

Northern Ireland Environment Agency Annual Report and Accounts 2022-2023



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



An Agency within the Department of
**Agriculture, Environment
and Rural Affairs**
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**INVESTORS
IN PEOPLE**

Northern Ireland Environment Agency

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

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Any enquiries regarding this document should be sent to us at Department of Agriculture, Environment and Rural Affairs, Information Management Branch, Room 507, Dundonald House, Upper Newtownards Road, Belfast, BT4 3SB.

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ANNUAL REPORT

Chief Executive's Perspective on Performance

I am pleased to present the Northern Ireland Environment Agency's (NIEA, the Agency) 2022-23 Annual Report and Accounts. The NIEA has continued to protect and enhance the environment for the benefit of all the people in Northern Ireland whilst supporting economic activity and delivering health and well-being benefits during the reporting period 2022-23. The challenges and opportunities facing NIEA have increased due to continued expansion of industrial and commercial activity and greater demand for outdoor recreation following the COVID-19 pandemic.

Work continues on many fronts following the UK withdrawal from the EU including the need to amend and refresh relevant legislation and policy frameworks to support appropriate operational activity. NIEA will be a key enabler in support of DAERA's role in progressing policy and action to tackle climate change, protect nature and support green growth. Much of this work has continued in the absence of a functioning Executive and without a Minister since October 2022.

I am pleased to report that we achieved seven and partially achieved the other four of the total 11 targets, including two of the four 'key performance targets' (KPT's), for 2022-23.

The NIEA desire and commitment to improve the condition of our most important natural heritage sites continues and 47 Draft Conservation Management Plans for our Special Areas of Conservation were completed in 2022-23. NIEA also sought to implement initiatives to improve our planning response performance as we continued to deliver integrated environmental advice for over 5,000 planning consultations to support effective and informed planning decisions. Our Country Parks and Nature Reserves have continued to provide important opportunities for nature inspired outdoor recreation, as well as increasing the appreciation and engagement that people have with nature and our natural environment. Visitor numbers remain higher than pre-pandemic levels with an estimated 2.9 million visits to NIEA parks and reserves in 2022 (following peak use during the Covid pandemic of 3.2 million visitors in 2021).

The Agency's Crime Unit continues to tackle waste crime offenders. We have taken 57 incidents forward for further investigation in 2022-23. These were disposed of through issuing 14 Fixed Penalty Notices and 26 Warning Letters whilst the remainder are at various stages in the justice system. We received confiscation orders c£240K whilst managing restraint orders of almost £8.5 million.

A key focus continues to be the monitoring of Northern Ireland's water bodies to understand impacts and inform solutions to water quality problems. The Minister approved the 3rd cycle River Basin Management Plan including the Programme of Measures to improve and protect our water resources in October 2022. Upon receipt of Executive approval, the 3rd cycle plan will be published and will cover a six year period between 1 January 2022 and ending on 31 December 2027. Although Executive approval has not been obtained for the Plan itself, the Minister approved the implementation plan, enabling NIEA to progress with stakeholder engagement and subject specific focus groups. NIEA also worked in the interim period to run the Water Quality Improvement Strand of the Environment Fund to protect and improve our water environment. The agency has also set out the priority local management areas for the 3rd cycle plan and used them to inform upcoming projects like SEUPB's PeacePlus funding round to realise multiple benefits emanating from the investment.

We continue to value our strong partnerships with our customers and stakeholders, and NIEA staff continue to engage with customers and stakeholders utilising a variety of platforms. For example, NIEA in partnership with Northern Ireland Fire and Rescue Service and Belfast Hills Partnership delivered a successful UK Wildfire Conference which was supported and attended by both local and global stakeholders. During the reporting period over £8m was committed by the Agency under the Environment Fund to deliver 70 projects supporting habitats and species, improved water quality, engagement with nature and access to the countryside. Staff have worked hard to

successfully develop a new five year Environment Funding programme that will facilitate strategic partnership working with stakeholders to continue to take action to protect and enhance our environment. This work, engaging and collaborating with eNGO's, local government, citizens and business is key to building capacity, capability and awareness across NI in tackling the nature and climate challenges.

Looking to the future it is essential that we target the Agency's limited resources on our key business priorities, specifically our statutory obligations and Business Plan commitments. EU Exit and the outworking's of the Northern Ireland Protocol continue to impact on the operational environment. We will continue to grasp the opportunities that emerged from the COVID-19 pandemic and the implementation of a hybrid operating environment. We will work to transform our regulatory system so as to improve effectiveness for businesses and citizens and do more to ensure our statutory advice is understood and implemented by planning authorities. I remain focused on the need to seize the opportunity that exists to improve and stimulate investment in the protection and restoration of our natural environment and therefore the lives of our fellow citizens.

I am grateful for the continued support of the many environmental and other organisations, from the voluntary, business, law enforcement and community sectors, for their valuable support during 2022-23.

I would like to thank the NIEA staff for their professionalism, commitment, and dedication in delivering the Agency's aims and objectives, particularly during what has been another very challenging year. It is with great sadness that I report the death of our esteemed friend and colleague, Helen Anderson – Director of Natural Environment, in September 2022. Helen's passion for improving our environment and the energy she brought to our work was infectious and she is missed greatly by all staff and stakeholders.

We are now entering a recovery phase after recent disruptions when we must consolidate delivery of our core business during 2023-24 and plan for the next 5-10 years as our operating environment evolves in a busy policy space. Our aim is to provide us all with opportunities to protect and enhance our environment, support economic development, and provide health and wellbeing benefits.



Paul Donnelly
Chief Executive
28 June 2023

Non-Executive Board Member Report

The year to 31 March 2023 has been another challenging period for the Northern Ireland Environment Agency (NIEA). As a complex and diverse operational organisation, the Agency continues to meet competing demands in this evolving environment, as it fulfils its regulatory, enforcement and operational duties to ensure compliance with current environmental legislation and standards. As a Non-Executive Member of the Agency Board, I've strategically inputted and supported the NIEA's activities through contributing at the Board meetings and undertaking regular scrutiny reviews of progress and risks at each Audit Risk and Assurance Committee meeting, which I chair. I wish to record thanks to all the Agency staff for their effort and assistance throughout the last year.

NIEA Board

The Management Board met 11 times in 2022-23. In addition to considering papers on operational issues, the NIEA Board agenda included issues linked to monthly finance and corporate governance updates, HR/Staff, and Health & Safety updates. I was joined in fulfilling my non-executive duties with the appointment of Stephen Welch as a second non-executive board member on 1 February 2023.

Board Effectiveness

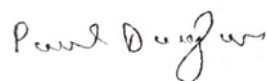
A Review of Board Effectiveness did not take place in 2022-23.

Audit and Risk Assurance Committee

The Audit Risk and Assurance Committee, under my chairmanship met on three occasions in 2022-23 and continued to support the Accounting Officer and Management Board in their responsibilities for issues of risk, control and governance. At our meeting in February, we returned to meeting in person, however we will continue to facilitate video conference use.

At each meeting the committee reviewed progress on audit recommendations, considered fraud and whistleblowing cases, the NIEA Risk Register and other governance related issues such as Post Project Evaluations (PPEs), and any Direct Award Contracts awarded.

The committee welcomed the unqualified audit opinion on the 2022-23 accounts and the satisfactory audit opinion presented by Internal Audit in their 2022-23 Annual Opinion and Report. The committee continued to reflect upon the recommendations in relation to risk management within the Agency.



Paul Douglas
28 June 2023

1. PERFORMANCE REPORT

1.1 Overview

Introduction

This commentary sets out the Agency's main objectives, comments upon the organisational context within which the Agency operated and provides a detailed report on performance during 2022-23.

History and Statutory Background

The Northern Ireland Environment Agency (NIEA, the Agency) hereby presents its Annual Report and Accounts for the year ended 31 March 2023.

The Annual Report and Accounts have been prepared in compliance with the accounting principles and disclosure requirements of the Government Financial Reporting Manual (*FReM*) and under an Accounts Direction given by the Department of Finance (DoF) in accordance with Section 11(1) and (2) of the Government Resources and Accounts Act (Northern Ireland) 2001.

The NIEA is an Executive Agency within the Department of Agriculture, Environment and Rural Affairs (DAERA, the Department) in Northern Ireland. The NIEA became an Executive Agency within DAERA following the 2016 Assembly Election on 5th May 2016, in accordance with the Stormont House Agreement's commitment to reduce the number of Northern Ireland Civil Service (NICS) Departments from 12 to 9. The NIEA, the successor of the Environment & Heritage Service (EHS) which was established on 1 April 1996, was launched on 1 July 2008, pursuant to a Ministerial decision that the EHS would be reorganised.

The Chief Executive of the Agency is also the Agency Accounting Officer with the responsibilities and delegations outlined in Chapter 3 of the Department of Finance (DoF) Guide - Managing Public Money Northern Ireland (MPMNI).

Structure

The Agency is headed by a Chief Executive with the support of two operational Directors; Natural Environment and Resource Efficiency Divisions, with the Strategic Planning and Change Director role ending during the financial year¹. A Non-Executive Director was appointed on 1 September 2018 for a three-year period which has been extended for a further three year period with annual review. A second Non-Executive Director was appointed to the Board on 1 February 2023. The Business Support Team acts as a shared service function assisting the Chief Executive and Directors in the delivery of key corporate functions such as strategic planning, governance, and financial and budget management.

Business Priorities for 2022-23

For 2022-23, NIEA's primary purpose was 'to protect and enhance Northern Ireland's environment, and in doing so, to deliver health and well-being benefits and support economic growth'. This purpose underpinned and contributed to DAERA's 2022-23 vision of 'Sustainability at the heart of a living, working, active landscape valued by everyone'.

¹ Ceased October 2022

Of the 11 targets in the latest version of the NIEA 2022-23 Balanced Scorecard, three are included in the DAERA 2022-23 Balanced Scorecard. The main activities relating to these targets are the protection of the environment and public health through regulation and enforcement; statutory designations; research and monitoring; raising public awareness of the environment and their role in protecting it.

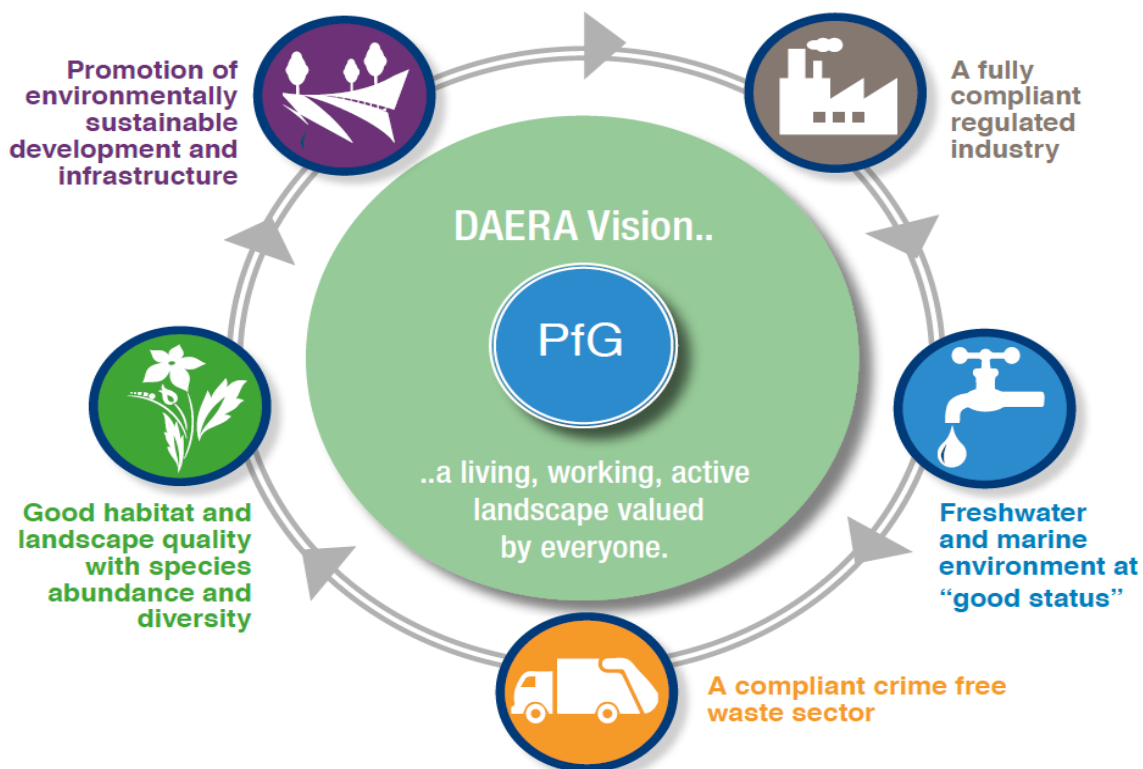
Additionally, there's an ongoing programme of work to ensure that the Agency is appropriately implementing key changes after the UK's departure from the European Union in terms of agreed policy frameworks, relevant legislative amendments, and transition planning.

