstrated and AFBI Management is satisfied that it is probable that future economic benefit will result from the product once completed. This is usually at the point of regulatory filing in a major market and approval is highly probable. Capitalisation ceases when the product is ready for launch.

### **1.11 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. It includes the Group's accruing resources and any income payable to the Consolidated Fund. Other Operating Income is income received from the EU.

### **1.12 Funding to, and public corporation dividend from, Forest Service**

The DAERA Group makes an annual funding payment to Forest Service, which is accounted for as expenditure in the Group accounts. The Group receives a dividend from Forest 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 Forest Service makes a surplus before revaluation gains on biological assets in the future, HM Treasury's real rate of interest will apply.

### **1.13 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.

### **1.14 (i) Leases**

The Group applied IAS 17 'Leases' up to 1 April 2022, recognising lease assets as either operating or finance leases. Leases were classified as finance leases when the risks and rewards of ownership were transferred substantially to the lessees, all other leases were classified as operating leases.

#### **Finance Leases:**

Where substantially all risk and rewards of ownership of a leased asset are borne by the Group, the asset is recorded as a non-current asset and a debt is recorded to the lessor of the minimum lease payments discounted by the interest implicit to the lease. The interest element of the finance lease payment is charged to the SoCNE over the period of the lease at a constant rate in relation to the balance outstanding.

#### **Operating Leases:**

Operating lease rentals are charged to the SoCNE on a straight line basis over the term of the lease.

### **1.14(ii) Leases – from 1 April 2022**

The Group adopted IFRS 16 'Leases' from 1 April 2022. IFRS 16 represents a significant change in lessee accounting by removing the distinction between operating leases (off-statement of financial position financing) and finance leases (on-statement of financial position financing) and introduces a single lessee accounting model. IFRS 16 requires recognition of assets and liabilities for all leases in the Statement of Financial Position (SoFP), with exemption given to low value leases and short-term leases, i.e. those with lease terms of less than 12 months. For these leases the lease payments are recognised as an operating expense on a straight line basis over the term of the lease. The adoption of the standard results in the recognition of a right-of-use asset, representing a right to use the underlying leased asset and a lease liability, representing an obligation to make lease payments.



### **Leases previously classified as operating leases: transition to IFRS 16**

NIEA has adopted IFRS 16 on the cumulative catch-up basis as mandated in FReM, and therefore the cumulative impact on previous years' results has been recognised within reserves at the beginning of the period. As such, the prior year comparative information has not been restated and note 1.14(i) applies for the prior year. Under the 'grandfathering' rules mandated in FReM for the initial transition to IFRS 16, a right-of-use asset and lease liability has been recognised for all relevant leases not previously recognised as finance leases for accounting purposes under IAS 17.

### **Peppercorn Leases**

As mandated by the FReM, the definition of a lease is expanded to include arrangements with nil consideration. Peppercorn leases are examples of these, they are defined by HM Treasury as lease payments significantly below market value. On initial recognition, these assets are measured at fair value. On transition, any differences between the discounted lease liability and the right-of-use asset are included as part of the adjustment to the opening balance of taxpayers' equity. Any differences between the lease liability and right-of-use asset for new leases after implementation of IFRS 16 are recorded as income as required by IAS 20 as interpreted by the FReM.

### **Measurement of Right-of-Use asset on transition**

On initial application, the right-of-use asset is measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Statement of Financial Position (SoFP) immediately before the date of initial application.

### **Measurement of lease liability on transition**

On initial application, the lease liability is measured at the present value of the remaining lease payments, using the incremental borrowing rate at the date of initial application. The incremental borrowing rate is either:

- The interest rate implicit in the lease; or
- HM Treasury discount rate where interest rates implicit in the lease cannot be readily determined (0.95% for leases recognised in 2022, 3.51% for those in 2023).

When the lease liability is re-measured, a corresponding adjustment is made to the right of use asset or recorded in the SoCNE, if the carrying amount of the right of use asset is £nil.

The group presents right of use assets that do not meet the definition of investment properties per IAS 40 Investment Properties as right of use assets under SoFP. The lease liabilities are included within lease liabilities within current and non-current liabilities on the SoFP.

### **Impact on Financial Statements**

On transition to IFRS16, the Departmental Group recognised an additional £3.92m of right of use assets (Note 7, 8 and 10.2.1) and £2.52m of lease liabilities at 1 April 2022.

### **1.15 Grants**

The Group 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 Group is accrued in line with the relevant expenditure.

### **1.16 Provisions**

The Group 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.

### **1.17 Value Added Tax (VAT)**

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

### **1.18 Third-Party assets**

The Group 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.

### **1.19 Administration and programme expenditure**

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

### **1.20 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 Group 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 Group recognises the contributions payable for the year. See Remuneration and Staff Report for further details.

Further details of the civil service pension arrangements can be found at the website

### North South Pension Scheme

On 1 January 2015, the Foyle Fisheries Commission Pension (Amendment) Scheme 1979 closed and members were transferred to the North/South Pension Scheme (NSPS).

The NSPS was established by the North South Implementation Bodies and Tourism Ireland Limited with effect from 29 April 2005. It is a defined benefit pension scheme which is funded annually on a pay as you go basis from monies provided by the UK and Irish Exchequers. Funding is provided to the Agency via co-sponsoring by DAERA and the Department for Environment, Climate and Communications in the Republic of Ireland.

The NSPS consists of a number of sections with different benefit structures.

The Core Final Salary section is a final salary pension arrangement with benefits modelled on the Classic section of the Principal Civil Service Pension Scheme in NI. The scheme provides a pension (eightieths per year of service), a gratuity or lump sum (three eightieths per year of service) and spouse's and children's pensions. Normal Retirement Age is a member's 60<sup>th</sup> birthday. Pensions in payment (and deferment) increase in line with general price inflation.

The Core Alpha section is a Career Averaged Revalued Earnings (CARE) pension arrangement or scheme with benefits modelled on the Alpha Section of the Principal Civil Service Pension Scheme in NI. The Scheme provides a pension based on a percentage (2.32%) of pensionable pay for each year of active membership (the pension is increased at the start of each scheme year in line with general price inflation) and spouse's and children's pensions. Normal retirement age is a member's State pension age in the relevant jurisdiction. In the UK the State pension age is currently 66. The UK Government is planning further increases, which will raise the State pension age from 66 to 67 between 2026 and 2028 and from 67 to 68 between 2044 and 2046.

In Ireland, the State pension age is currently 66. This was due to rise to 67 from 1 January 2021 and then 68 from 1 January 2028. However, the government has deferred this change and a Pensions Commission has been established to consider the change to the State pension age, among other issues such as sustainability and intergenerational fairness.

Pensions in payment (and deferment) increase in line with general price inflation.

Most Core section members have benefits in both the Final Salary and Alpha Sections and new entrants who joined the Scheme after 1 April 2015 will, in most cases, become members of the Core Alpha section.

The liability at 31 December 2022 has been included in the Financial Statements and a disclosure note has been included (Note 20) detailing the actuarial review calculations, which were carried out by Deloitte Total Reward and Benefits Limited (appointed 1 July 2016). This includes the results of the calculations of the pension liabilities and costs of employees (and ex-employees) of Loughs Agency for the purposes of the accounts for the year ended 31 December 2022. Comparative figures for 2021 are also shown.

Pension costs reflect pension benefits earned by employees in the period. An amount corresponding to the pension charge is recognised as income to the extent that it is recoverable, and offset by grants received in the year to discharge pension payments. Pension liabilities represent the present value of future pension payments earned by staff to date. Deferred pension funding represents a corresponding asset, being resources to be made available in future periods from the UK and Irish Exchequers in the manner described above.

Actuarial gains and losses arising from changes in actuarial assumptions and from experience surpluses and deficits are recognised in the Statement of Comprehensive Income.

The SoFP recognises the cumulative liability for pensions earned by employees as at the year end, together with a corresponding asset.

### **1.21 Contingent Liabilities**

In addition to contingent liabilities disclosed in accordance with IAS 37, the Group 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.

### **1.22 Financial Instruments**

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

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

#### **Trade Receivables**

Trade receivables are recognised and carried at fair value less a provision for non-recovery. The Group 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.

### **1.23 Related Party Transactions**

The Group 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 Group's officials, in the interests of transparency the Group 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.

[Departmental Board - register of interests | Department of Agriculture, Environment and Rural Affairs \(daera-ni.gov.uk\)](#)

### **1.24 Functional Currency and Rounding**

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

### **1.25 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.

### **1.26 Impending application of newly issued accounting standards not yet effective**

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

### **IFRS 16**

The International Accounting Standards Board (IASB) issued an amendment to IFRS 16, which was published in September 2022. The UK Endorsement Board (UKEB) has yet to begin its endorsement consultation and HM Treasury will review what impacts this amendment will have when it is issued. This amendment is effective for accounting periods beginning on or after 1 January 2024. In line with the requirements of the FReM, IFRS 16 will be implemented, as interpreted and adapted for the public sector. However, no application date has yet been determined.

The amendment to IFRS 16 relates to the lease liability in a sale and lease back situation and clarifies how a seller-lessee subsequently measures sale and leaseback transactions that meet requirements in IFRS 15 to be accounted for as a sale. The Department does not expect any impact on the financial statements from the amendment to IFRS 16.

## **IFRS 17**

IFRS 17 Insurance Contracts will replace IFRS 4 Insurance Contracts and is effective for accounting periods beginning on or after 1 January 2023. In line with the requirements of the FReM, IFRS 17 will be implemented, as interpreted, and adapted for the public sector, with effect from 1 April 2025. The Department does not expect any impact on the financial statements from the introduction of IFRS 17.

## **IAS 1**

The IASB issued an amendment to IAS 1, which was effective from 1 January 2023. Classification of Liabilities as Current or Non-current clarifies a criterion in IAS 1 Presentation of Financial Statements for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. No amendment to FReM was deemed necessary as a result of this amendment.

## **IAS 8**

The IASB issued an amendment to IAS 8, which was effective from 1 January 2023, in relation to the definition of an accounting estimate. The definition of Accounting Estimates distinguishes between accounting policies and accounting estimates by including a definition of accounting estimates and a clarification of a change in accounting estimate in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. No amendment to FReM was deemed necessary as a result of this amendment.