Principal Activities

There were 11 targets included in the 2022-23 NIEA Balanced Scorecard setting out the Agency's priorities for the year. These targets set the direction of the Agency and provided a delivery framework for our staff, our customers and stakeholders. The targets represented the Agency's public contribution outlining what we intended to deliver throughout the financial year.

One of DAERA's four strategic outcomes for 2022-23 was a "clean, healthy environment, benefitting people, nature and the economy", which underpins the draft Programme for Government (PfG) Outcome 2, "We live and work sustainably – protecting the environment".

In line with NIEA's overall purpose, the Agency had a pivotal role in delivering these outcomes through its own five key priorities:



What We Do & How We Performed During 2022-23

The key activities and functions which helped to deliver against our five key priorities were:

What we do:

A Fully Compliant Regulated Industry

To help achieve this key priority the NIEA:

- Promotes a sustainable approach to managing waste and land resources in Northern Ireland to protect our shared environment. This encourages resource efficiency and economic growth in a coordinated and sustainable manner.
- Monitors, audits, and regulates authorised and exempt waste facilities, waste carriers, certain waste movements and those organisations falling under the Producer Responsibility Regulations in order to protect and minimise impacts to the environment and human health.
- Monitors and regulates discharges to the aquatic environment. This key activity is underpinned by an extensive compliance sampling and reporting programme. The Agency provides advice and guidance to Northern Ireland Water to enhance its operational asset performance.
- Regulates industrial emissions from a range of operations such as power stations, waste incineration, cement, glass, chemicals, pharmaceuticals, dairies, slaughterhouses, and intensive agriculture in order to protect and minimise impacts to the environment and human health.
- Monitors and regulates the use of radioactive substances. This includes an extensive environmental monitoring programme to assess the impacts of radiological discharges elsewhere into the NI aquatic environment.
- Undertakes a wide-ranging programme of visits to industrial, agricultural, construction, demolition, and other industrial sites providing prevention advice, carrying out risk assessments with the aim of minimising the impact of these activities on the environment.
- Undertakes cross-compliance farm inspections throughout Northern Ireland under three Environmental Statutory Management Requirements, and three Good Agricultural and Environmental Conditions. These requirements cover a range of environmental conditions relating to protected Habitats, Birds, Groundwater, Buffer Strips, Irrigation Authorisations and the Nitrates Directive.

Freshwater and marine environment at 'good status'

DAERA is the lead Department responsible for coordinating programmes of measures across government and industry aimed at improving water body status under Outcome 2 of the draft Programme for Government (PfG).

The majority of statutory river and lake water quality monitoring was undertaken as planned in 2022-23, although the impacts of COVID-19 restrictions limited some activities at that point, such as working in small boats. During the 2022-23 year the Water Quality Monitoring Programme exceeded the 90% completion target, by achieving 96% delivery overall. The Water Chemistry laboratories continued to deliver an effective quality assured analytical service throughout 2022-23, delivering 97% of the water quality monitoring programme. The Freshwater Monitoring and Assessment group successfully delivered 95% of the freshwater ecology programme for Northern Ireland, completing over 500 samples and surveys. A new team was set up to undertake freshwater investigations as part of the targeted priority catchment programme, focusing on the River Roe in 2022.

The Agency plays a key role in protecting water quality and quantity. The aim is to deliver efficient regulation and enforcement to move towards 'good status' in all waters; from groundwater to rivers and lakes, through to estuaries and coastal waters. This is delivered through a number of statutory instruments that transposed the requirements of the European Commission's Water Framework Directive (WFD) into Northern Ireland legislation. The objectives of the local regulations are to get polluted waters clean again, to ensure that clean waters are kept clean, and to ensure that sufficient water is available to support the environment as well as for all of its users. The NIEA, in partnership with Marine and Fisheries Division of DAERA and DfI Water Policy, is responsible for the development of the River Basin Management Plan, supported by catchment management work to encourage a sustainable and integrated approach to all the different needs within a water catchment area. The work which we do is based on robust scientific evidence derived from comprehensive, long-term monitoring programmes for all of our water bodies and a programme of research with AFBI and others to understand the pressures and impacts affecting our water environment.

Protection of Public Health through Effective Drinking Water Regulation

NIEA's Drinking Water Inspectorate (DWI) continued in its role to protect public health by safeguarding private supply drinking water quality and sufficiency, through effective regulation. Throughout the financial year DWI continued to deliver its regulatory duty to risk assess and monitor drinking water quality from private water supplies. This was delivered through collaboration with local councils, with DWI providing training and guidance to enable council staff to collect samples and conduct risk assessments of private water supply sites on its behalf. This ongoing management of risk to drinking water quality, with identification and implementation of remedial measures, continued at private water supply sites throughout the year. In 2022-23 over 11,970 tests were completed on samples collected on behalf of DWI from registered private water supplies in Northern Ireland to monitor compliance with regulatory requirements.

Northern Ireland Water's regulatory duty to provide safe, clean water is assessed by DWI from water quality data, risk assessments, water quality investigations and event investigations submitted by NI Water, with appropriate action being taken as necessary. Approximately 50 water quality events are investigated annually. DWI worked with NI Water to ensure its regulatory monitoring programme returned to normal during 2022. Work also continued on a major upgrade to Derg Water Treatment Works to improve drinking water quality as the result of a Statutory Notice

issued by DWI. This upgrade was largely completed in March 2023, and should provide higher quality drinking water for over 40,000 people in the area.

A compliant crime free waste sector

The Agency seeks to protect and improve the environment through risk based regulation, compliance monitoring and enforcement so that statutory targets and outcomes are achieved. This supports the legitimate and regulated industries while curtailing illegal activity.

NIEA's Regulation Unit monitors and regulates the licenced and permitted waste industry operations through its regulatory programme of site visits, inspections and audits which applies risk based compliance assessment models to support and direct regulatory activity. The Regulation Unit also monitors waste operators, waste carriers and brokers, waste processors, waste importers, exporters and businesses who fall within the Producer Responsibility Regulations. Where operators are non-compliant the Regulation Unit staff work with the Operator to ensure that they undertake and implement appropriate actions to quickly come back into compliance. The Agency will, where and when necessary, undertake proportionate enforcement action in accordance with the Department's Enforcement Policy in order to protect land, waterways, groundwater and drinking water. Environmental offenders can inflict large-scale and long term damage on our environment and deprive the local economy of legitimate and sustainable revenue, whilst impacting upon legitimate businesses' ability to compete. Waste and environmentally damaging crimes can occur in a broad range of settings and circumstances, both within and external to the regulated waste sector. This can range from fly-tipping to very large scale organised criminality such as illegal landfills, unlicensed end of life vehicle yards, and misdescription of waste materials. Such activity is frequently lucrative and blights our environment. It often has very significant impacts on surrounding land, air, and water within the local district.

NIEA's enforcement activities, which aim to tackle criminality, range from education and prevention to deterrence, disruption, and detection. Enforcement options available depend on individual circumstances and can escalate from issuing Article 27 'Clean-up' and fixed penalty notices through to formal adult caution and prosecution proceedings. The Agency utilises powers under the Proceeds of Crime Act 2002 to deprive waste offenders of the proceeds of their criminal conduct, which allows the Agency to formally investigate and potentially recover any significant financial gains that criminals have obtained from waste crime. This approach impacts offenders' means to further offend and sends a clear message to others that waste and environmental crime will not pay. The Agency recognises that those involved in waste crime are likely to be involved in poly-criminality and do not heed any borders. Indeed, Europol describes the type of criminals involved in Illegal waste disposal as sophisticated networks with a clear division of roles (e.g., collection, transportation, recovery, or legal expertise). As such we have increased our pursuit of these criminals with other law enforcement agencies across the five nations embarking on new ways of data-sharing and on multi-agency operations. This helps ensure public monies are used in a targeted way to get the most impact in the achievement of this aim.

Good habitat and landscape quality with species abundance and diversity

(a) Country Parks and Nature Reserves

NIEA manages 7 Country Parks and 65 Nature Reserve sites across Northern Ireland. These sites provide a unique value in terms of environmental heritage, wellbeing, conservation and connecting people to nature.

Sites are open for public access throughout the year and ongoing works are undertaken to maintain and improve access and associated facilities.



(b) Protection and Management of special biological and geological features

The key objective of nature and geo-conservation work is to achieve favourable condition of our priority habitats, species, and geological features. Such a situation reflects that features are healthy (for habitats and species – both in quality and extent/population) and with good prospects to continue to do so in the future.

The majority of our Special Areas of Conservation now have management plans in place to help us move towards their favourable management in support of future investment and protection.

The NIEA recognises the importance of monitoring the condition of Northern Ireland's special biological and geological features, protected through our suite of Areas of Special Scientific Interest (ASSIs). This work both informs relevant authorities, agencies, and landowners with

respect to management and stewardship of those special features, but also enables reporting on how well Northern Ireland is doing in addressing the state of nature and supporting nature recovery.

We have been able to further develop reporting of ASSI feature condition for inclusion in future environmental statistics, through the annual NI Environmental Statistics Report, which will provide greater visibility for conservation management and policy development.

NIEA provides evidence, advice, and grant aid to key stakeholders to support management and restoration of our priority habitats and species. There is an increasing need for more comprehensive monitoring and surveillance of the natural environment and our natural capital assets. The Agency continues to develop habitat mapping capabilities from satellite data through the Living Map of Northern Ireland project. This will enhance evidence on habitat extent, timely monitoring of change, and targeting of monitoring activity and conservation action across Northern Ireland.

The Agency continued to work closely with DAERA colleagues to inform evolving strategies to manage our natural heritage such as the Environment Strategy, Peatland Strategy, Nature/Biodiversity Strategy and the Ammonia Strategy. Managing the impacts of ammonia emissions and nitrogen deposition on our protected areas and biodiversity more generally across Northern Ireland, which includes ongoing monitoring and modelling of nitrogen deposition impacts to inform mitigation and management.

Promotion of environmentally sustainable development and infrastructure

NIEA staff continue to work closely with the DAERA College of Agriculture, Food and Rural Enterprise, Knowledge Advisory Service (KAS) to identify and agree key environmental issues, priorities and programmes, and provide specialist advice to ensure environmental outcomes are achieved. NIEA are represented on the KAS Oversight Board which identifies and agrees issues to be taken forward via an action plan. The plan sets out areas for collaborative working between KAS and NIEA staff including key issues such as air and water quality as well as Biodiversity.

DAERA has a statutory responsibility under The Planning (General Development Procedure) Order (Northern Ireland) 2015 (as amended) to respond to planning consultations from councils and the Department for Infrastructure in accordance with the provisions of the Planning Act (Northern Ireland) 2011. The Agency is also consulted on other non-statutory planning applications which may have an impact on the environment. The Planning Response Team provides a single point of contact for environmental advice on planning matters to councils, developers, and the public; and provides a single, integrated response for each consultation. The Agency received a large number of consultations throughout 2022-23 and has implemented a range of initiatives to enhance performance and consultation response rates. The Agency's fundamental aim, within our role as a statutory consultee, is to promote sustainable development and to challenge development that is not deemed to be sustainable.

The NIEA Water Chemistry Group's laboratories provide a quality assured analytical service to various partners across the Agency and wider Department. The group facilitates analysis for a variety of regulatory, statutory and investigatory programmes. Importantly NIEA's laboratories continued to maintain their sampling and analysis UKAS Quality Accreditation ensuring independent quality assurance of activities underpinning regulatory and enforcement processes.

As part of the Science Transformation Programme work has been ongoing during the year to develop a Laboratory Information Management System to be used throughout DAERA along with a data warehouse to store science information.

Further Information

Further information about our activities is available on our website at <https://www.daera-ni.gov.uk/northern-ireland-environment-agency> including information on a wide range of publications explaining or reporting on our work in greater detail.

Future Developments

The outworking's of EU Transition and legacy issues from the COVID-19 pandemic have been priorities for the Agency over the 2022-23 financial year. Nevertheless, it's planned to incorporate recent development outworking's into future Balanced Scorecards, which will reflect and focus on core business incorporating these and other wider strategic environmental issues.

The Agency's focus will support activities relating to policy frameworks, relevant legislative amendments and planning, specifically regarding Waste, Water and Biodiversity law compliance and regulation.

This renewed emphasis ensures that our objectives and targets, and associated activities, underpin and help to deliver NI Executive policy and Programme for Government, and the Agency's primary purpose "to protect and enhance Northern Ireland's environment and in doing so, deliver health and well-being benefits and support economic growth".

DAERA's Regulatory Transformation Programme (RTP) will overhaul NI's legislative and operational framework for environmental regulation. The Environmental Better Regulation Act (NI) 2016 provides enabling powers to reduce the complexity of environmental legislation in respect of environmental permitting governing waste (selected activities), water (discharge, abstraction & impoundment), radioactive substances and pollution prevention and control, and associated legislation on powers of entry. The Programme's Phase 2 will deliver a comprehensive transformation of environmental regulation by developing secondary legislation and implementing a modern environmental regulatory system (supported by digital, and new fees and charges policy/scheme). Environmental regulation will encourage and support our businesses and operators to go beyond compliance as effective regulation gives business the confidence to invest, innovate and grow.

The Agency continues to manage long term environmental challenges, for example in relation to water resources. We produced the final 3rd cycle River Basin Management Plan (RBMP) including the Programme of Measures to improve and protect our water resources. The RBMP was approved by the Minister in October 2022 and covers a six-year period between 1 January 2022 and ending on 31 December 2027. The 3rd cycle plan will be published after receiving Executive approval.

NIEA are supporting DAERA policy colleagues during the development of a wide range of new environmental and climate strategies and policy for Northern Ireland such as: the Environment Strategy, Ammonia Strategy; Peatland Strategy; Nature Recovery/Biodiversity Strategy etc. NIEA will work with colleagues to consider the implementation of these strategies and will have to identify their capacity to contribute to their implementation alongside new data and reporting requirements arising.

The Agency aims to always deliver on core business that reflects our ethos and upon core values and outcomes in the draft Programme for Government:

- Carrying out appropriate environmental regulatory compliance assessments, monitoring/surveillance, and enforcement that will ensure the protection and enhancement of the environment, and inform future evidence led policy, strategies, and decisions to deliver improved environmental outcomes;
- Responding effectively and efficiently to issues on the environment, and develop and feed into any appropriate public sector work;
- Taking appropriate enforcement action (where the offender can be identified) within 7 months on 90% of breaches in legislation which lead to significant environmental consequences; and
- Completing cross compliance inspections on at least 1% of all farms (to include 5% of those operating under a Nutrients Action Programme (NAP) derogation) by 31 December 2023.

Risk

A Risk Register has been prepared based on an assessment of the key risks impacting on the achievement of the Agency’s Key Performance Targets and includes the following:

- Failure to secure adequate finance due to higher priorities which could result in failure to deliver on all business objectives;
- Failure to maintain and strengthen workforce resilience due to staff retention issues resulting in significant knowledge and skills gaps;
- Failure to deliver effective regulation (e.g. take effective enforcement or prevention actions) due to insufficient resources, insufficient clarity on policies, and conflicting priorities going forward could result in regulatory impact on environmental outcomes and/or public health;
- Failure to address Increased level of biodiversity loss and higher levels of pollution due to insufficient funding and resourcing; and
- Failure to protect staff and the general public (visiting NIEA sites) from serious injury due to inadequate resourcing.

Performance against Targets

The Agency fully achieved two of the four Key Performance Targets and partially achieved the remaining two set out in the 2022-23 NIEA Balanced Scorecard as shown in the table below. The achievements reported are subject to validation by the Department of Finance’s Internal Auditors.

Number	TARGET	RESULT
1	Create a Natural Environment Funding Programme.	Partially Achieved
2	Progress the Mobuoy Remediation Project 2022-2023. KPIs to include; (i) Updated Detailed Quantitative Risk Assessment (DQRA), (ii) Remediation Options Appraisal. Key Performance Indicators: <ul style="list-style-type: none"> • Complete the Updated Detailed Quantitative Risk Assessment (DQRA) for the Mobuoy site. • Complete the Remediation Options Appraisal – Identify the Remediation Option for the Mobuoy site and submit a paper to the Mobuoy Remediation Project. 	Achieved

<p>3</p>	<p>Help protect the environment by providing effective and efficient regulation and enforcement to regulated businesses and industry by;</p> <ul style="list-style-type: none"> • Carrying out at least 75% risk based environmental regulatory compliance inspections / audits* • Achieve 90% compliance with regulatory requirements using agreed compliance assessment methodology** <p>*Frequency of inspections is determined for each site annually using the agreed Risk Rating Model within the Business area. This Model identifies sites at risk and the number of inspections required during the year (e.g., a high-risk site may require 4 site inspections pa whilst low risk sites may require 1-2 site visits pa).</p> <p>**Each Business area has an agreed Regulatory Compliance Assessment methodology in place to determine site compliance. It is important to note that site inspections are part of the site compliance assessment but in addition, other relevant site information is considered such as site analytical /monitoring data, site annual reports, site environmental assessments, complaints / incident reports, etc.</p>	<p>Partially Achieved</p>
<p>4</p>	<p>Help protect the environment and improve water quality by delivering 90% of Freshwater Monitoring requirements for NI water protection legislation and for regulatory compliance (discharge quality and flows).</p>	<p>Achieved</p>

Explanation for Key Targets Partially Achieved

Key Performance Target Number 1 – Partially Achieved

The basis of the Natural Environment Funding Programme has been developed and measures have been put in place to go live in 2023-24. The Agency is currently waiting for Business Case Approvals to be obtained. Once approvals are in place and budget confirmation has been provided, letters of offer can issue to enable approved activities to commence.

Key Performance Target Number 3 – Partially Achieved.

The target had two distinct measures – an inspection measure and a compliance measure. The compliance measure was achieved; however, the inspection measure was not. Therefore, the overall target was not achieved.

Overall compliance target was achieved at 91.6% against the target of 90%, however planned inspections target was not met at only 60% against the target of 75%.

1.2 How We Performed

As stated above the Agency uses the Strategic Outcome approach to help develop key targets and to enable the Board and managers at all levels to monitor performance against these targets on an ongoing basis. The Agency Board formally reviews progress against the targets.

As stated in the Overview Section, the Agency fully achieved two of the four Key Performance Targets and partially achieved the remaining two. However, the Agency had a number of other targets as set out in the 2022-23 NIEA Balanced Scorecard, and these, along with the Key Performance Targets (KPTs), are shown in the Balanced Scorecard Targets table below.

Number	Division	Target (description)	Achieved / Partially Achieved / Not Achieved
1 DAERA LEVEL TARGET & NIEA KPT 1	Natural Environment	Create a Natural Environment Funding Programme.	Partially Achieved
2	Natural Environment	Take forward action in relation to wildfire management: <ul style="list-style-type: none"> Issue tender to develop a Mournes wildfire prevention plan. Issue public consultation on draft Strategic Way Forward for addressing the risk of wildfires in Northern Ireland. Host a UK Wildfire Conference. 	Partially Achieved
3 DAERA LEVEL TARGET	Resource Efficiency	Deliver the required 2022 Cross Compliance inspection programme for the protection of water resources and the conservation of wild birds, flora, and fauna to include at least 5% of farms operating under a derogation.	Partially Achieved
4 DAERA LEVEL TARGET	Resource Efficiency	In relation to Drinking Water supplies - Deliver 95% compliance with microbiological parameters at Private Drinking Water Supplies and 90% of events notified by NI Water categorised within 5 days.	Achieved
5 NIEA KPT 2	Resource Efficiency	Deliver the Mobuoy Remediation Project 2022-2023. KPIs to include; (i) Updated Detailed Quantitative Risk Assessment (DQRA), (ii) Remediation Options Appraisal. Key Performance Indicators:	Achieved

Number	Division	Target (description)	Achieved / Partially Achieved / Not Achieved
		<ul style="list-style-type: none"> Complete the Updated Detailed Quantitative Risk Assessment (DQRA) for the Mobuoy site. Complete the Remediation Options Appraisal – Identify the Remediation Option for the Mobuoy site and submit a paper to the Mobuoy Remediation Project. 	
6	Resource Efficiency	<p>Implement the plans for the Regulatory Change Programmes of Regulatory Transformation Project (RTP) to include:</p> <ul style="list-style-type: none"> Consult on a new financially sustainable NIEA regulatory charging policy to align with the new Environmental Permitting Regime. Digital Transformation of services to achieve a minimum of 90% of water and waste regulatory applications via the online platform. Digital Transformation of services to achieve a minimum 75% of water and waste regulatory site inspections via electronic platform. 	Achieved
7 NIEA KPT 3	Resource Efficiency	<p>Help protect the environment by providing effective and efficient regulation and enforcement to regulated businesses and industry by;</p> <ul style="list-style-type: none"> Carrying out at least 75% risk based environmental regulatory compliance inspections / audits* Achieve 90% compliance with regulatory requirements using agreed compliance assessment methodology** <p>*Frequency of inspections is determined for each site annually using the agreed Risk Rating Model within the Business area. This Model identifies sites at risk and the number of inspections required during the year (e.g., high risk site may require 4 site inspections pa whilst low risk sites may require 1-2 site visits pa).</p> <p>**Each Business area has an agreed Regulatory Compliance Assessment methodology in place to determine site compliance. It is important to note that site inspections are part of the site compliance assessment but in addition, other relevant site information is considered such as site analytical / monitoring data, site annual reports, site environmental assessments, complaints / incident reports, etc.</p>	Partially Achieved
8	Resource Efficiency	<p>Help protect the environment and improve water quality by delivering 90% of Freshwater Monitoring requirements for NI water</p>	Achieved

Number	Division	Target (description)	Achieved / Partially Achieved / Not Achieved
NIEA KPT 4		protection legislation and for regulatory compliance (discharge quality and flows).	
9	Resource Efficiency	<p>Continue to deliver, as appropriate, the operational changes resulting from transition from the EU Exit, supporting customers and stakeholders. Deliver programmes on the following;</p> <ul style="list-style-type: none"> • Continue to work collaboratively with DAERA policy colleagues to operationalise legislative and policy changes as a consequence of ongoing negotiations between UK Government and the EU on the Northern Ireland Protocol, for the suite of Chemicals Regulations - REACH, POPs, mercury, F-gas and ODS, pesticides, detergents, and Market Surveillance. • Continue to work collaboratively with key partners such as HSENI, local councils, UKG, and UK Environment Agencies to develop and strengthen collaborative working, for the suite of Chemicals Regulations - REACH, POPs, mercury, F-gas and ODS, pesticides, detergents, and Market Surveillance. • Implement changes of Polychlorinated Biphenyls (PCBs) Regulations due to be published 2nd Quarter 2022. • Undertake at least two chemicals information campaigns. 	Achieved
10	Natural Environment	<p>Support improvements in statutory planning responses through:</p> <ul style="list-style-type: none"> • Developing the client liaison officer role for each council area and holding at least 2 yearly meetings with each; • Ensuring the development and implementation of contingency planning arrangements with regards to the new Planning Portal for 10 council areas and the stand alone Mid Ulster District Council Planning Portal. 	Achieved
11	Natural Environment	Commission review of NI terrestrial protected sites (initial review with recommendations and vision for delivering new protected areas targets).	Achieved

Fully Compliant Regulated Industry

Throughout 2022-23, NIEA has continued to regulate licensed and permitted waste management facilities. Direct engagement with Operators through the Department's Waste Sector Group is ongoing in addition to engaging directly with the Councils on waste related matters through the Government Waste Working Group and through the Strategic Waste Partnership Group.