## **IAS 12**

The IASB issued an amendment to IAS 12, which was effective from 1 January 2023, in relation to assets and liabilities arising from a single transaction. Assets and Liabilities Arising From a Single Transaction introduces a condition where a temporary difference that arises on initial recognition of an asset or liability is not subject to the initial recognition exemption if that transaction gives rise to equal amounts of taxable and deductible temporary differences in IAS 12 Deferred Tax. No amendment to FReM was deemed necessary as a result of this amendment.

### **1.27 Notional Charges**

Notional charges are non-cash transactions. Notional charges, in respect of services received from other Government departments and agencies and audit costs, are included in the Consolidated SoCNE to reflect the full economic cost of services. Further detail on this can be seen at note 4.

### **1.28 Review of Financial Process**

RoFP was initiated to simplify financial reporting to better align Budgets, Estimates and Accounts. The legislation necessary for RoFP (The Financial Reporting (Departments and public Bodies) Act (Northern Ireland) 2022) received Royal Assent in March 2022.

The Department is applying this accounting policy change for the first time in the financial year ended 31 March 2023 and, in accordance with IAS 1 as adapted by the FReM, has restated prior year comparatives to ensure comparability and consistency of financial information against the current reporting period.

The most significant changes to the Annual Report and Accounts as a result of RoFP are as follows:

- The Departmental boundary (incorporating both Estimates and Accounts boundaries) has been extended to incorporate Executive NDPBs. These bodies were not previously consolidated within these Accounts and were financed via grant-in-aid. Therefore, the Departmental Group now includes the Core Department, supply financed Agencies and Executive NDPBs;
- The primary statements (including the SOAS) and the Notes to the Accounts (including Net Outturn, Reconciliation of outturn to net operating expenditure, reconciliation of Net Cash Requirement and Income payable to the Consolidated Fund) have been revised to incorporate the alignment requirements; and
- The Assembly control totals have been revised to reflect the alignment of the Estimates and Budgeting boundaries.

## 2. Statement of Operating Costs by Operating Segment

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

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

	2022-23			2021-22		
	Gross Expenditure	Income	Net Expenditure	Gross Expenditure	Income	Net Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000
Veterinary Services & Animal Health	91,379	(19,132)	72,247	83,637	(15,452)	68,185
Food & Farming	391,951	(29,921)	362,660	408,654	(35,761)	372,893
Environment, Marine & Fisheries	104,709	(34,549)	70,160	90,520	(20,714)	69,806
Rural Affairs & Estates Transformation	39,681	935	40,616	48,831	(9,710)	39,121
Central Services & Contingency Planning	95,097	(6,462)	88,635	97,022	(5,858)	91,164
<b>Total</b>	<b>722,817</b>	<b>(88,499)</b>	<b>634,318</b>	<b>728,664</b>	<b>(87,495)</b>	<b>641,169</b>

The information provided is disclosed at Consolidated level with intra Group transactions being eliminated on consolidation. A large proportion of the Group's activities are based on the distribution of HM Treasury replacement funding for Agriculture, Agri Environment and the wider Rural Economy.

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.

### Description of segments

#### Veterinary Service and Animal Health

Provision of veterinary services and veterinary public health services, payments of compensation to farmers for animals culled in disease control programmes, prevention and eradication of animal diseases and protection of animal welfare. Enforcement of marketing/classification standards, primary production hygiene and animal feeding stuffs legislation and support for the equine industry.



### **Food and Farming**

Expenditure on CAFRE, provision of advice, support and guidance to farmers and the rural community by specialist advisors and frontline office staff. Measures associated with the provision of scientific services (by AFBI in the fields of agriculture, animal health and welfare, food, fisheries, the natural environment, rural development, enterprise and by other scientific bodies) and research grants to rural businesses. Delivery of food strategy and policy support to the agri-food industry, collection, collation and dissemination of agricultural and related statistics. Implementation of and payments in relation to CAP and European Agricultural Fund for Rural Development (EAFRD).

### **Environment, Marine and Fisheries (including NIEA)**

Protection of the Environment through regulation, enforcement, research, monitoring and raising public awareness. Provision of environmental policy and legislation relating to waste and greenhouse gas emissions. Promotion, protection, enhancement and sustainable use of fish stocks, aquaculture and marine health. Operation of the Loughs Agency of the FCILC and NIFHA.

### **Rural Affairs and Estates Transformation**

DAERA manages the rural elements of the NIRD for 2014 to 2020 and the network of DAERA Direct offices. It also manages the DAERA estate portfolio. This includes day-to-day maintenance of the estate and also includes identifying and implementing measures to improve the energy efficiency of the estate as well as managing accommodation leases and the disposal of surplus property. In addition it is responsible for management of DAERA's historic estate, which comprises several hundred historic buildings and monuments.

### **Central Services and Contingency Planning**

The principle activities of the Group include, developing new digital technologies to better deliver enhanced customer services, delivering high quality corporate services ensuring that departmental expenditure is incurred appropriately and delivers value for money for the public, delivering contingency planning and delivering central communications.

### **Agri Food and Biosciences Institute**

AFBI is NI's largest agri-food science organisation which exists primarily to provide DAERA with a range of statutory, surveillance, analytical and diagnostic scientific services, research and development and an emergency response capability. It also serves the agri-food and marine industries and wider community in a local, national, and international context by delivering high quality scientific services.

AFBI has three sciences divisions supported by the Finance and Corporate Affairs Division (FCAD). The operational divisions are:

- Sustainable Agri-Food Sciences Division (SAFSD) which provides statutory services and specialist advice to DAERA. Further SAFSD provides scientific support for the growth, sustainability and competitiveness of NI's farming, and agri-food industries;
- Veterinary Sciences Division which delivers world class veterinary science to the animal, food and fish based sectors of the agri-food industry; and
- Environment and Marine Sciences Division which focuses on evidence based science and is key to addressing the significant environmental challenges whilst ensuring the sustainable use of natural resources and the future prosperity of the agri-food sector.

### Livestock and Meat Commission

The Livestock and Meat Commission for NI is an Executive Non-Departmental Public Body, which was established to assist the development of the livestock and livestock products industries. The LMC mission statement is to support, examine and inform the marketing and development of the NI beef and sheep meat industry.

### Northern Ireland Fisheries Harbour Authority

NIFHA has a statutory responsibility for improving, managing and maintaining the three fishery harbours and harbour estates of Ardglass, Kilkeel, and Portavogie and for operating the facilities which are provided at these harbours. The Authority's mission is to facilitate sustainable wealth creation in the harbour areas for which it is responsible.

### Loughs Agency of the Foyle Carlingford and Irish Lights Commission

Loughs Agency aims to provide sustainable social, economic and environmental benefits through the effective conservation, management, promotion and development of the fisheries and marine resources of the Foyle and Carlingford Areas.

## 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.

## 3. Staff Costs

	2022-23		2021-22	
	Core Dept & Agency £'000	Departmental Group £'000	Core Dept & Agency £'000	Departmental Group £'000
Wages and Salaries	113,350	141,318	106,776	133,535
Social security costs	11,786	14,228	11,203	13,668
Other pension costs	32,656	40,088	31,884	39,361
<b>Total net costs</b>	<b>157,792</b>	<b>195,634</b>	<b>149,863</b>	<b>186,564</b>
Of which:				
Charged to Administration	42,160	42,160	40,635	40,635
Charged to Programme	115,632	153,474	109,228	145,929
	<b>157,792</b>	<b>195,634</b>	<b>149,863</b>	<b>186,564</b>

## 4. Other Administration Costs

### 4 (a) Administration Costs

	2022-23		2021-22	
	Core Dept & Agency £'000	Departmental Group £'000	Core Dept & Agency £'000	Departmental Group £'000
<b>Purchase of Goods &amp; Services</b>				
Office services	2,168	2,168	2,216	2,216
Contracted out services	3,211	3,211	3,151	3,151
Professional costs	1,925	1,925	1,476	1,476
Consultancy costs	144	144	67	67
Other Expenses	1,207	1,207	591	591
<b>Total Purchases of Goods &amp; Services</b>	<b>8,655</b>	<b>8,655</b>	<b>7,501</b>	<b>7,501</b>
<b>Depreciation &amp; impairment charges</b>				
<b>Non Cash Costs:</b>				
Depreciation – property, plant and equipment	630	630	585	585
Amortisation of intangible assets	10,450	10,450	8,234	8,234
Impairment/revaluation of assets	-	-	38	38
<b>Total</b>	<b>11,080</b>	<b>11,080</b>	<b>8,857</b>	<b>8,857</b>
<b>Other operating expenditure</b>				
Rentals under operating leases	126	126	52	52
Staff related costs	2,237	2,237	1,860	1,860
Accommodation costs	379	379	243	243
<b>Sub Total Other Operating Expenditure</b>	<b>2,742</b>	<b>2,742</b>	<b>2,155</b>	<b>2,155</b>
(Gain)/loss on disposal of assets	1	1	(19)	(19)
<b>Sub Total (Gain)/loss on disposal of assets</b>	<b>1</b>	<b>1</b>	<b>(19)</b>	<b>(19)</b>
<b>Notional Charges</b>				
Notional Auditor's remuneration	156	156	142	142
Notional accommodation	5,282	5,282	6,176	6,176
Other Notional Costs	10,990	10,990	10,747	10,747
<b>Total Notional Charges</b>	<b>16,428</b>	<b>16,428</b>	<b>17,065</b>	<b>17,065</b>
<b>Total Administration Costs</b>	<b>38,906</b>	<b>38,906</b>	<b>35,559</b>	<b>35,559</b>

#### 4 (b) Notional Audit Costs

	2022-23 £'000	2021-22 £'000
Core Department Agency		
<b>Total Core Department and Agency</b>	<b>156</b>	<b>142</b>
Loughs Agency	-	-
AFBI	-	-
LMC	14	14
NIFHA	-	-
<b>Departmental Group Notional Audit Costs</b>	<b>170</b>	<b>156</b>