Water regulation seek to contribute to maintaining and improving quality through the regulation of discharges and abstractions. In 2022-23 we have issued nearly 4,000 consents to discharge and licences regulating and controlling discharges to the water environment from domestic dwellings, industry and water utilities and abstractions for a range of purposes. Through our monitoring programme we have determined that 88% of industrial discharges are compliant with their consent and 93% of Water Utility sites. We issued over 200 letters and notices to non-compliant sites, to help bring them back to compliance or begin suitable follow up enforcement action.

Future Regulation: Regulatory Transformation Programme - Phase 2

DAERA's Regulatory Transformation Programme (RTP) will overhaul NI's legislative and operational framework for environmental regulation. The Environmental Better Regulation Act (NI) 2016 provides enabling powers to reduce the complexity of environmental legislation in respect of environmental permitting governing waste (selected activities), water (discharge, abstraction & impoundment), radioactive substances, and pollution prevention and control, and associated legislation on powers of entry.

The RTP Vision is to; *deliver a modern risk-based regulatory system that helps responsible businesses and citizens operate effectively within the conditions of their environmental authorisations which contributes to protecting and enhancing our environment and health.*

This vision and its outcome, aligns with, and supports, the draft Programme for Government Outcome 2: *We live and work sustainably - protecting the environment.* In addition, it fully supports DAERA's vision; *Sustainability at the heart of a living, working active landscape valued by everyone.*

In 2022-23, work has commenced on a number of the programme's work strands in which a number of outputs will be subject to public consultations. Implementation of the new Environmental Regulatory System (ETS) for the activities above will be supported by a new regulatory charging scheme and digital platform for on-line applications, monitoring, and compliance assessments.

Environmental regulation will encourage and support our businesses and operators to go beyond compliance as effective regulation gives business the confidence to invest, innovate and grow.

Freshwater and Marine Environment Classified as Being in a 'Good Status'

The Minister agreed the final River Basin Management Plan in October 2022, but the plan cannot be published without Executive approval. Northern Ireland Environment Agency has commenced the co-ordination of the implementation of measures, examples include running of the water quality improvement strand of the Environment Fund and jointly developing calls for projects aimed at improving the water environment with the Special European Union Programmes Body (SEUPB) and our counterparts in Rol under the PEACEPLUS Programme.

However, NIEA alone cannot deliver the necessary improvements to water quality to meet the 2027 target. It requires input and action from a wide range of organisations and behavioural changes from every sector and person living in Northern Ireland to implement the River Basin Management Plan and supporting Catchment Plans. The Department are involved in a number of

collaborative catchments projects through the INTERREG Va funding stream. A number of these projects are aimed at improving water quality and achieving good ecological status.

The Source-to-Tap project was set up in 2017 to explore different measures that could be used to tackle water quality issues arising in the water abstracted from rivers and lakes and used for drinking water supply. The project concluded in 2022 and piloted a range of sustainable cost effective measures to reduce pollution and contribute to improvements in cross border raw water quality in the River Erne and River Derg catchment areas. It is estimated that for every £1 invested through the Source to-Tap project, there will be £3.36 worth of benefits through reduced water treatment costs and improved catchment ecosystem services.

In 2022-23 the Agency held a Water Quality Improvement Strand (WQIS) of the Environmental Challenge Fund competition. The WQIS seeks to fund projects aiming to bring about improvements in water quality in our rivers, lakes, groundwater and coastal waters; or to raise public awareness of the value of good water quality and how to improve it. The fund supported up to 85% of the total project cost, with the maximum of grant aid awarded to a single project limited to £30k or less. Three local communities and voluntary organisations were awarded a total of £62k in 2022-2023 to run small environmental water quality projects to bring about improvements in their local water environment.

During 2022-23 NIEA staff continued to engage and collaborate with colleagues in RoI and virtually attended both Border Regional Operational Committee meetings and the RoI Water Framework Directive Implementation and Coordination meetings.

During the 2022 reporting period NIEA returned to a 1% inspection rate for the Cross Compliance programme. A total of 249 planned cross compliance inspections were conducted during 2022. There were 69 breaches across 49 farm businesses. This represents an overall level of non-compliance at approximately 20%, which compares with 13% found in 2021. The most common breach identified was failure to have a fertilisation plan followed by failure to submit annual records of manure exports.

In 2022, there were 1,535 incidents of water pollution either reported to NIEA or discovered by NIEA staff during inspections or proactive work, of which 676 (44%) were substantiated (confirmed). This represents a 19% reduction from the number reported in 2021 and a 22% reduction in the number of incidents where pollution was confirmed. The total number of Water Order cases through Court during 2022 was 19 and the associated fines totalled £30,000.

Creating a Compliant Crime Free Waste Sector

Environmental Crime Unit liaise with other law enforcement and justice agencies to protect our environment including regularly updating and advising the Organised Crime Task Force at strategic and sub-group level, the Joint Unit on Waste Crime, the four nations' environment agencies, ROI councils and authorities and others. Closer cooperation across jurisdictions has had a significant and positive impact on the deterrence, disruption and detection of serious and organised crime in the waste industry. We seek to strengthen these ties thereby providing a more coordinated and conjoined response to waste crime issues particularly those involving cross-jurisdictional criminality.

Environmental Crime Unit processed a total of 609 incidents and took forward 57 Enforcement Cases for further investigation. During the 2022-23 year, ECU secured 4 convictions which resulted in fines totalling £3,300 and 2 suspended sentences. Over the same period, 14 Fixed Penalty Notices were issued equating to £5,300. A total of 26 "Article 27s" (warning letters) were issued to appropriate parties to ensure waste was disposed of or treated effectively.

In addition, ECU has received 1 confiscation order totalling £236,544 whilst 2 restraint orders (covering 3 entities) were granted totalling circa £500,000. The total restraint order currently being managed (9 orders/14 entities) equates to circa £8.5 million.

In order to provide more clarity and better demarcation of roles NIEA has spearheaded the enactment of the outstanding sections of the Waste and Contaminated Land Act 2011 to enhance the powers of the District Councils with regards to ensuring their enforcement powers are more parallel to those of NIEA. NIEA remain fully committed to the agreements made in the previous Fly Tipping Protocol with District Councils taking responsibility for small scale offending (under 20m³) and the NIEA focusing on larger scale offending (over 20m³) and hazardous wastes. ECU has offered to assist District Councils with regards to any learning and development concerning enforcement powers.

Creating Good Habitat and Landscape Quality with Species Abundance

(a) Country Parks and Nature Reserves

NIEA managed Country Parks and Nature Reserves, their biodiversity and free access provide an essential resource enabling people to connect to nature and their natural environment.

Although down from peak visitor numbers which were achieved during the Covid pandemic (3.2 million in 2021) there was an estimated 2.9 million visits to NIEA parks and reserves in 2022. This reduction would concur with the experiences over the year of partner organisations with respective site management responsibilities. The number of visits to NIEA sites remain above the 2.78 million visits in 2020, which themselves saw a 20% increase on 2019 figures.

During the reporting period the Agency undertook projects to enhance both visitor facilities across a number of sites, and implemented habitat management works to maintain and improve the condition of our Nature Reserves.

(b) Protection and Management of Habitats and Species

During the reporting period the Agency continued to lead on providing evidence and advice to key stakeholders. In support of the PfG Outcome 2 target the DAERA Environmental Farming Scheme, the EU funded INTERREG Va programme, and the Management of Sensitive Sites Programme contributed to improving the area of land under favourable management.

The Environmental Farming Scheme helps to protect and enhance habitats, biodiversity, water quality & to sequester carbon. A sixth Tranche of agreements were offered during the year and over 5,000 farm businesses are participating in the scheme. Over 60,900ha of designated land or priority habitat is under favourable management through the scheme.

The Collaborate Action for the Natura Network (CANN) and the Co-operation Across Borders for Biodiversity (CABB) INTERREG Va projects delivered environmental conservation projects with a focus on developing conservation plans and improving the condition of protected habitats and supporting species found at 33 designated sites across Northern Ireland, the Border Region of Ireland and Western Scotland, to help the future of these internationally important environments and their distinctive wildlife.

Draft Conservation Management Plans for 47 environmentally designated sites were completed in 2022.

Over £8m in grant aid was committed by the Agency to support almost 70 projects under the 3 Strands of the Environment Fund to help connect people to the environment and to manage priority habitats and species.

A new combined metric to indicate condition of the special features within protected areas, in both the marine and terrestrial environment was reported on in the 2022 Environmental Statistics Report. This is an important annual high-level summary of the condition of our best natural assets informing progress against strategic and legislative targets going forward.

NIEA alongside Northern Ireland Fire and Rescue Service hosted the UK Wildfire Conference 2022 'The Human Dimension' which attracted over 170 delegates and speakers from around the world to discuss the role mankind plays in creating, managing, and solving the wildfire problem. NIEA also launched a public consultation on the '*Draft Strategic Way Forward*' for addressing the wildfire issue in Northern Ireland.

Promoting Environmentally Sustainable Development and Infrastructure

The Agency continues to explore the most effective and efficient ways to deliver environmental advice and guidance to customers to comply with legislative requirements, to deliver environmental outcomes and enable businesses to be profitable and sustainable.

During the year, Agency teams provided customer support, technical advice and assessment for 5,280 planning consultations which were notified to the Planning Response Team through the Planning Portal.

NIEA continued to implement initiatives to seek to improve response rates; reduce the number of unnecessary applications, and to increase the quality of planning consultations being submitted to DAERA with customers being provided with the necessary support including online and published planning information to enable them to perform at that level. The actions implemented to drive forward continuous improvements in our service covered a range of areas including Advice and Guidance, Case Management, Stakeholder Engagement, Monitoring, and IT. Measures were also employed to ensure continuation of our service during the launch of new planning portals, increase capacity in this work area and to enhance case officer time spent on processing case work and consultation responses.

Other Measures of NIEA's Performance

Managing Our Human Resources Effectively

Throughout the reporting period NIEA continued to invest time and effort into improving its workforce planning against a backdrop of high demand for staff by all Departments and Agencies, and by the employment market generally.

Human Rights

The Agency is committed to respecting human rights. We believe that the services we provide and the activities that we undertake have a positive impact on society. The Agency complies with Section 75 statutory equality obligations and all aspects of the Department's Equality Agenda in the delivery of policy and delivery of services.

Anti-Corruption and Bribery

It is crucial that the Agency maintains high ethical standards. The Agency does not tolerate fraud, bribery, any form of corruption or any illegal or unethical activity. DAERA Financial Policy Branch has responsibility for leading on Counter Fraud related matters within the Department. The Department's Principal Accounting Officer established the Departmental Counter Fraud Forum (CFF) as a sub-committee of the DAERA Audit and Risk Assurance Committee (ARAC). The role of the Counter Fraud Forum, which includes representation from NIEA, is to oversee, promote and provide guidance in relation to all Departmental activities associated with the prevention and detection of fraud.

Managing Our Financial Resources Effectively Within a Strong Corporate Governance Framework

The NIEA 2022-23 Provisional Resource DEL overspend of £4K represents 0.01% of the closing net Resource budget (£28.804m), following the final in year monitoring round.

The Capital DEL underspend of £110K represents 2.15% of the closing Capital budget (£5.11m).

The over/under spends relating to Resource DEL and Capital DEL were managed and accommodated by planned over/underspends elsewhere within the parent Department.

Funding

Our primary source of funding in terms of Resource and Capital Expenditure comes from Central Government however, around a third (2021-22: fifth) of expenditure in 2022-23 was funded from external sources including income from Regulatory Charges and the Carrier Bag Levy. The total net assets held by the Agency at 31 March 2022 was £23,385K (2021-22: £19,748K).

Results for the Year

The Statement of Comprehensive Net Expenditure is set out on page 65 and shows the net cost of operations as £38,113K (2021-22: £44,267K) representing a decrease in net costs amounting to £6,154K (13.9%). The overall net decrease is due a significant increase in Carrier Bag Levy income; a reduction in Environment Fund grants; an increase staff costs, and inflationary price increases.