#### 4 (c) Total Operating Expenditure Reconciliation

	Administration Expenditure	Programme Expenditure	2022-23 Total
	£'000	£'000	£'000
<b>Core Department &amp; Agency</b>			
Staff costs	42,160	115,632	157,792
EU expenditure	-	17,754	17,754
National grant expenditure and disallowance	-	395,746	395,746
Forest Service Public Corp Funding	-	1,585	1,585
Purchase of goods & services	8,655	40,607	49,262
Depreciation & impairment	11,080	11,977	23,057
Provision expenses	-	753	753
Other operating expenditure	2,743	59,463	62,206
<b>Total</b>	<b>64,638</b>	<b>643,517</b>	<b>708,155</b>

	Administration Expenditure	Programme Expenditure	2021-22 Total
	£'000	£'000	£'000
<b>Core Department &amp; Agency</b>			
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	2,136	45,821	47,957
<b>Total</b>	<b>59,129</b>	<b>653,912</b>	<b>713,041</b>

	Administration Expenditure	Programme Expenditure	2022-23 Total
<b>Departmental Group</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Staff costs	42,160	153,474	195,634
EU expenditure	-	14,526	14,526
National grant expenditure and disallowance	-	337,543	337,543
Forest Service Public Corp Funding	-	1,585	1,585
Purchase of goods & services	8,655	62,033	70,688
Depreciation & impairment	11,080	18,185	29,265
Provision expenses	-	632	632
Biological Asset revaluation	-	(1,136)	(1,136)
Other operating expenditure	2,743	71,337	74,080
<b>Total</b>	<b>64,638</b>	<b>658,179</b>	<b>722,817</b>

	Administration Expenditure	Programme Expenditure	2021-22 Total
<b>Departmental Group</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Staff costs	40,635	145,929	186,564
EU expenditure	-	28,642	28,642
National grant expenditure and disallowance	-	357,436	357,436
Forest Service Public Corp Funding	-	10,456	10,456
Purchase of goods & services	7,501	51,243	58,744
Depreciation & impairment	8,857	16,584	25,441
Provision expenses	-	(1,182)	(1,182)
Biological Asset revaluation	-	(782)	(782)
Other operating expenditure	2,136	61,209	63,345
<b>Total</b>	<b>59,129</b>	<b>669,535</b>	<b>728,664</b>

## 5. Programme Costs

### 5 (a) Programme Costs

	2022-23		2021-22	
	Core Dept & Agency £'000	Departmental Group £'000	Core Dept & Agency £'000	Departmental Group £'000
<b>Grant Expenditure</b>				
<b>EU Grants &amp; Subsidies:</b>				
Capital grants & subsidies	11,578	7,686	19,574	15,967
Area Aids Basic Payment Scheme	-	-	-	-
COVID-19 Grant	-	-	-	-
Current grants & subsidies – other	6,176	6,840	12,282	12,675
	<b>17,754</b>	<b>14,526</b>	<b>31,856</b>	<b>28,642</b>
<b>National Grants &amp; Subsidies:</b>				
Grant in aid	58,202	-	56,573	-
COVID-19 market support	-	-	4,904	4,905
COVID-19 other support	-	-	5,135	5,135
Capital grants & subsidies	22,521	22,521	22,508	21,892
Current grants & subsidies inc Areas Aids and Basic Payment Scheme	314,149	314,148	325,373	325,373
	<b>394,872</b>	<b>336,669</b>	<b>414,493</b>	<b>357,305</b>
CAP Disallowance	874	874	131	131
<b>Total Grant Expenditure</b>	<b>413,500</b>	<b>352,069</b>	<b>446,480</b>	<b>386,078</b>
<b>Funding to Public Corporation*</b>				
Resource subsidy to Forest Service	791	791	391	391
Capital subsidy to Forest Service	794	794	1,165	1,165
Other subsidy to Forest Service	-	-	8,900	8,900
<b>Total Funding to Public Corporation</b>	<b>1,585</b>	<b>1,585</b>	<b>10,456</b>	<b>10,456</b>
<b>Purchase of Goods &amp; Services</b>				
Office services	2,021	4,002	1,951	3,784
Contracted out services	12,990	15,813	5,499	8,936
Private veterinary practitioners' fees & expenses	9,545	9,545	9,082	9,082
Laboratory expenditure	-	4,240	-	3,529
Ship operating costs	-	3,672	-	2,549
Professional & legal costs	7,236	9,505	7,874	9,513
Royalty costs	-	460	-	106
Consultancy costs	833	833	837	837
Consumables & materials	1,568	7,179	1,841	2,081
Other goods and services	6,414	6,784	6,311	10,826
<b>Total Purchase of Goods &amp; Services</b>	<b>40,607</b>	<b>62,033</b>	<b>33,395</b>	<b>51,243</b>
<b>Depreciation &amp; Impairment Charges</b>				
<b>Non Cash Costs:</b>				
Depreciation – property, plant & equipment	11,933	18,005	9,306	15,835
Amortisation of intangible assets	433	569	1,087	1,270
Impairment/revaluation of assets	(389)	(389)	(521)	(521)
<b>Total Depreciation &amp; Impairment Charges</b>	<b>11,977</b>	<b>18,185</b>	<b>9,872</b>	<b>16,584</b>

	2022-23		2021-22	
	Core Dept & Agency £'000	Departmental Group £'000	Core Dept & Agency £'000	Departmental Group £'000
Bad Debts	249	259	72	90
Provision expense	504	373	(1,412)	(1,272)
<b>Provisions Total</b>	<b>753</b>	<b>632</b>	<b>(1,340)</b>	<b>(1,182)</b>
<b>Other Operating Expenditure</b>				
Rentals under operating lease	350	353	657	6,231
Staff related costs	2,335	3,336	1,965	2,741
Accommodation costs	9,768	16,101	8,474	13,323
Exchange rate losses/(gains) - realised	1,450	1,450	283	283
Exchange rate losses – unrealised	3	3	(1)	(1)
Diseased animals compensation	38,206	38,206	29,188	29,188
Other compensation	29	29	(931)	(931)
Non-capital plant and equipment purchases	4,811	4,811	3,790	3,791
Irrecoverable VAT	-	3,062	-	3,087
Preliminary Project Expenditure	-	176	-	-
Vessel Decommissioning	-	67	-	-
Vehicle, ship and plant costs	2,365	3,675	1,936	3,031
<b>Sub total</b>	<b>59,317</b>	<b>71,269</b>	<b>45,361</b>	<b>60,743</b>
<b>Non-cash items</b>				
Loss/(gain) on disposal of assets	(4)	(132)	228	222
Notional Auditor's remuneration	-	14	-	14
Notional charges	-	1,033	-	1,030
Provision for doubtful debt	150	200	232	244
<b>Non Cash Total</b>	<b>146</b>	<b>1,115</b>	<b>460</b>	<b>1,510</b>
<b>Total Other Operating Expenditure</b>	<b>59,463</b>	<b>72,384</b>	<b>45,821</b>	<b>62,253</b>
Biological Assets revaluation	-	(1,136)	-	(782)
Taxation charges	-	79	-	2,188
Finance Income	-	(32)	-	-
Finance Expenses	-	276	-	196
<b>Total Programme Expenditure</b>	<b>527,885</b>	<b>506,075</b>	<b>544,684</b>	<b>527,034</b>

\*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 2022-23 the Department paid out a Resource subsidy of £791k (2021-22 £391k) and a Capital Subsidy of £794k (2021-22 £1,165k). In 2021-22 the Department paid out £8,900k (2022-23 Nil) to Forest Service to cover part of the running costs for that year. This allowed Forest Service to retain more of its income as reserves. This will provide financial security and protect against future market shocks.



## 5 (b) Non Cash Costs

<b>Core Department &amp; Agency</b>	<b>Administration Expenditure £'000</b>	<b>Programme Expenditure £'000</b>	<b>2022-23 Total £'000</b>
Depreciation & impairment	11,080	11,977	23,057
Provision expenses	-	753	753
Other operating expenditure	16,428	146	16,574
<b>Total</b>	<b>27,508</b>	<b>12,876</b>	<b>40,384</b>

<b>Core Department &amp; Agency</b>	<b>Administration Expenditure £'000</b>	<b>Programme Expenditure £'000</b>	<b>2021-22 Total £'000</b>
Depreciation & impairment	8,857	9,872	18,729
Provision expenses	-	(1,340)	(1,340)
Other operating expenditure	17,065	460	17,525
<b>Total</b>	<b>25,922</b>	<b>8,992</b>	<b>34,914</b>

<b>Departmental Group</b>	<b>Administration Expenditure £'000</b>	<b>Programme Expenditure £'000</b>	<b>2022-23 Total £'000</b>
Depreciation & impairment	11,080	18,185	29,265
Provision expenses	-	632	632
Other operating expenditure	16,428	1,115	17,543
<b>Total</b>	<b>27,508</b>	<b>19,932</b>	<b>47,440</b>

<b>Departmental Group</b>	<b>Administration Expenditure £'000</b>	<b>Programme Expenditure £'000</b>	<b>2021-22 Total £'000</b>
Depreciation & impairment	8,857	16,584	25,441
Provision expenses	-	(1,182)	(1,182)
Other operating expenditure	17,065	1,510	18,575
<b>Total</b>	<b>25,922</b>	<b>16,912</b>	<b>42,834</b>

## 6. Income

	2022-23		2020-21	
	Core Dept & Agency £'000	Departmental Group £'000	Core Dept & Agency £'000	Departmental Group £'000
<b>Revenue from contracts with customers</b>				
Inspection & testing	8,840	17,103	8,187	13,997
Rent & recreation income	7,198	1,196	6,517	6,688
Environmental regulatory charges	9,395	9,395	8,736	8,736
Diseased animal salvage	10,394	10,394	7,147	7,147
Carrier bag levy	14,307	14,307	2,803	2,803
Education	1,957	1,957	1,909	1,909
Farm and supplies sales	1,540	2,775	1,145	2,099
Seconded staff	-	95	-	195
Fees, Levies, Charges	-	1,909	-	1,670
Royalties	-	2,091	-	401
Other	1,551	3,936	1,431	2,202
<b>Total</b>	<b>55,182</b>	<b>65,158</b>	<b>37,875</b>	<b>47,847</b>
<b>Other Operating Income</b>				
Other EU programme income	17,809	17,809	31,839	31,839
Other grants	-	981	-	3,229
Revenue grants from Departments	-	(66)	-	(253)
Capital grant released	-	300	-	(301)
Net deferred funding for pensions	-	813	-	888
Veterinary fund receipts	-	-	105	105
EU Grants	-	3,504	-	4,141
	<b>17,809</b>	<b>23,341</b>	<b>31,944</b>	<b>39,648</b>
<b>Total Income</b>	<b>72,991</b>	<b>88,499</b>	<b>69,819</b>	<b>87,495</b>