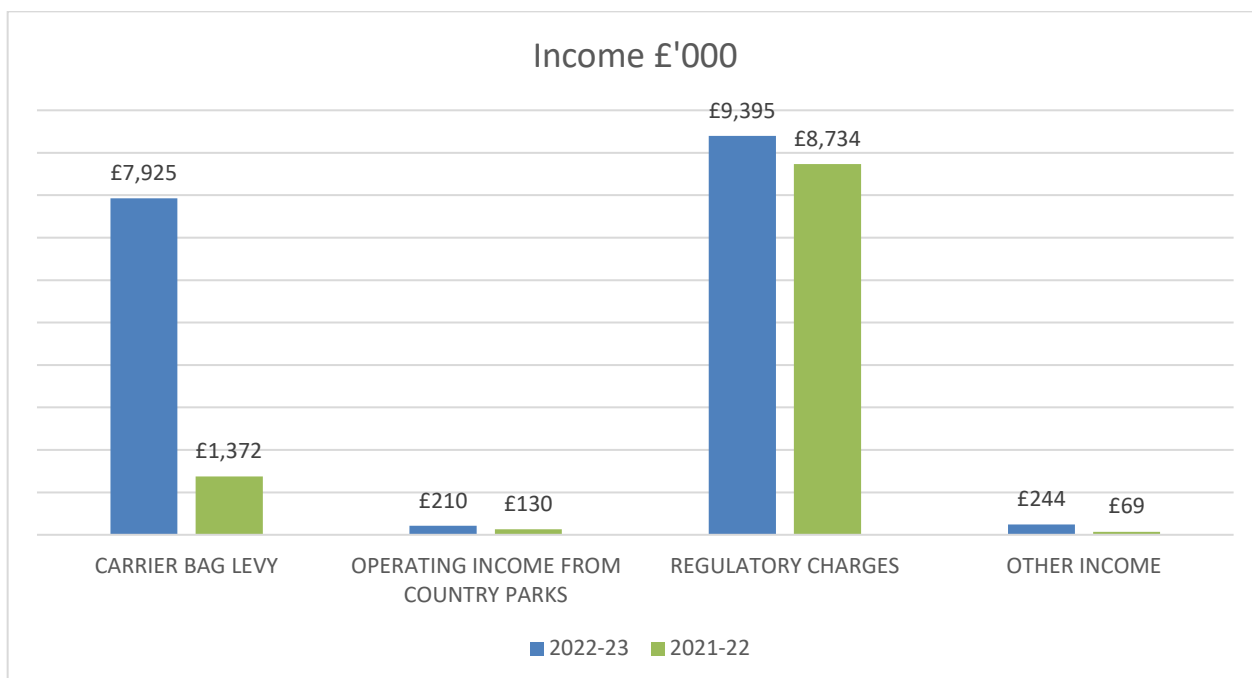
Income

Income increased by 72% during the year from £10,305K in 2021-22 to £17,775K in 2022-23.

Income from Carrier Bag Levy increased from £1,372K in 2021-22 to £7,925k in 2022-23, a rise of 478%. In 2022-23 the levy per bag was increased to 25p compared to only 5p per bag in 2021-22. The bag levy threshold was also increased from 20p to £5 in 2022-23, resulting in the majority of bags essentially falling within the scope of the levy i.e., those that were deemed single use as well as those bags that previously were deemed multi or bags for life.

Income from Regulatory Charges is up from £8,734 in 2021-22 to £9,395 in 2022-23, a rise of 8%. Likewise, income from Country Parks and income from EU Grant Income have increased by 62% and 255% respectively on last year.

The chart below provides a breakdown of income figures.

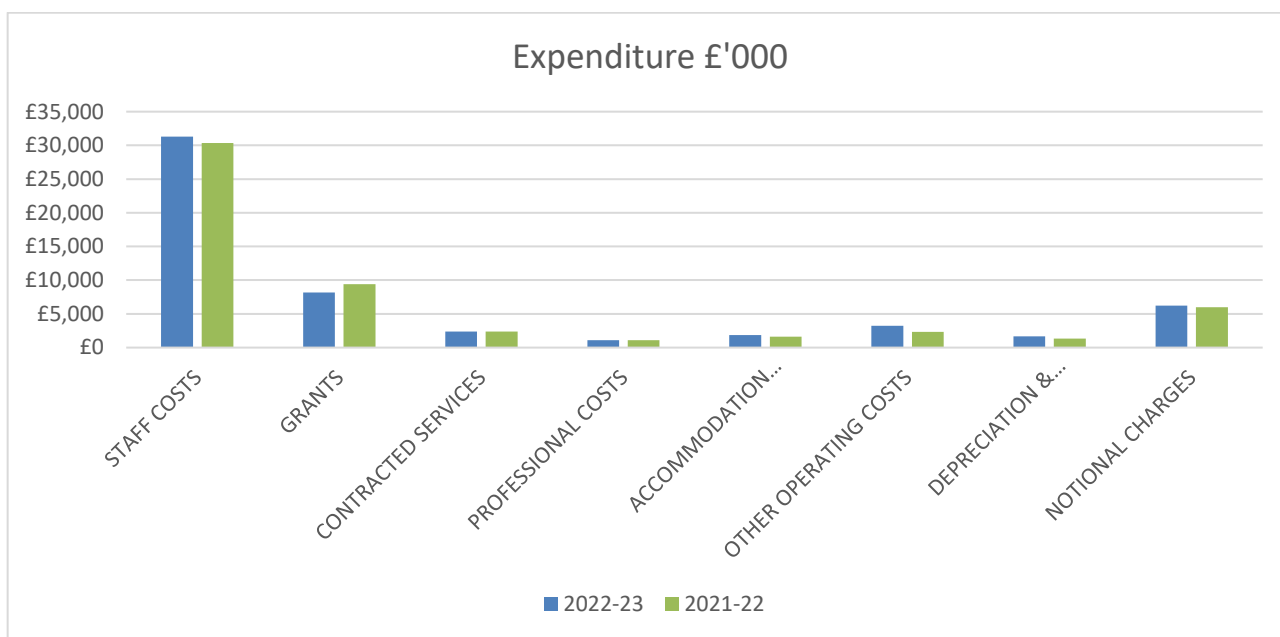


Expenditure

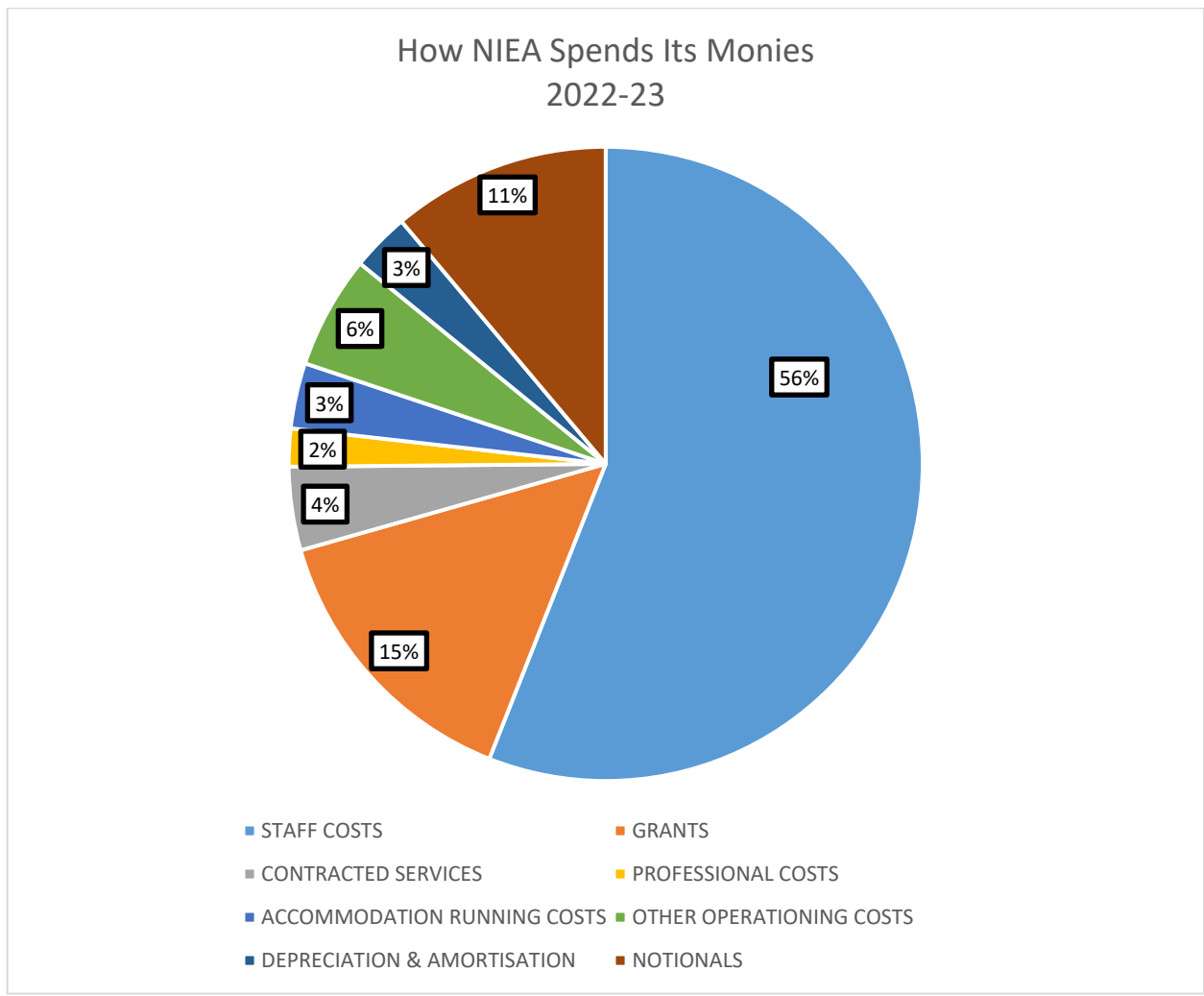
Total expenditure during the year was £55,888K (2021-22: £54,572K) representing a 2.4% increase on the previous year.

Staff costs amounting to £31,288K (2021-22: £30,346K) make up 56% (2021-22: 56%) of the total expenditure. Grant costs of £8,172K (2021-22: £9,418K) represent 15% (2021-22: 17%) of the total. A breakdown of grants by directorate is included in Note 4 of these accounts.

The chart below provides a breakdown of total expenditure.

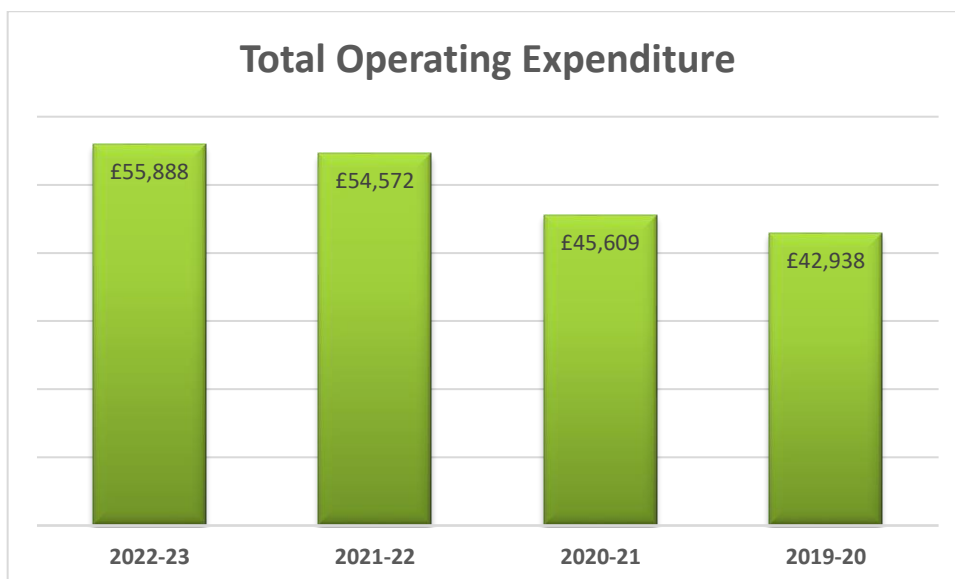


The graph below shows how the Agency spent the funding it received in 2022-23. For the 2022-23 financial year, the Agency was allocated a net opening budget of £31.2 million for resource expenditure and £0.5 million for capital expenditure. During the financial year bids and/or easements were submitted to the Department at each of the in-year monitoring rounds. In addition, the Agency also funds additional expenditure on programmes through income from services and the Carrier Bag Levy. Income received in 2022-23 was £17.8 million.



Long Term Expenditure Trends

The following chart shows the expenditure trends arising over the past four years.



The increase in spend in 2022-23 was mainly due to the increase in staff numbers and associated costs during the year. Increases in costs were also realised in relation to energy requirements at agency owned properties.

Property, Plant and Equipment and Intangible Assets

The Agency does not believe that there is any material difference between the market and book value of its property, plant and equipment and intangible assets. Movements on property, plant and equipment and intangible assets are set out in Note 8 to the accounts.

Supplier Payment Policy

The Agency is committed to the prompt payment of bills for goods and services received in accordance with the Better Payment Practice Code. Unless otherwise stated in the contract, payment is made within 30 days of the receipt of the goods and services, or presentation of a valid invoice or similar demand, whichever is later. In November 2008, the Executive sought payments to be made within 10 days to help local businesses in the current economic climate. In 2022-23, 95.8.% of invoices for goods or services were paid within 30 days (2021-22: 99.4%) and 90.8% were paid within 10 days (2021-22: 95.6%).

There has been a drop compared to last year's performance and this is mainly down to Asset Management and Property Services (AMPS) invoices now being included in the prompt payment calculations (previously CPD payment certificates were not included). This is mainly due to bedding in of AMPS approval processes and business areas responsibility to approve workflow notifications promptly to pay suppliers.

Political and Charitable Donations

The Agency made no political or charitable donations within the financial year (2021-22: £Nil).

Sustainability Report

The Northern Ireland Government Department's Sustainability Activities

The Climate Change Act (Northern Ireland) 2022 received Royal Assent on 06 June 2022. This was Northern Ireland's first piece of Climate Change legislation and committed the region to net zero greenhouse gas emissions by 2050. This legislation places a statutory duty on all Government departments to exercise their functions in a manner that is consistent with achieving that target as far as possible. The legislation requires the publication of a series of Climate Action Plans which set out how carbon budgets will be achieved across five yearly intervals. These plans contain policies, proposals and actions submitted by all departments to meet sector specific emissions targets.

The legislation also requires that NICS departments monitor and report on progress made in its area of responsibility, in implementing the proposals and policies set out in the Climate Action Plan. The information collected through sustainability reporting may form a part of the interim (after three years of carbon budget) and final (after final year of carbon budget) Climate Action Plan progress reports. Therefore, it will be important that departments start to gather baseline data and measure the impact of actions taken.

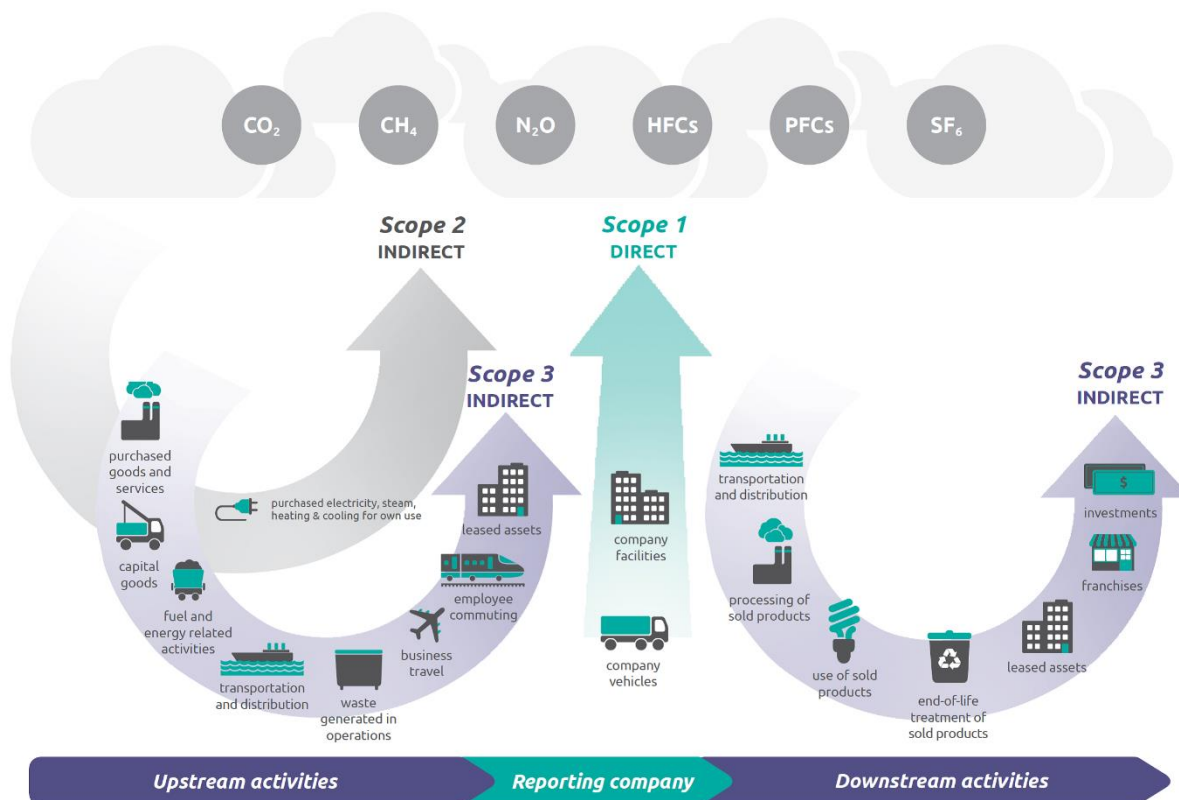
The requirements contained within the Climate Change Act are underpinned by a number of additional key strategic drivers which require actions that contribute to achieving Net Zero, a clean environment rich in biodiversity and promoting a sustainable economy. These include for example: Draft Programme for Government (PfG); Draft Green Growth Strategy for Northern Ireland; Draft Environment Strategy and Environmental Improvement Plan; the Executive's Energy Strategy for Northern Ireland; the Energy Management Strategy; draft Circular Economy Strategy; and the UN 2030 Agenda for Sustainable Development.

In addition, under the Wildlife and Natural Environment Act (Northern Ireland) 2011, the statutory duty of every public body, in exercising any function, is to further the conservation of biodiversity as far as is consistent with the proper exercise of those functions.

It is essential that Government departments lead by example by delivering net zero operational carbon emissions with improved biodiversity, increased efficiency and procurement that aligns with 'green growth' and the furthering of sustainable development.

The ability to set SMART targets and report progress at this point is limited in some areas by a lack of available data and metrics. However, work should be underway within departments to develop their own carbon baselines along with exploring actions which will enable the establishment of specific measurable targets for the future to help reduce our carbon emissions in line with policy and legislative requirements.

Greenhouse Gas Scopes and Emissions



Source: World Business Council Sustainable Development

Northern Ireland Environment Agency

Notwithstanding the NICS corporate approaches, sustainability continues to be at the core of all NIEA’s business activities. The NIEA as an organisation recognises and advocates the adherence to positive environmental outcomes in addition to the direct cost savings that can be delivered, both internally and externally, by introducing more sustainable development priorities and working practices.

Estate Sustainability Actions

The Departmental Estate Sustainability Forum (ESF), established in 2021, and including representations from NIEA and key external stakeholders, continues to utilise the knowledge and skills across the Department in co-ordinating the actions required in bringing forward energy efficiency, sustainability, and carbon reduction initiatives within the DAERA built estate.

DAERA has agreed an Estate Sustainability Action Plan for the Built Estate (2022-27). The Plan sets out the actions being taken under a number of key themes (including People, Energy, Carbon, Water, Buildings, Resources, and Biodiversity) 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.

In terms of the wider NIEA natural estate, recovery recycling is employed at the Agency’s country parks in order to reduce the amount of waste going to landfill. Single use plastics have also been prohibited from use at NIEA country park concessions. E-car charging points have been installed across a number of country parks. Two official electric vehicles have been procured, and a

substantive element of the country park vehicle fleet is being changed from 4X4 vehicles to lower emission All-Terrain vehicles, which are more versatile and have lower fuel consumption.

On energy usage DAERA has been working towards reducing our overall carbon emissions and energy 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. Following a condition survey of the Water Management Unit (WMU) site, a project to replace the current oil-fired boilers with natural gas appliances commenced during 2022-23 financial year and is due for completion by October 2023. The conversion to natural gas is estimated to reduce carbon emissions by around 47% over the previous oil-fired boilers or 65 tonnes/year and will also future proof the system for potential conversion in the future to bio-methane or hydrogen from the gas mains network.

Automatic Meter Reading (AMR) systems were installed as a pilot at two sites on the DAERA estate during 2022-23. This provides the sites with the most recent technology giving us online half hour meter readings for energy and water which greatly improves our data gathering, storage and analysis, and has been shown to provide savings in helping to reduce usage and costs at these locations. This technology is to be rolled out at further sites across the DAERA estate in 2023-24 including WMU Lisburn.

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.

Identifying and protecting areas of special nature and geological interest has been a cornerstone of conservation action on land in Northern Ireland 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 on-going protection and management of this network of sites ensures that important natural and cultural assets can be enjoyed by this and future generations.

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.

Including 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.



Paul Donnelly
Chief Executive
28 June 2023

ACCOUNTABILITY REPORT

Corporate Governance Report

Directors' Report

Management Board

NIEA's Management Board during the year ended 31 March 2023 comprised:

CHIEF EXECUTIVE

Paul Donnelly

DIRECTOR OF NATURAL ENVIRONMENT DIVISION

Helen Anderson (Left the Board 08 September 2022)

Mark Hammond (Appointed 27 June 2022)

DIRECTOR OF RESOURCE EFFICIENCY DIVISION

Richard Crowe

DIRECTOR OF STRATEGIC PLANNING AND CHANGE DIVISION

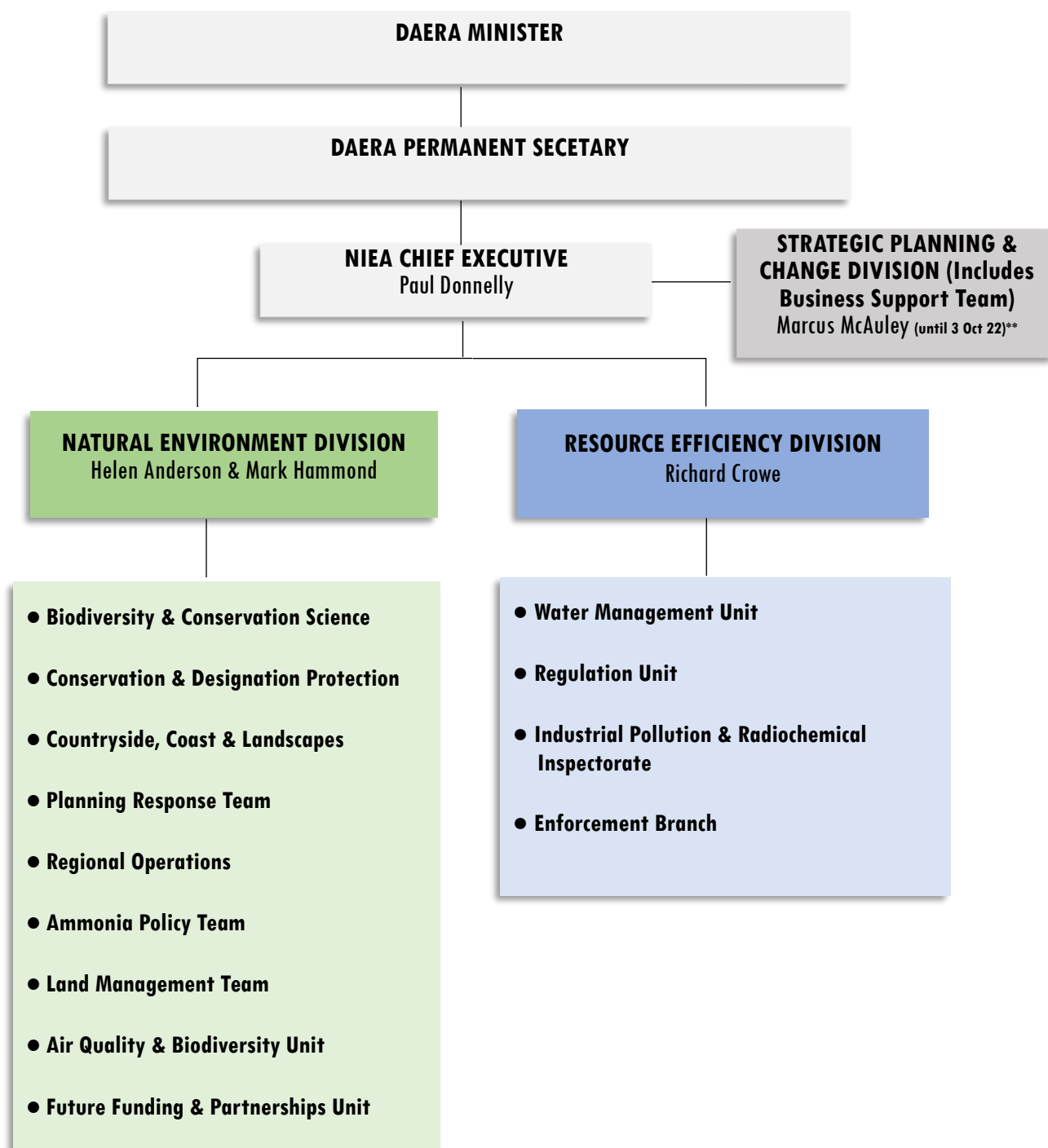
Marcus McAuley (Left the Board 03 October 2022)

NON-EXECUTIVE DIRECTORS

Paul Douglas (Appointed 1 September 2018)

Stephen Welch (Appointed 1 February 2023)

NIEA Organisation Chart 1 April 22 - 31 March 23



** Marcus McAuley left the Agency on 3 October 2023. Marcus was appointed to the Board as a Temporary Director in 2020-21 as part of a special exercise. The Director of Strategic Planning and Change Grade 5 post was not renewed.