## 7.1 (a) Property, Plant and Equipment 2022-23: Consolidated

2022-23	Land & Buildings £'000	Plant & Machinery £'000	Transport & Equipment £'000	Information Technology £'000	Assets under Construction £'000	Total £'000
<b>Cost or valuation</b>						
<b>At 1 April 2022</b>	<b>272,591</b>	<b>66,863</b>	<b>19,006</b>	<b>6,240</b>	<b>25,129</b>	<b>389,829</b>
IFRS 16 Adjustment**	3,380	286	-	-	-	3,666
<b>Restated at 1 April 2022</b>	<b>275,971</b>	<b>67,149</b>	<b>19,006</b>	<b>6,240</b>	<b>25,129</b>	<b>393,495</b>
Additions	2,485	4,004	890	477	9,573	17,429
Disposals	(18)	(2,492)	(374)	(341)	(51)	(3,276)
Reclassifications	4,404	2,615	215	19	(7,252)	1
Transfers	(19)	-	-	-	-	(19)
Impairments	-	-	-	-	-	-
Revaluations to CSocNE	410	37	5	54	-	506
Revaluations through revaluation reserve	14,994	5,598	1,265	201	1	22,059
<b>At 31 March 2023</b>	<b>298,227</b>	<b>76,911</b>	<b>21,007</b>	<b>6,650</b>	<b>27,400</b>	<b>430,195</b>
<b>Depreciation</b>						
<b>At 1 April 2022</b>	<b>26,895</b>	<b>44,370</b>	<b>13,429</b>	<b>3,866</b>	<b>31</b>	<b>88,591</b>
Charged in year	11,442	4,968	1,160	1,061	-	18,631
Disposals	(2)	(2,482)	(332)	(316)	-	(3,132)
Reclassification	-	(148)	148	(2)	-	(2)
Transfers	7	-	-	-	-	7
Impairment	-	1	-	5	-	6
Revaluations to CSocNE	42	21	5	27	-	95
Revaluations through revaluation reserve	1,185	3,558	914	102	-	5,759
<b>At 31 March 2023</b>	<b>39,569</b>	<b>50,288</b>	<b>15,324</b>	<b>4,743</b>	<b>31</b>	<b>109,955</b>
<b>Carrying Amount at 31 March 2022</b>	<b>245,696</b>	<b>22,494</b>	<b>5,576</b>	<b>2,375</b>	<b>25,097</b>	<b>301,238</b>
<b>Carrying Amount at 31 March 2023</b>	<b>258,658</b>	<b>26,623</b>	<b>5,683</b>	<b>1,907</b>	<b>27,369</b>	<b>320,240</b>
<b>Asset Financing</b>						
Owned	255,453	26,515	5,683	1,907	27,369	316,927
Leased	3,205	108	-	-	-	3,313
<b>Carrying Amount at 31 March 2023</b>	<b>258,658</b>	<b>26,623</b>	<b>5,683</b>	<b>1,907</b>	<b>27,368</b>	<b>320,240</b>
<b>Carrying Amount at 31 March 2023 Of the Total:</b>						
Core Department	201,789	9,180	3,699	1,217	22,219	238,104
Agency	23,067	2,692	737	8	3,220	29,724
Other designated bodies	33,802	14,751	1,247	682	1,930	52,412
<b>Carrying Amount at 31 March 2023</b>	<b>258,658</b>	<b>26,624</b>	<b>5,682</b>	<b>1,908</b>	<b>27,368</b>	<b>320,240</b>

Land and Buildings includes land with a net book value of £51m. 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 2022-23 or 2021-22.

\*\*The Group adopted IFRS 16 'Leases' from 1 April 2022, and as a result, the following leases, previously classified as Operating Leases, have been recognised in the Statement of Financial Position.

## 7.1 (b) Property, Plant and Equipment 2021-22 Consolidated

	Land & Buildings £'000	Plant & Machinery £'000	Transport & Equipment £'000	Information Technology £'000	Assets under Construction £'000	Total £'000
<b>2021-22</b>						
<b>Cost or valuation</b>						
<b>At 1 April 2021</b>	<b>244,960</b>	<b>64,514</b>	<b>17,920</b>	<b>7,644</b>	<b>24,231</b>	<b>359,269</b>
Additions	2,445	3,239	1,488	397	13,095	20,664
Disposals	(584)	(4,387)	(823)	(1,645)	(1)	(7,440)
Reclassifications	13,613	(110)	7	(138)	(12,886)	486
Transfers	35	-	2	-	-	37
Impairments	(213)	-	-	-	-	(213)
Revaluations to CSoCNE	748	10	7	(37)	-	728
Revaluations through revaluation reserve	11,587	3,597	405	19	690	16,298
<b>At 31 March 2022</b>	<b>272,591</b>	<b>66,863</b>	<b>19,006</b>	<b>6,240</b>	<b>25,129</b>	<b>389,829</b>
<b>Depreciation</b>						
<b>At 1 April 2021</b>	<b>16,707</b>	<b>41,824</b>	<b>12,782</b>	<b>4,278</b>	-	<b>75,591</b>
Charged in year	9,039	5,033	1,284	1,063	-	16,419
Disposals	(579)	(4,246)	(775)	(1,480)	(1)	(7,081)
Reclassification	348	(355)	7	-	31	31
Transfers	-	-	-	-	-	-
Impairment	(3)	24	23	38	1	83
Revaluations to CSoCNE	183	10	5	(16)	-	182
Revaluations through revaluation reserve	1,200	2,080	103	(17)	-	3,366
<b>At 31 March 2022</b>	<b>26,895</b>	<b>44,370</b>	<b>13,429</b>	<b>3,866</b>	<b>31</b>	<b>88,591</b>
<b>Carrying Amount at 31 March 2021</b>	<b>228,253</b>	<b>22,689</b>	<b>5,139</b>	<b>3,366</b>	<b>24,230</b>	<b>283,677</b>
<b>Carrying Amount at 31 March 2022</b>	<b>245,696</b>	<b>22,493</b>	<b>5,578</b>	<b>2,375</b>	<b>25,096</b>	<b>301,238</b>
<b>Asset Financing</b>						
Owned	245,696	22,493	5,578	2,375	25,096	301,238
<b>Carrying Amount at 31 March 2022</b>						
<b>Of the Total:</b>						
Core Department	192,281	7,124	3,526	1,520	19,574	224,025
Agency	22,586	1,980	803	14	2,490	27,873
Other designated bodies	30,829	13,389	1,249	841	3,032	49,340
<b>Carrying Amount at 31 March 2022</b>	<b>245,696</b>	<b>22,493</b>	<b>5,578</b>	<b>2,375</b>	<b>25,096</b>	<b>301,238</b>

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 2022-23 or 2021-22.

## 7.2 Biological Assets

	<b>Core Dept &amp; Agency £'000</b>	<b>2022-23 Departmental Group £'000</b>	<b>Core Dept &amp; Agency £'000</b>	<b>2021-22 Departmental Group £'000</b>
Value at 1 April	1,458	2,639	1,502	2,624
<b>Revaluation adjustment</b>				
Increase in stocks	241	241	(44)	(44)
Additions	-	12	-	13
Disposals	-	(936)	-	(736)
Price/Growth increment	-	1,136	-	782
<b>Value at 31 March</b>	<b>1,699</b>	<b>3,092</b>	<b>1,458</b>	<b>2,639</b>

## 7.3 Heritage Assets

	<b>Core Dept &amp; Agency £'000</b>	<b>2022-23 Departmental Group £'000</b>	<b>Core Dept &amp; Agency £'000</b>	<b>2021-22 Departmental Group £'000</b>
Value at 1 April	2,193	2,193	1,568	1,568
Revaluations to CSoCNE	-	-	154	154
Revaluations through Revaluation Reserve	4	4	471	471
<b>Total Heritage Assets</b>	<b>2,197</b>	<b>2,197</b>	<b>2,193</b>	<b>2,193</b>

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.

## 8.1 (a) Intangible Assets Consolidated

	Forest Land Rights	Software	Software Licences	Asset under construction	Total
<b>2022-23</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost or valuation</b>					
At 1 April 2022	1,034	125,436	4,539	18,111	149,120
IFRS 16 Adjustment**	259	-	-	-	259
<b>Restated at 1 April 2022</b>	<b>1,293</b>	<b>125,436</b>	<b>4,539</b>	<b>18,111</b>	<b>149,379</b>
Additions	-	18,975	349	4,420	23,744
Disposals	-	(9)	(22)	-	(31)
Reclassification	-	-	(97)	97	-
Revaluations to CSocNE	-	50	74	-	124
Revaluations through Revaluation Reserve	139	19,087	463	-	19,689
<b>Total Cost</b>	<b>1,432</b>	<b>163,539</b>	<b>5,306</b>	<b>22,628</b>	<b>192,905</b>
<b>Amortisation</b>					
At 1 April 2022	-	62,848	3,433	-	66,281
Charged in year	29	10,723	266	-	11,018
Disposal Depreciation	-	(7)	(21)	-	(28)
Reclassification Depreciation	-	-	-	-	-
Revaluation to CSocNE	-	50	73	-	123
Revaluations through Revaluation Reserve	-	9,823	338	-	10,161
<b>At 31 March 2023</b>	<b>29</b>	<b>83,437</b>	<b>4,089</b>	<b>-</b>	<b>87,555</b>
<b>Carrying Amount at 31 March 2022</b>	<b>1,034</b>	<b>62,588</b>	<b>1,106</b>	<b>18,111</b>	<b>82,839</b>
<b>Carrying Amount at 31 March 2023</b>	<b>1,403</b>	<b>80,102</b>	<b>1,217</b>	<b>22,628</b>	<b>105,350</b>
<b>Asset financing:</b>					
Owned	1,173	80,102	1,217	22,628	105,120
Leased	230	-	-	-	230
<b>Carrying Amount at 31 March 2023</b>	<b>1,403</b>	<b>80,102</b>	<b>1,217</b>	<b>22,628</b>	<b>105,350</b>
<b>Of the Total:</b>					
Core Department	1,403	80,101	753	20,580	102,837
Agency	-	1	2	-	3
Other designated bodies	-	-	462	2,048	2,510
<b>Carrying Amount at 31 March 2023</b>	<b>1,403</b>	<b>80,102</b>	<b>1,217</b>	<b>22,628</b>	<b>105,350</b>

## 8.1 (b) Intangible Assets Consolidated

	Forest Land Rights	Software	Software Licences	Asset under construction	Total
2021-22	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
At 1 April 2021	1,026	100,324	5,347	14,659	121,356
Additions	-	19,022	388	4,201	23,611
Disposals	(65)	(2,915)	(1,442)	-	(4,422)
Reclassification	-	265	-	(749)	(484)
Revaluations to CSocNE	-	35	42	-	77
Revaluations through Revaluation Reserve	73	8,705	204	-	8,982
<b>Total Cost</b>	<b>1,034</b>	<b>125,436</b>	<b>4,539</b>	<b>18,111</b>	<b>149,120</b>
<b>Amortisation</b>					
At 1 April 2021	-	52,149	4,333	-	56,482
Charged in year	-	9,165	339	-	9,504
Disposal Depreciation	-	(2,842)	(1,419)	-	(4,261)
Reclassification Depreciation	-	(31)	-	-	(31)
Revaluation to CSocNE	-	35	42	-	77
Revaluations through Revaluation Reserve	-	4,372	138	-	4,510
<b>At 31 March 2022</b>	<b>-</b>	<b>62,848</b>	<b>3,433</b>	<b>-</b>	<b>66,281</b>
<b>Carrying Amount at 31 March 2021</b>	<b>1,026</b>	<b>48,175</b>	<b>1,014</b>	<b>14,659</b>	<b>64,874</b>
<b>Carrying Amount at 31 March 2022</b>	<b>1,034</b>	<b>62,588</b>	<b>1,106</b>	<b>18,111</b>	<b>82,839</b>
<b>Asset financing:</b>					
Owned	1,034	62,588	1,106	18,111	82,839
<b>Carrying Amount at 31 March 2022</b>	<b>1,034</b>	<b>62,588</b>	<b>1,106</b>	<b>18,111</b>	<b>82,839</b>
<b>Of the Total:</b>					
Core Department	1,034	62,588	494	17,020	81,136
Agency	-	-	-	-	-
Other designated bodies	-	-	612	1,091	1,703
<b>Carrying Amount at 31 March 2022</b>	<b>1,034</b>	<b>62,588</b>	<b>1,106</b>	<b>18,111</b>	<b>82,839</b>



## 9.1 Impairments

	Core Dept & Agency £'000	2022-23 Departmental Group £'000	Core Dept & Agency £'000	2021-22 Departmental Group £'000
Charged to the consolidated statement of comprehensive net expenditure	6	6	296	287
Charged to revaluation reserve	5	5	18	(953)
	<b>11</b>	<b>11</b>	<b>314</b>	<b>(666)</b>

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.

## 9.2 Indexation

	Core Dept & Agency £'000	2022-23 Departmental Group £'000	Core Dept & Agency £'000	2021-22 Departmental Group £'000
Charged to the consolidated statement of comprehensive net expenditure	-	(19)	-	(9)
Charged to revaluation reserve	-	(1,177)	-	(971)
	-	<b>(1,196)</b>	-	<b>(980)</b>

## 10 Capital and other commitments

### 10.1 Capital commitments

	Core Dept & Agency £'000	2022-23 Departmental Group £'000	Core Dept & Agency £'000	2021-22 Departmental Group £'000
Contracted capital commitments at 31 March not otherwise included in these financial statements				
Intangible	48,286	48,286	42,697	42,697
Plant, Property & Equipment	30,004	30,161	28,240	28,240
	<b>78,290</b>	<b>78,447</b>	<b>70,937</b>	<b>70,937</b>

## 10.2 Leases – Right of use assets

IFRS 16 Leases has been implemented from 1 April 2022 which introduces a single lease accounting model that requires a lessee to recognise assets and liabilities for all leases. This replaces the previous standard, IAS 17. Further details are disclosed in Note XX and Note X.

Quantitative disclosure around right-of-use assets

	Land £'000	Buildings £'000	Plant & Machinery £'000	LTAO £'000	Total £'000
<b>Right-of-Use Assets:</b>					
At 1 April 2022	714	1,431	286	198	2,629
Additions	179	43	-	-	222
Disposals	(18)	-	(16)	-	(34)
Depreciation charged in year	(59)	(331)	(162)	(28)	(580)
<b>At 31 March 2023</b>	<b>816</b>	<b>1,143</b>	<b>108</b>	<b>170</b>	<b>2,237</b>
<b>Peppercorn Leases:</b>					
At 1 April 2022	1,235	-	-	61	1,296
Depreciation charged in year	(15)	-	-	(1)	(16)
<b>At 31 March 2023</b>	<b>1,220</b>	<b>-</b>	<b>-</b>	<b>60</b>	<b>1,280</b>
<b>Balance 31 March 2023</b>	<b>2,036</b>	<b>1,143</b>	<b>108</b>	<b>230</b>	<b>3,517</b>
<b>Total IFRS 16 Adjustment at 1 April 22</b>	<b>1,949</b>	<b>1,431</b>	<b>286</b>	<b>259</b>	<b>3,925</b>

Additions to right-of-use assets during 2022-23 totalled £222k.

Right-of-Use assets are included within Property, Plant and Equipment in the SoFP Valuation and are measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the SoFP immediately before the date of initial application. An analysis of lease liabilities is available in Note 10 to the accounts.

Peppercorn Leases were professionally valued by LPS at 1 April 2022.

### 10.2.1 Quantitative disclosure around lease liabilities – maturity analysis

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

	Core Dept & Agency £'000	2022-23 Departmental Group £'000	Core Dept & Agency £'000	2021-22 Departmental Group £'000
<b>Land</b>				
Not later than one year	160	160	-	-
Later than one year and not later than five years	507	507	-	-
Later than five years	257	257	-	-
	<b>924</b>	<b>924</b>	-	-
<b>Less interest element</b>	93	93	-	-
<b>Present Value of Obligations</b>	<b>831</b>	<b>831</b>	-	-
<b>Buildings</b>				
Not later than one year	544	555	-	-
Later than one year and not later than five years	332	378	-	-
Later than five years	680	711	-	-
	<b>1,556</b>	<b>1,644</b>	-	-
<b>Less interest element</b>	462	465	-	-
<b>Present Value of Obligations</b>	<b>1,094</b>	<b>1,179</b>	-	-
			-	-
<b>Other</b>				
Not later than one year	125	127	-	-
Later than one year and not later than five years	118	118	-	-
Later than five years	33	33	-	-
	<b>276</b>	<b>278</b>	-	-
<b>Less interest element</b>	6	5	-	-
<b>Present Value of Obligations</b>	<b>270</b>	<b>273</b>	-	-
	<b>2,195</b>	<b>2,283</b>	-	-

## Consolidated 2022-23

Quantitative disclosures around elements in the Statement of Comprehensive Net Expenditure.

### Amounts recognised in the Statement of Comprehensive Net Expenditure

	Core Department & Agency £'000	2022-23 Departmental Group £'000	Core Department & Agency £'000	2021-22 Departmental Group £'000
Low value and short term leases	476	479	709	6,283

Quantitative disclosures around cash outflows for leases

### Amounts recognised in the Statement of Cash Flows

	Core Department & Agency £'000	2022-23 Departmental Group £'000	Core Department & Agency £'000	2021-22 Departmental Group £'000
Total cash outflow for lease	516	516	-	-

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

The Department had no PFI commitments at 31 March 2023 or 31 March 2022.

## 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 2023.

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

	<b>Core Dept &amp; Agency £'000</b>	<b>2022-23 Departmental Group £'000</b>	<b>Core Dept &amp; Agency £'000</b>	<b>2021-22 Departmental Group £'000</b>
<b>Total Grant Commitments</b>				
Not later than one year	24,243	24,243	27,713	27,731
Later than one year and not later than five years	15,790	15,790	14,154	14,167
Later than five years	-	-	-	-
	<b>40,033</b>	<b>40,033</b>	<b>41,867</b>	<b>41,898</b>

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 £40m is EU £24m (60%) and National £16m (40%).

In 2021-22 the split of the total commitment of £42m was EU £25m (60%) and National £17m (40%).

## 11. Financial Instruments

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

### 11.1 Foreign Currency Risk

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

## 12. Investment in other public sector bodies

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

### 13. Inventories

	Core Dept & Agency £'000	2022-23 Departmental Group £'000	Core Dept & Agency £'000	2021-22 Departmental Group £'000
Consumable materials and supplies	939	1,538	1,042	1,753

### 14.1 Cash and cash equivalents

	Core Dept & Agency £'000	2022-23 Departmental Group £'000	Core Dept & Agency £'000	2021-22 Departmental Group £'000
<b>At 1 April</b>	(2,637)	352	10,844	13,145
Net change in cash and cash equivalent balances	1,799	385	(13,481)	(12,792)
<b>At 31 March</b>	<b>(838)</b>	<b>737</b>	<b>(2,637)</b>	<b>353</b>

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

Government Banking Service	(882)	(882)	(2,681)	(2,681)
Commercial banks and cash in hand	44	1,619	44	3,034
<b>At 31 March</b>	<b>(838)</b>	<b>737</b>	<b>(2,637)</b>	<b>353</b>

#### The balance comprise

Cash & bank	683	2,258	572	3,563
Bank overdraft	(1,521)	(1,521)	(3,209)	(3,209)
	<b>(838)</b>	<b>737</b>	<b>(2,637)</b>	<b>353</b>

### 14.2 Short term bank deposits

	Core Dept & Agency £'000	2022-23 Departmental Group £'000	Core Dept & Agency £'000	2021-22 Departmental Group £'000
Short term bank deposits	-	1,552	-	1,521

### 14.3 Reconciliation of liabilities arising from financing activities

There were no liabilities arising from financing activities at 31 March 2023 or 31 March 2022.