Independent Board Members

Paul Douglas joined the Board as a Non-Executive Director in September 2018. Stephen Welch joined the Board as a Non-Executive Director in February 2023.

Company Directorships

There are no company directorships or other significant interests held by Management Board members which conflict with their management responsibilities. All Members of the Agency's Board have made a Declaration of Interests. Any interests declared have been recorded and will be managed if there is believed to be a conflict of interest.

Auditor

Our financial statements are audited by the Comptroller & Auditor General for Northern Ireland (C&AG) in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001. He is head of the Northern Ireland Audit Office and he and his staff are wholly independent of the Agency and the Department. He reports his findings to the Northern Ireland Assembly.

The audit of the financial statements for 2022-23 resulted in a notional audit fee of £17,700 which is included in operating costs in the Statement of Comprehensive Net Expenditure. As far as I am aware, there is no relevant audit information of which the entity's auditor is unaware. I have taken all the steps that ought to have been taken to make myself aware of any relevant audit information and to establish that the Agency's auditor is also aware of that information.

The Accounting Officer is content that there is no relevant audit information which the Department's auditor should be aware of. The Accounting Officer has taken all reasonable steps to ensure that both he and the Department's auditor is aware of all relevant audit information.

Pension Liabilities

The Agency is covered by the provisions of the Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS(NI)) and bears the cost of pension provision for its staff by payment of an Accruing Superannuation Liability Charge (ASLC).

Further information on Pensions is provided in the Remuneration Report (page 43) and Note 2 of the Accounts (page 78).

Equality of Opportunity

The Agency follows the Northern Ireland Civil Service policy that all eligible persons shall have equal opportunity for employment and advancement based on their ability, qualification and aptitude for the work.

Freedom of Information

The Freedom of Information Act 2000 and the Environmental Information Regulations 2004 give everyone the right to access government information and place a statutory duty on government to make certain information publicly available as a matter of course. A total of 176 (2021-22: 172) 'Requests for Information', falling within the terms of this legislation, were received within the period of this report.

Health & Safety

The Agency is committed to ensuring the health, safety and welfare of staff, and others who may be affected by its undertakings. Health & Safety performance is formally reviewed on an annual basis and an associated Annual Programme of Work produced to ensure that the high standards achieved are continually improved through policy development, staff consultation, risk assessment, monitoring, and review procedures.

Employee Involvement

The maintenance of a highly skilled and effective workforce is key to the future of our business. The Agency supports them in updating their skills through the Agency's training and development opportunities. We also encourage staff to remain well-informed on new developments and to network with, for example, Great Britain departments and agencies, and European bodies. Development opportunities focus not only on professional and technical knowledge, but also on ensuring staff have the skills and attributes to provide a high level of customer service when working with the public and other outside bodies.

In support of our staff investment the Agency commenced working on a professional subscription support policy to encourage and further continued professionalism amongst our staff. It is anticipated that this will be introduced during the next financial year.

Our commitment to, and recognition of staff, is integral to our business performance. DOE first achieved the Investors in People (IIP) standard in the spring of 2009, and the Agency was involved in (IIP) reassessment in 2012-13 as part of the wider departmental review. Following the restructure of NICS Departments in May 2016 DAERA's IIP status was reassessed and the Department's formal recognition as an 'Investor in People' was retained in February 2017. The Department's IIP reaccreditation is currently underway, having commenced in March 2023. The outcome of the assessment will be available later in the year.

The Agency's Whitley Council provides for regular consultation with employees' representatives.

Information Management

Effective information security is a key priority for the Agency through recognising that stringent principles of information security must be applied to all information it holds. Another key priority is the protection of personal data in line with the legal requirements of the Data Protection Act 2018 and the principles outlined in the Department's Data Protection Policy Statement. The Department's Information Management Branch ensures that there is a strong emphasis on Information Assurance and that the correct approach to the management and security of information is taken. In relation to data security, the Agency follows departmental guidance to ensure that all information used for operational and financial reporting purposes is captured and processed accurately, and to an appropriate quality standard, particularly where it is used by third parties, or relied on by other parts of government. The Agency identified no data security breaches during the year.



Paul Donnelly
Chief Executive
28 June 2023

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

Under Section 11(1) and (2) of the Government Resources and Accounts Act (Northern Ireland) 2001, the Department of Finance has directed the Northern Ireland Environment Agency to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Northern Ireland Environment Agency and of its income and expenditure, 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 and in particular to:

- Observe the relevant Accounts Direction issued by the Department of Finance including the accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual, have been followed and disclose and explain any material departures in the accounts;
- Prepare the accounts on a going concern basis; and
- Confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced, and understandable.

The Principal Accounting Officer for the Department of Agriculture, Environment and Rural Affairs has appointed the Chief Executive as Accounting Officer of the Northern Ireland Environment Agency. 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 safeguarding the Northern Ireland Environment Agency's assets, are set out in "Managing Public Money Northern Ireland" issued by the Department of Finance.

As Accounting Officer, I have taken all steps that I ought to have taken to make myself aware of any relevant audit information and establish that the Department's auditors are aware of that information. So far as I am aware, as Accounting Officer, there is no relevant audit information of which the Department's auditors are unaware.

I can confirm that I take personal responsibility for this annual report and accounts and that it is fair, balanced, and understandable.



Paul Donnelly
Chief Executive
28 June 2023

GOVERNANCE STATEMENT

Introduction

This is the Annual Governance Statement for the Northern Ireland Environment Agency (NIEA, the Agency) as required by DAO (DFP) 10/12 Requirement to Complete a Governance Statement. This statement sets out the governance, risk management and internal control arrangements that have operated in the Agency from 1 April 2022 to 31 March 2023.

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

Over the last financial year, in line with best practice, I reviewed NIEA’s governance and accountability arrangements remedying any shortcomings highlighted through reports from the Northern Ireland Audit Office (NIAO), NICS’s Internal Audit Service and the Agency Audit and Risk Assurance Committee.

The Agency primarily delivered and supported outputs relating to the Department’s strategic outcome, “A clean, healthy environment, benefiting people, nature and the economy” which underpinned the Programme for Government outcome, “We live and work sustainably – protecting the environment”.

Governance Structures

General

The Minister approves the policy framework within which the Agency operates, including routinely approving the Agency Balanced Scorecard including annual Key Performance Targets (KPT).

As Chief Executive of the Agency, I reported directly to the Permanent Secretary of the Department of Agriculture, Environment and Rural Affairs (DAERA). I am also a member of the DAERA Departmental Board. During the reporting period, I also attended the weekly Departmental Top Management Team (TMT) meetings chaired by the Permanent Secretary to review key and current issues.

As Chief Executive, I also fulfil the role as Designated Accounting Officer for the NIEA, in which capacity I’m responsible to the Permanent Secretary (as the Principal Accounting Officer) and the Minister for maintaining a sound system of internal control that supports the achievement of Agency policies, aims and objectives, whilst safeguarding the public funds and Agency assets for which I was personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money Northern Ireland (MPMNI).

The key organisational structures which helped me support the delivery of Corporate Governance within the Agency are the:

- Agency Management Board;
- Agency Audit and Risk Assurance Committee (ARAC);
- Agency Business Support Team (BST);
- NICS HR (Business Partners); and
- NICS Internal Audit Service.

Management Board

The work of NIEA is co-ordinated and monitored by a Management Board which I Chair, and which provides corporate leadership to the organisation as a whole, takes responsibility for

the Agency's performance, as well as providing advice to the Department's Permanent Secretary and DAERA's Minister on environmental matters.

The Board's purpose is to lead the Agency's strategic planning and assist me as the Chief Executive and Agency Accounting Officer in fulfilling my corporate governance objectives and responsibilities.

The Agency Management Board under my chairmanship currently comprises the Agency's two Executive Directors (see page 30 of the Annual Report for further details). The temporary Director overseeing Strategic Planning and Change post was not renewed in October 2022.

A Non-Executive Director (NED), Paul Douglas, who joined the Board on 1 September 2018, also supports my role through regular attendance at Board meetings. The current NED role was further supplemented during the year with the addition of Stephen Welch who joined the Agency Board on 1 February 2023.

The Board ordinarily meets monthly under my leadership, to supervise the operational management of the Agency. Whilst strategic policy is ultimately determined by the DAERA Minister, the Agency Board considers policy development and implementation in the context of analysing options, strategic planning, and operational management. The Agency Board acts in an advisory and consultative capacity, offering relevant support to the Department and Minister, as required. Although significant, contentious, or cross-cutting policy decisions are normally brought to the Board for discussion and endorsement; day-to-day operational matters are the responsibility of the Agency's relevant Executive Directors. The Board takes collective decisions on relevant matters referred to it in keeping with the Nolan principles of public life. If after consideration a consensus cannot be reached I, in my role as Chief Executive, undertake to make the final decision.

The Board routinely receives information on financial management, corporate governance, workforce planning and other HR issues (performance and absence management data), as well as an update on health and safety issues. On a quarterly basis, in addition to these routine monthly papers, updates are provided on progress in achieving the Agency Key Performance and Balanced Scorecard targets, with significant risk or audit issues brought to the Board by the Audit, Risk and Assurance Committee (ARAC). Any significant internal control issues that have been raised in my Chief Executive's quarterly Stewardship Reports (2nd and 3rd quarters and full year) are also reported and considered.

The Board seeks to operate within its Terms of Reference and the guidelines set out in Corporate Governance in Central Government Departments: Code of Good Practice (NI) 2013. It is responsible, with the support of its ARAC, for ensuring that good practice in corporate governance is adhered to, including the maintenance of a transparent risk management system and prudent and effective controls. The Board's Terms of Reference, which include details of the function, composition, and operation of the Board meetings, are provided in the Agency Framework Document.

Conflict of Interest

At every Agency Board meeting a standard agenda item on declarations of interest is included and brought to the attention of Board Members by the chair. Board Members with a conflict of interest on a specific agenda discussion will leave the Board meeting for that item. No conflicts of interest were declared in 2022-23.

Audit and Risk Assurance Committee

The Agency Audit and Risk Assurance Committee (ARAC) supports me in my responsibilities for stewardship of the Agency resources, corporate governance, and risk management, by reviewing the levels of assurances provided to me, including the timeliness, reliability and integrity of those assurances.

The ARAC ensures that high level information on risk and control is brought to my attention, in order to assist in identifying priorities or emerging issues for action. The committee also subjects my executive decisions to appropriate constructive challenge to ensure that rigour has been demonstrated in reaching evidence-based decisions.

The ARAC has no executive authority over the operations of the Agency or those units that conduct audit and assurance work, including the NICS Internal Audit Service and the NIAO. The ARAC's role is to advise the Board and me as Accounting Officer on its conclusions and recommendations regarding identified governance weaknesses and emerging risks, associated with the agreed work plans of those units.