### 15. Trade Receivables, financial and other assets

	2022-23		2021-22	
	Core Dept & Agency £'000	Departmental Group £'000	Core Dept & Agency £'000	Departmental Group £'000
<b>Amounts falling due within one year</b>				
VAT	3,381	3,799	2,717	2,914
Trade receivables	1,984	5,091	2,056	5,242
Other receivables	908	1,989	614	2,750
Prepayments & accrued income	9,718	17,795	6,200	11,144
Amounts due from Rural Payments Agency in relation to Common Agriculture Policy (CAP)	17,228	17,228	18,333	23,190
Amounts due from the EU	-	5,762	-	-
	<b>33,219</b>	<b>51,664</b>	<b>29,920</b>	<b>45,420</b>
Amounts due from Consolidated Fund in respect of supply	838	838	2,637	2,637
<b>Total at 31 March due within one year</b>	<b>34,057</b>	<b>52,502</b>	<b>32,557</b>	<b>47,877</b>
<b>Amounts falling due after one year</b>				
Prepayments & accrued income	-	-	-	341
<b>Total at 31 March due after one year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>341</b>

## 16. Trade Payables, financial and other liabilities

	Core Dept & Agency £'000	2022-23 Departmental Group £'000	Core Dept & Agency £'000	2021-22 Departmental Group £'000
<b>Amounts falling due within one year</b>				
Other taxation and social security	1	311	4	299
Trade payables	737	1,354	896	2,456
Other payables	2,233	2,572	3,174	5,680
Accruals and deferred income	39,218	52,953	32,717	42,086
Current part of lease liabilities	610	624	-	-
CAP Disallowance	955	955	209	209
EU grant creditors - CAP	9,298	9,298	8,915	8,915
Other grant creditors	22,359	22,359	30,554	30,619
<b>Total at 31 March due within one year</b>	<b>75,411</b>	<b>90,426</b>	<b>76,469</b>	<b>90,264</b>
Amounts issued from the Consolidated Fund for supply but not spent at year end	-	-	-	-
	<b>75,411</b>	<b>90,426</b>	<b>76,469</b>	<b>90,264</b>
<b>Amounts falling due after one year</b>				
Lease Liabilities	1,585	1,659	-	-
Deferred income	-	1,919	-	2,631
<b>Total at 31 March due after one year</b>	<b>1,585</b>	<b>3,578</b>	<b>-</b>	<b>2,631</b>

### CAP Disallowance

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

Scheme	2022-23 £'000	Charged to CSocNE* £'000	2021-22 £'000
Pillar II	81	-	78
EAF 2021 and 2022 Accounts	875	878	131
<b>TOTAL</b>	<b>956</b>	<b>878</b>	<b>209</b>

\* Included within the amounts credited to CSocNE is £3k of exchange loss. This is included within Exchange rate movements in note 5.



## 17. Provisions for liabilities and charges

	Core Dept & Agency £'000	2022-23 Departmental Group £'000	Core Dept & Agency £'000	2021-22 Departmental Group £'000
Balance at 1 April	4,032	5,158	5,946	7,008
Provided in the year	767	813	1,709	1,890
Provisions not required written back	(263)	(440)	(3,121)	(3,164)
Provisions utilised in year	(3,405)	(3,558)	(502)	(576)
<b>Balance at 31 March</b>	<b>1,131</b>	<b>1,973</b>	<b>4,032</b>	<b>5,158</b>

### Analysis of expected timing of discounted flows

	Core Dept & Agency £'000	2022-23 Departmental Group £'000	Core Dept & Agency £'000	2021-22 Departmental Group £'000
Not later than one year	1,131	1,961	2,071	3,172
Later than one year and not later than five years	-	12	1,961	1,986
Later than five years	-	-	-	-
<b>Balance at 31 March</b>	<b>1,131</b>	<b>1,973</b>	<b>4,032</b>	<b>5,158</b>

	Litigation Claims £'000	Other Provisions £'000	2022-23 Departmental Group Total £'000
Not later than one year	689	1,272	1,961
Later than one year and not later than five years	-	12	12
Later than five years	-	-	-
<b>Balance at 31 March 2023</b>	<b>689</b>	<b>1,284</b>	<b>1,973</b>

	Litigation Claims £'000	Other Provisions £'000	2021-22 Departmental Group Total £'000
Not later than one year	2,424	748	3,172
Later than one year and not later than five years	-	1,986	1,986
Later than five years	-	-	-
<b>Balance at 31 March 2022</b>	<b>2,424</b>	<b>2,734</b>	<b>5,158</b>

## 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. Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

	2022-23		2021-22	
	Core Dept & Agency £'000	Departmental Group £'000	Core Dept & Agency £'000	Departmental Group £'000
Deferred income tax assets to be recovered after more than 12 months	-	-	-	(152)
Deferred income tax assets to be recovered within 12 months	-	(338)	-	(262)
	-	<b>(338)</b>	-	<b>(414)</b>
Deferred income tax liabilities to be recovered within 12 months	-	6,681	-	6,232
Deferred income tax liabilities - net	-	338	-	262
	-	<b>7,019</b>	-	<b>6,494</b>
Deferred income tax liabilities - net	-	<b>6,681</b>	-	<b>6,080</b>

The gross movement on the deferred income tax account is as follows:

	<b>2022-23</b>	<b>2021-22</b>
	<b>Core Dept &amp; Agency £'000</b>	<b>Departmental Group £'000</b>
At 1 April	-	<b>6,080</b>
Credited to the net expenditure account	-	(206)
Charged directly to the statement of other comprehensive income	-	806
<b>At 31 March</b>	<b>-</b>	<b>6,681</b>

The movement in deferred tax assets and liabilities during the year is as follows:

<b>DAERA GROUP</b>	<b>Valuation of property, plant &amp; equipment £'000</b>	<b>Tax losses £'000</b>	<b>Pension provision £'000</b>	<b>Total £'000</b>
<b>At 1 April 2021</b>	4,682	(168)	(206)	4,307
(Credited)/charged to net expenditure account	1,484	(93)	(104)	1,287
(Credited)/charged directly to the statement of other comprehensive income	328	-	158	486
<b>At 31 March 2022</b>	<b>6,494</b>	<b>(262)</b>	<b>(152)</b>	<b>6,080</b>
(Credited)/charged to net expenditure account	(87)	(76)	(43)	(206)
(Credited)/charged directly to the statement of other comprehensive income	600	-	206	806
<b>At 31 March 2023</b>	<b>7,007</b>	<b>(338)</b>	<b>12</b>	<b>6,681</b>

## 20. Pension Liabilities

	2022-23	2022-23	2022-23	2022-23	2022-23	2022-23
	Core Dept & Agency	Agri-Food & Biosciences Institute	Livestock & Meat Commission for Northern Ireland	NIFHA	Loughs Agency	Departmental Group
	£'000	£'000	£'000	£'000	£'000	£'000
Amounts falling due after one year						
<b>Pension liabilities</b>	-	-	-	-	8,182	<b>8,182</b>

	2021-22	2021-22	2021-22	2021-22	2021-22	2021-22
	Core Dept & Agency	Agri-Food & Biosciences Institute	Livestock & Meat Commission for Northern Ireland	NIFHA	Loughs Agency	Departmental Group
	£'000	£'000	£'000	£'000	£'000	£'000
Amounts falling due after one year						
<b>Pension liabilities</b>	-	-	1,388	608	13,876	<b>15,872</b>

## 21. Contingent liabilities disclosed under IAS 37

The Northern Ireland Environment Agency has been working to progress a solution under a statutory obligation to mitigate the illegal waste site at Mobuoy. Although optimal solution identification activity has progressed during the past financial year, there has not been sufficient progress to identify and approve costs at this stage but there has been sufficient progress to support a contingent liability disclosure.

### Legal Cases

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

### Public Sector Pensions - Injury to Feelings Claims

DoF is a named Respondent in a class action affecting employers across the public sector and is managing claims on behalf of the NICS Departments. This is an extremely complex case and may have significant implications for the NICS and wider public sector. However, the cases are at a very early stage of proceedings and until there is further clarity on potential scope and impact, a reliable estimate of liability cannot be provided.

## 22. 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:

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

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

Nine 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.

Two 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.

One officer has family members that are involved in the management of an organisation that has received grants payments from DAERA. The Officer 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 NICS 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 2022-23, there have been seven applications made via DoF to the department in line with NICS policy.

### 23. Third-party Assets

The Department held third-party assets at 31 March 2023 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 2023 are set out in the table below.

#### Consolidated

NI Central Investment Fund for Charities	No. of Shares	2022-23 £	2021-22 £
<b>Description</b>			
DAERA Moore Memorial Fund	96	1,404	1,513
DAERA Thomson Memorial Account	990	14,483	15,598
DAERA Thompson Bequest Account	10,973	160,531	172,884
Vaughan's Charity	181,395	2,653,736	2,857,951
Vaughan's Charity – Fermanagh Pig Project	1,099	16,098	17,315
<b>Total</b>	<b>194,553</b>	<b>2,846,252</b>	<b>3,065,261</b>

#### Educational Trust Fund Accounts

##### 2022-2023

Account	WD Thomson £	Thompson Bequest £	Moore Memorial £	ETF Account £
Opening Balance	15,095	10,822	1,488	100
Receipts	707	5,105	69	-
Payments	-	15,400	50	100
Closing Balance	<b>15,802</b>	<b>527</b>	<b>1,507</b>	-

##### 2021-2022

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

Third-party account balances	Bank Accounts		Consolidated Fund	
	2022-23	2021-22	2022-23	2021-22
	£	£	£	£
DAERA Horse Racing Business Investment	18,753	14,766	367,651	681,822
Enniskillen Student Resource Account	4,765	21,187	-	-
Enniskillen Student Vaughan Charity – current account	5,000	5,000	-	-
Enniskillen Student Vaughan Charity – deposit account	29,258	16,946	-	-
Greenmount College Floristry Club	-	23	-	-
Greenmount College Sports Fund	10,128	23,774	-	-
Greenmount College Sports and Recreation	2,244	2,244	-	-
Greenmount Travel – Current	16,200	19,271	-	-
Greenmount Travel – Business Reserve	267	8,744	-	-
Greenmount – Projects	862	926	-	-
Greenmount – Cream Advisory #43114406	26,815	26,616	-	-
Greenmount College Football Club	12	12	-	-
Greenmount Bursaries	24,729	16,628	-	-
Greenmount Erasmus Euro account	24,472	24,472	-	-
Greenmount Erasmus Sterling account	1,416	1,516	-	-
Greenmount Computer Club	109	109	-	-
Greenmount Student Recreational Council	1,626	1,654	-	-
Loughry Student Affiliation Account	16,157	18,431	-	-
DAERA Moore Memorial Fund	87	68	1,420	1,420
DAERA Thomson Memorial Account	2,082	1,376	13,720	13,720
DAERA Thompson Bequest Account	442	5,037	85	5,785
Educational Trust Fund	-	-	-	100
<b>Totals</b>	<b>185,424</b>	<b>208,800</b>	<b>382,876</b>	<b>702,847</b>

## 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 Northern Ireland Environment Agency are published separately.

The entities within the Group boundary during 2022-23 were as follows:

### **Department**

Department of Agriculture, Environment and Rural Affairs

### **Executive Agency**

Northern Ireland Environment Agency

### **Executive NDPB's**

Agri-Food & Bio Sciences Institute

Livestock and Meat Commission

Northern Ireland Fisheries Harbour Authority

### **North South Body**

The Loughs Agency

The annual reports and accounts for all these bodies 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 13 February 2024.



## List of Abbreviations

<b>AFBI</b>	Agri-Food and Biosciences Institute
<b>ALB</b>	Arm's Length Body
<b>AME</b>	Annually Managed Expenditure
<b>AMPS</b>	Assembly Members' Pension Scheme
<b>ARAC</b>	Audit and Risk Assurance Committee
<b>AWB</b>	Agricultural Wages Board
<b>BEIS</b>	Business, Energy and Industrial Strategy
<b>BPS</b>	Basic Payment Scheme
<b>bTB</b>	Bovine Tuberculosis
<b>C3</b>	Co-ordinate, Comman and Control
<b>C&amp;AG</b>	Comptroller and Auditor General
<b>CAFRE</b>	College of Agriculture, Food and Rural Enterprise
<b>CAL</b>	Centre for Applied Learning
<b>CAP</b>	Common Agricultural Policy
<b>CARE</b>	Career Average Revalued Earnings
<b>CETV</b>	Cash Equivalent Transfer Value
<b>CNCC</b>	Council for Nature Conservation and the Countryside
<b>CO2e</b>	Carbon Dioxide equivalent
<b>CPI</b>	Consumer Prices Index
<b>CRR</b>	Departmental Corporate Risk Register
<b>CSCPG</b>	Central Services and Contingency Planning Group
<b>CSoCNE</b>	Consolidated Statement of Comprehensive Net Expenditure
<b>CSP</b>	Civil Service Pensions
<b>DA</b>	Devolved Administrations
<b>DAERA</b>	Department of Agriculture, Environment and Rural Affairs
<b>DAO</b>	Dear Accounting Officer
<b>DARD</b>	Department of Agriculture and Rural Development
<b>DB</b>	Departmental Board
<b>Defra</b>	Department for Environment, Food and Rural Affairs
<b>DEL</b>	Departmental Expenditure Limits
<b>DfC</b>	Department for Communities
<b>DfE</b>	Department for the Economy
<b>DfI</b>	Department for Infrastructure
<b>DFP</b>	Department of Finance and Personnel
<b>DoF</b>	Department of Finance
<b>EAFRD</b>	European Agricultural Fund for Rural Development
<b>EC</b>	European Commission
<b>EEI</b>	Employee Engagement Index
<b>EIP</b>	European Innovation Partnership
<b>EMFF</b>	European Maritime and Fisheries Fund
<b>EMFG</b>	Environment, Marine and Fisheries Group
<b>EU</b>	European Union

<b>FCILC</b>	Foyle, Carlingford and Irish Lights Commission
<b>FD</b>	Finance Director
<b>FFG</b>	Food and Farming Group
<b>FIV</b>	Farm Innovation Visit
<b>FReM</b>	Government Financial Reporting Manual
<b>FTE</b>	Full Time Equivalent
<b>FYE</b>	Full Year Equivalent
<b>GAD</b>	Government Actuary's Department
<b>GB</b>	Great Britain
<b>GDPR</b>	General Data Protection Regulations
<b>GHG</b>	Green House Gas
<b>GLAA</b>	Gangmasters and Labour Abuse Authority
<b>ha</b>	Hectares
<b>HM</b>	His Majesty's
<b>HOCS</b>	Head of the Civil Service
<b>HPAI</b>	High Pathogenic Avian Influenza
<b>HR</b>	Human Resources
<b>IAB</b>	Internal Audit Branch
<b>IAO</b>	Information Asset Owners
<b>IAS</b>	International Accounting Standards
<b>ICT</b>	Information and Communication Technology
<b>IFRP</b>	International Financial Review Panel
<b>IFRS</b>	International Financial Reporting Standards
<b>IRRV</b>	Institute of Revenue Rating and Valuation
<b>ISMS</b>	Information Security Management System
<b>ISVA</b>	Incorporated Society of Valuers and Auctioneers
<b>IT</b>	Information Technology
<b>KNIB</b>	Keep Northern Ireland Beautiful
<b>KPI</b>	Key Performance Indicator
<b>LEADER</b>	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.
<b>LMC</b>	Livestock and Meat Commission
<b>LPS</b>	Land & Property Services
<b>m<sup>3</sup></b>	Meters cubed
<b>MCZ</b>	Marine Coastal Zones
<b>MLA</b>	Member of the Legislative Assembly
<b>MPMNI</b>	Managing Public Money NI
<b>MtCO<sub>2</sub>e</b>	Million tonnes of Carbon Dioxide equivalent
<b>NDPB</b>	Non-Departmental Public Bodies
<b>NEBMs</b>	Non Executive Board Members
<b>NEMs</b>	Non Executive Members
<b>NI</b>	Northern Ireland
<b>NIAO</b>	NI Audit Office

<b>NICS</b>	Northern Ireland Civil Service
<b>NICS HR</b>	Northern Ireland Civil Service Human Resources
<b>NIEA</b>	Northern Ireland Environment Agency
<b>NIFAIS</b>	NI Food and Animal Information System
<b>NIFHA</b>	NI Fishery Harbour Authority
<b>NI</b>	Northern Ireland
<b>NIRDP</b>	NI Rural Development Programme
<b>NISRA</b>	Northern Ireland Statistics and Research Agency
<b>NSMC</b>	North South Ministerial Council
<b>OBC</b>	Outline Business Case
<b>OCR</b>	Official Controls Regulation
<b>OEP</b>	Office for Environmental Protection
<b>ONS</b>	Office of National Statistics
<b>PAC</b>	Public Accounts Committee
<b>PC</b>	Public Non-Financial Corporation
<b>PfG</b>	Programme for Government
<b>PO</b>	Provisional Outturn
<b>RAFSETG</b>	Rural Affairs, Forest Service and Estate Transformation Group
<b>R&amp;D</b>	Research and Development
<b>RDP</b>	Rural Development Programme
<b>RICS</b>	Royal Institute of Chartered Surveyors
<b>RoI</b>	Republic of Ireland
<b>RoFP</b>	Review of Financial Processes
<b>RPI</b>	Retail Price Index
<b>SAC</b>	Special Areas of Conservation
<b>SBRI</b>	Small Business Research Initiative
<b>SCS</b>	Senior civil servants
<b>SI</b>	Statutory Instrument
<b>SIRO</b>	Senior Information Risk Owner
<b>SLA</b>	Service Level Agreement
<b>SOAS</b>	Statement of Outturn against Assembly Supply
<b>SoFP</b>	Statement of Financial Position
<b>SPA</b>	Special Protection Areas
<b>SPS</b>	Sanitary and PhytoSanitary
<b>SRO</b>	Senior Responsible Officer
<b>TB</b>	Tuberculosis
<b>TRPSI</b>	Tackling Rural Poverty and Social Isolation
<b>UK</b>	United Kingdom
<b>UKG</b>	United Kingdom Government
<b>UK-GDPR</b>	United Kingdom General Data Protection
<b>VAT</b>	Value Added Tax
<b>VfM</b>	Value for Money
<b>VSAHG</b>	Veterinary Service Animal Health Group
<b>WMS</b>	Written Ministerial Statement

**Department of Agriculture, Environment and Rural Affairs 2022-23**

**Introduction**

1. This report highlights a number of significant matters arising from my audit of the Department of Agriculture, Environment and Rural Affairs (DAERA) financial statements for 2022-23.
2. The first matter relates to the disclosure of the estimated costs to remediate the contaminated illegal dump site at Mobuoy, County Londonderry. The second matter relates to difficulty in obtaining adequate supporting information on the consolidation of the group financial statements. These significantly delayed completion of the audit.

**Disclosures regarding illegal dump site at Mobuoy, Co. Londonderry**

3. I have qualified my opinion on the financial statements due to a disagreement over DAERA's omission of a £107 million provision, being a reliable estimate of the remediation costs of the Mobuoy site.

**Background**

4. The NI Environment Agency (NIEA) is part of the DAERA departmental group and is included in its consolidated group financial statements. Throughout the past year, NIEA has been considering potential options for a solution to address the environmental impacts of the Mobuoy waste site.
5. An external consultancy firm was commissioned by NIEA to provide expert technical advice around the potential means of remediation of the site and the associated costs. A draft outline business case (OBC) has been prepared setting out a number of options. These have associated financial and environmental consequences. A preferred option has been proposed based on an assessment of both costs and relative strengths in delivering good environmental outcomes. The estimated costs of implementing the various options range from £17m to £700m, with the preferred option having an estimated cost of £107m. On that basis, £107m is deemed to be a reliable estimate of the potential costs of remediation.

**Summary of findings**

6. In accordance with International Accounting Standard (IAS) 37 a provision shall be recognised when:
  - a) an entity has a present obligation (legal or constructive) as a result of a past

- event;
- b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
  - c) a reliable estimate can be made of the amount of the obligation.

### **Past Event**

7. In 2012, the Environmental Crime Unit in NIEA investigated concerns which had been raised of possible illegal waste activities. Evidence of illegal waste deposits were uncovered in and around a licensed Materials Recycling Facility. It appeared that this was a sophisticated operation which had been carried out over a number of years. Planning Enforcement Notices were issued to landowners in March 2015 by DoE (now DFI Strategic Planning) to remove the waste. This has yet to be completed.

The illegal environmental damage and the associated liability and potential costs to remediate existed at the year-end, 31 March 2023.

### **Present Obligation**

8. DAERA (incorporating NIEA) has a responsibility to protect the environment and associated public health. The Department uses a range of legislation that gives it powers to regulate and enforce the safe disposal of waste and protect the natural environment and public health.
9. Departmental policy aims to ensure that those who are regulated, and other stakeholders, are aware of the general intent and principles underpinning its approach to enforcement. Significant work goes into the linked areas of prevention, education and compliance.
10. Enforcement action by the Department takes a graduated approach to those who do not comply with applicable rules and conditions or ignore environmental law. It seeks to be proportionate, and consistently hold polluters to account. Enforcement action ranges from written warnings and enforcement notices to financial penalties and referral to the Public Prosecution Service for consideration for prosecution.
11. In cases where the operators do not or cannot comply with the enforcement notices, then the Department is statutorily obliged and has a constructive obligation to ensure that the environment and public health are safeguarded. At Note 21 to the financial statements, the Department has included disclosure of a contingent liability relating to the Mobuoy site.
12. The constructive obligation arises from information published by the Department around steps it will take to remediate the site. In the context of the above, the Department has an obligation to remediate the Mobuoy site and it is probable that an outflow of resources embodying economic benefits will be required to settle that obligation.

### **A reliable estimate can be made of the amount of the obligation**

13. It should be noted that provisions by their nature involve an element of uncertainty. IAS 37 states that 'a provision is a liability of uncertain timing or amount'. It goes on to explain that 'the use of estimates is an essential part of the preparation of financial statements and does not undermine their reliability. This is especially true in the case of provisions, which by their nature are more uncertain than most other items in the statement of financial position'. IAS 37 further outlines that 'except in extremely rare cases, an entity will be able to determine a range of possible outcomes and can therefore make an estimate of the obligation that is sufficiently reliable to use.
14. NIEA commissioned an external expert to assess and advise on the most appropriate means of remediating the Mobuoy site. A draft business case has been compiled based on information from the work carried out by the external expert, the purpose being to identify the optimum remediation strategy and seek funding for the associated cost. Given the process that was followed, and the independent analysis undertaken, it is the view of the NIAO that this can be used as a reliable estimate of the cost of remediation of the site.

### **Basis for qualification of audit opinions**

15. On the basis of the above analysis, the estimated costs for remediation of the Mobuoy site meet the criteria for a provision in accordance with IAS 37. As a consequence, the £107m provision and related expenditure should be recognised in the DAERA financial statements. DAERA has accounted for provisions to the value of £1.13m in its financial statements of which £418k relates to annual maintenance of the Mobuoy site. DAERA has chosen not to adjust the quantum of its provisions in the financial statements to reflect the £107m estimated cost of remediation of the Mobuoy site. The result is that the provisions figure in the Statement of Financial Position is materially understated, as is the net operating expenditure figure in the Statement of Comprehensive Net Expenditure.
16. The regularity opinion has also been qualified arising from the understatement of £107m of provisions and related expenditure. DAERA has chosen not to adjust the financial statements to remove the material misstatement. Comprehensive net expenditure is therefore understated by £107 million. This additional net expenditure would breach the amounts approved by the Assembly. The £17.33m underspend against the Annually Managed Expenditure (AME) budget figure in the Statement of Outturn against Assembly Supply is therefore materially incorrect.
17. In addition, a contingent liability has been disclosed in the notes to the financial statements when the conditions for doing so are no longer met.
18. Had the above adjustments been made by DAERA, the Department would have overspent its AME budget by approximately £89.67m for the year ended 31 March 2023, thereby breaching the amount approved by the NI Assembly in its supply estimate. As a result, the amount by which expenditure would have exceeded budget would not have been approved and would have been deemed to be irregular.

## **Summary**

19. In light of our analysis above, it is my view that the criteria for recognising a provision have been met and the appropriate accounting treatment is to include a provision for the costs of remediation of the Mobuoy site in the financial statements, using the preferred option in the draft OBC as a reliable estimate of that cost.
20. The Department has chosen not to make an adjustment in its financial statements for this provision. Therefore, on that basis, I have qualified my true and fair opinion on the DAERA 2022-23 financial statements for the omission of a provision of £107m. I have also qualified my regularity opinion on the basis that I believe the provision should have been included and this would have resulted in irregular expenditure due to the Department breaching the budgetary amount approved by the NI Assembly in its supply estimate.

## **Delay in ability to complete our audit**

21. A new requirement to produce group financial statements was introduced for Departmental Bodies in the NI public sector for the 2022-23 financial year. In preparation for this change, Departmental Bodies were required to undertake an exercise to produce shadow financial statement figures for the years ended 31 March 2021 and 2022. The purpose of preparing shadow group financial statement information was to ensure that effective procedures were developed to produce complete and accurate consolidated group figures and to ensure that prior-year comparative figures were available on a timely basis for inclusion in the 2022-23 group financial statements.
22. Assurances were provided that draft group financial statements, with supporting working papers of an acceptable quality, would be available for the start of the audit in July 2023. There were no material issues identified in relation to the core Departmental financial statements nor in those of its agencies or ALBs. However, there were significant shortcomings in the information provided in relation to the group consolidated financial statements.
23. In particular, issues with the group consolidation model and the complexity of the consolidation process caused significant difficulties and delays during the audit. It transpired that, the draft group financial statements, as presented for audit, contained material inaccuracies.
24. In addition, significant work was required during the audit in assessing the broad range of factors affecting the remediation of the illegal dump site at Mobuoy and in determining the proposed accounting treatment.
25. Resolution of the above issues, inaccuracies and gaps in the information required resulted in significant additional work, both by the Department's Finance Team and by my audit team.

26. As a result, I completed my audit in December 2023, considerably late, at a much higher cost than originally planned and well in excess of what is reasonable for an organisation of this size.
27. Consequently, it is disappointing that the statutory laying deadline of 15 November 2023 was missed.

#### **DAERA's response**

28. DAERA informed me that it regrets that the process of completing the audit of the 2022-23 Annual Report and Accounts has taken so long to conclude despite the efforts of all involved.
29. DAERA advised that it does not agree with the inclusion of a provision for the costs of remediation of the Mobuoy site in the financial statements at this point. Set out below are its reasons for reaching a different conclusion to that reached by the Comptroller & Auditor General:
  - The principle for remediation of environmental damage is that the polluter should pay and the Department is firmly committed to continuing the enforcement action against the former operators.
  - The figure proposed for inclusion as a provision comes from a draft of an outline business case prepared by consultants and commissioned by DAERA in relation to the Mobuoy site. The completion of this business case will be informed by the imminent public consultation exercise.
  - Decisions on remediation by the Department will be taken by ministers.
  - DAERA considers that there is no current legal obligation as it does not own the land, although the Department has duties under the *Water (NI) Order 1999* and the *Environment (NI) Order 2002*. Therefore, alongside the ongoing enforcement action, NIEA is incurring expenditure to monitor the site and a provision of £418k has been included to reflect the duty under the above two Orders.
30. DAERA noted that there were two main reasons for the delay. One related to the Mobuoy issue and the sensitive and protracted nature of disclosures regarding the illegal dump site which required significant engagement with the NIEA and the Public Prosecution Service (PPS) given the ongoing criminal case. Confirmation of the appropriate level of information to disclose was provided to DAERA from the PPS on 18 December 2023 and this allowed the audit process to be finalised. DAERA will reassess the Mobuoy position in accordance with IAS 37 when completing the Departmental group financial statements for the year ended 31 March 2024 and will ensure that engagement with the NIAO on this issue is at a much earlier stage.



31. The second reason related to the group accounts consolidation. The Department acknowledges that there were issues in the consolidation process and model including two where there was a material inaccuracy. DAERA will ensure that the lessons learned from this first year of the group consolidation are fully reflected in refined procedures for the preparation of the 2023-24 financial statements.

#### **Other matters**

32. In addition, other irregular expenditure totalling £5.12m was identified during the audit. £3.0m of this relates to Grant in Aid paid to the Loughs Agency in the absence of approval of its business plan by the North South Ministerial Council. This issue is not within the Department's control.
33. The accounts also contain unlawful expenditure of £2.09m. This occurred due to a misinterpretation of the Department's delegated authorities, arising primarily from a change in wording in 2017, meaning that the Department was unaware that expenditure on the following two schemes required the approval of the Department of Finance (DoF) and so did not request it in advance of incurring the expenditure:
- Grants for agricultural purposes under the Agriculture Act (Northern Ireland) 1949 - £0.43 million; and
  - Grants for rural development purposes under the Agriculture (Miscellaneous Provisions) (Northern Ireland) Order 1994 - £1.66 million.
34. The issue was identified following a review carried out during the year, at the request of the DAERA Permanent Secretary. DoF was unable to grant retrospective approval, stating that *'where legislation calls for explicit DFP consent as in this case, proceeding without DFP approval is unlawful and retrospective authority for improper (unlawful) expenditure is not possible'*.
35. My audit opinion has not been qualified in relation to these matters as they are not material in the context of the DAERA group financial statements.

#### **In conclusion:**

36. The Department should continue to develop and refine the Outline Business Case to enable the remediation of the Mobuoy site to be taken forward. The group financial statements should include a provision reflecting a reliable estimate of the cost of remediation of the Mobuoy site, with the appropriate associated disclosures.
37. The Department should take immediate action to refine the procedures it has in place for the preparation of the 2023-24 financial statements, so as to avoid future delays and ensure the statutory laying deadline can be met.
38. The Department should put appropriate arrangements in place to ensure its staff are familiar with the requirements emanating from all legislative changes, including DoF approvals. The relevant approvals should in future be obtained prior to incurring expenditure.

39. I will keep these issues under review as part of my audit of the Department's 2023-24 financial statements.

A handwritten signature in black ink that reads "Dorinnia Carville". The signature is written in a cursive, flowing style.

Dorinnia Carville  
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13 February 2024