The ARAC reviews action plans and the Agency corporate risk register, providing support and guidance on key governance issues. During 2022-23, the Committee was comprised of three independent members and three meetings were held, in June 2022, October 2022 and February 2023. Paul Douglas, the NED, continued to chair the Committee throughout 2022-23.

During the year the committee discussed a wide range of issues including:

- Internal and External Audit strategies and reports;
- Mobuoy Waste Site Remediation;
- Risk Management;
- NIEA Annual Report and Accounts 2021-22;
- Governance Statement 2021-22; and
- HR recruitment delays and the resultant impact on service delivery, particularly in the scientific grades.

At each ARAC committee meeting a report is provided which summarises any changes to the NIEA Risk Register, incorporating details and performance of any ongoing or new fraud and whistleblowing incidents, an audit Implementation Plan update, a progress report from Internal Audit, Post Project Evaluations progress reports, and any other report or update that the Committee considers noteworthy.

During the reporting period the Committee specifically noted:

- The number of Internal Audit Reports receiving a satisfactory Internal Audit opinion which continued to give the committee reasonable assurance regarding NIEA operations;
- The continued satisfactory assurance rating provided by Internal Audit in their 2022-23 Annual Opinion and Report;
- The progress that the Agency made in implementing audit recommendations during the reporting period; and
- That the Comptroller and Auditor General (C&AG) certified the 2021-22 financial statements with an unqualified audit opinion without modification. No report on the account was required and no priority one recommendations were made in relation to regularity and the internal control environment.

ARAC Annual Report

The ARAC Chairman also provided me with his Annual Report which summarises the committees work for the year, providing me with relevant assurances that good governance exists within the Agency, detailing where any improvements were necessary, and that appropriate action has been taken, or is being taken, to address the issues identified.

Board and Audit Committee attendance

The attendance record of all Board and Audit Committee members during the reporting period is shown in the tables below:

Board Members	Meetings attended per Board and Audit Committee members out of the meetings eligible to attend	
	Board	Audit Committee
Paul Donnelly (Chief Executive, appointed 28 June 2021)	11/11	3/3
Helen Anderson (Director of Natural Environment Division, until 8 September 2022)	2/3	-/1
Richard Crowe (Director of Resource Efficiency Division, appointed 28 February 2022)	9/11	3/3
Mark Hammond (Director of Natural Environment Division, appointed 27 June 2022)	7/8	2/2
Paul Douglas (Non-Executive Director)	9/11	3/3
Marcus McAuley (Director – special exercise until 3 October 2022)	6/6	1/1
Stephen Welch (Non-Executive Director appointed 1 February 2023)	1/1	1/1

Audit and Risk Assurance Committee Members	Meetings attended per Audit Committee member out of the meetings eligible to attend
Paul Douglas (Chair)	3/3
Anthony Carleton	3/3
Leah Scott	2/3
Stephen Welch	1/1

Leah Scott's final term of appointment to the committee was due to conclude at the end of December 2022. However, it was agreed to extend this engagement for a further six months with the appointment extension ending June 2023.

Review of Board Effectiveness

The Board Operating Framework commits the Board to an annual review of its performance. This commitment is in line with DoF's "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' (para 4.1).

The Agency had planned to undertake a NIEA Board Effectiveness Review in 2019-20, however this continues to remain under consideration by the Board due to being postponed as a result of the COVID-19 pandemic and EU Transition work.

The Board went through a broader review following the appointment of an interim Chief Executive in June 2021. This review led to a reorganisation of the Board around its core membership in March 2022. It is planned to update the Board Operating Framework in 2022-23, in line with the current political and policy direction, and review the effectiveness of the new Board in early 2023.

Agency Divisional Governance

In my overall assessment of the adequacy of control systems, I am supported by the Agency's Directors. Each Division provides quarterly updates to the Business Support Team (BST). The BST in turn provides the ARAC with quarterly updates on the implementation of both internal and external audit recommendations, and revisions to the Agency Risk Register. The main purpose of this reporting process is to support the implementation of audit recommendations by improving outcomes and corporate governance in all areas of the Agency. This assists me in reviewing the quarterly Stewardship Reports from each of the directors which underpin the overall annual Governance Statement.

I seek the timely implementation of all audit recommendations detailed in these reports including any recommendations made by the Northern Ireland Audit Office as part of their annual audit of the Agency's accounts. As part of this process the recommendations relevancy and transferability are also considered as part of the implementation process.

Internal Audit

During 2022-23, the NIEA was audited by internal auditors from the NICS Internal Audit Service who operate using the Public Sector Internal Audit standards (PSIAS) framework. Internal Audit submit regular reports to me which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the Agency's system of internal control together with recommendations for improvement.

I am pleased to note the overall Satisfactory opinion provided by Internal Audit on the overall adequacy and effectiveness of the Agency's governance, risk management and control arrangements during the 2022-23 financial year.

During 2022-23, the following internal audit assignments were completed in respect of the NIEA:

Title of Audit	Date	Opinion	No of recommendations
River Basin Management Plan Final	May 2022	Satisfactory	8
Waste Permits, Licensing and Authorisations	June 2022	Satisfactory	9
Agency Targets: Validation of Targets	July 2022	Special Exercise	2
Information Management and Security	August 2022	Satisfactory	4
Conservation, Designation and Protection: Compliance and Enforcement Action of Designated Sites	March 2023	Satisfactory	6
Transfrontier Shipments	March 2023	Satisfactory	7

I will ensure, through reporting to the NIEA ARAC, the timely implementation of the recommendations in all these audit reports.

Corporate Services

During 2022-23, IT services were provided by the Department's Digital Services Division. Financial management, governance, business planning, risk management and coordination processes and exercises were delivered by the Agency's Business Support Team (BST). Other corporate services were provided by DoF's Enterprise Shared Services as outlined below.

In relation to data security the Agency follows the Departmental guidance to ensure that all information used for operational and financial reporting purposes is captured and processed accurately, and to an appropriate quality standard, particularly where it is used by third parties, or relied on by other parts of government.

No data security breaches were identified during the year.

Whistleblowing

During 2022-23, the Agency continued to operate the Whistleblowing recording system. This requires all Divisions to maintain a Whistleblowing Register to record all disclosures received in each Division. The maintenance of Registers is a mandatory requirement across the Department. All whistleblowing notifications are investigated and addressed by the relevant business area under the supervision of the relevant Director, or in cases of suspected fraud an investigation by the Department of Finance (DoF) Fraud Investigation Service is requested.

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

During 2022-23 no whistleblowing notifications were received by the Agency.

Enterprise Shared Services

I draw assurance from the audit opinion and on the mid and year-end Inter-Departmental assurance reports received from the Permanent Secretary in the Department of Finance (DoF) on the various components of Inter-Departmental services provided by DoF to all Departments. Included within the Enterprise Shared Services are; Account NI which is responsible for all the Department's financial transaction processing; NICS HR which is responsible for the Department's Human Resource management arrangements; Digital Shared Services and Central Procurement Directorate. DoF's assurance also covers HR Connect, an external organisation commissioned to provide operational HR services to the NICS including payroll, recruitment and leave arrangements.

I note also that the Permanent Secretary in the Department of Finance has provided a satisfactory audit opinion on Inter-departmental internal audit services.

Business Continuity Management

NIEA functional business areas and major premises have separate business continuity plans to ensure that there are procedures in place to facilitate the recovery and continuation of business activities in the event of a business level disruptive event. Business Continuity Plans were previously and successfully activated in response to the COVID-19 pandemic, which provided me with assurances around their effectiveness. I am pleased to note again the support of Digital Services Division ensured that staff could quickly and effectively maintain NIEA operations under the New Ways of Working (NWoW) initiative throughout 2022-23.

Risk management and control framework

The system of internal control is designed to manage risk to an acceptable level and cannot eliminate all risk of failure to achieve policies, aims and objectives where issues are outside the control of the Agency and Department. It can therefore only provide reasonable and not absolute assurance of effectiveness.

The Agency Board has established appropriate procedures to ensure that risks are adequately managed within the Agency. Risk Registers at the Agency Corporate and Divisional levels are maintained and monitored on a quarterly basis. The Business Support Team has responsibility for co-ordinating the Agency's various risk management/internal control functions, developing the risk management framework and providing advice and guidance to staff on risk management issues. The risk management cycle is a "top-down" and "bottom-up" exercise that ensures that any Agency risks that are included in the Departmental Corporate Risk Register are also included in the Agency register and risks identified and managed at Divisional levels are escalated to the Agency register, as appropriate.

Throughout the past year the Agency has been considering potential options to support an optimal solution to mitigate the environmental impacts of the Mobuoy waste site. This work is in the assessment and reasoned solution identification stages, which are subject to further review and approval.

Extensive environmental monitoring continues at the site in line with the agreed Environmental Monitoring Plan. This enables the management of groundwater contamination, the risk to the River Faughan, and continues to ensure the safety of the associated supply of drinking water.

The legal redress process remains ongoing against the alleged operators of the site with further actions remaining subject to consideration.

In prior year's reports, I provided updates and referred to the high-volume of odour complaints from residents in the Lisburn and West Belfast areas largely associated with NIEA permitted industries in the area around the Mullaghglass landfill site. The landfill site has now ceased accepting non-hazardous waste and the final engineered solution covering the landfill site is continuing, as the site moves to permanent closure. The final capping of the site with clays and soils continues to bring it up to its planning restoration levels. The number of odour complaints has dropped significantly in addition to a Court of Appeal hearing in relation to odour from the site being dismissed in favour of the Department. NIEA will continue with its public and environmental responsibilities through regulating the site as a closed landfill site.

The Agency's Corporate Risk Register is reviewed quarterly by the ARAC and the NIEA Board.

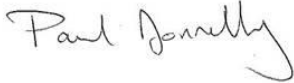
Tri-annual Stewardship Reports (6, 9 and 12 months) are completed for the two Agency operational divisions as well as an overarching statement for the Agency. However, it's the 12-month Agency Report which underpins my Governance Statement by highlighting, where appropriate, any control issues of concern across a range of key governance functions, primarily business planning, financial management, information and risk management, fraud, regulation and compliance, customer service standards, staffing, procurement and audit reports. I am reassured by these reports that information used for operational purposes and reporting purposes is handled appropriately, particularly where it is used by third parties or other parts of government, and that information risks are being managed effectively within the Agency.

In summary, as Accounting Officer, I have overall responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Agency who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter for the

annual accounts and other Value for Money (VFM) reports. I have been advised on the implications of the effectiveness of the system of internal control by the Agency Board and the Agency ARAC. Therefore, I'm confident in plans to address any identified weaknesses and actions to ensure continuous improvement of the control system.

Significant Issues

The Agency dealt with several important issues throughout the year, and I am pleased to note that there were no significant control issues associated with the Agency's corporate systems underpinning those activities in the 2022-23 financial year.



Paul Donnelly
Chief Executive
28 June 2023

Agency Remuneration and Staff Report

Remuneration and Pension Entitlements

Remuneration policy

The pay remit for the Northern Ireland Civil Service, including senior civil servants (SCS), is normally approved by the Minister of Finance. Following the Secretary of State for Northern Ireland's 24th November 2022 Written Ministerial Statement (WMS) on the Budget and the NI (Executive Formation) Act receiving Royal Assent on the 6th December 2022, the NI public sector pay policy guidance was published on 8th 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 has been finalised and is due to be paid in June 2023. The pay award for NICS industrial staff for 2022-23 has been finalised and is due to be 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 Northern Ireland specifies the circumstances when appointments may be made otherwise.

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

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

Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the most senior management of the agency.

Remuneration (including salary) and pension entitlements (Audited)

Officials	Salary £'000		Bonus Payments £'000		Benefits in kind (to nearest £100)		Pension Benefits * £'000		Total £'000	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Mr P Donnelly Chief Executive	95-100	75-80 (95-100 full year equivalent)	Nil	Nil	Nil	Nil	18	96	115-120	170-175
Mrs H Anderson Director of Natural Environment Division (to 08/09/22)	40-45 (80-85 full year equivalent)	80-85	Nil	Nil	Nil	Nil	12	45	50-55	125-130
Dr R Crowe Director of Resource Efficiency Division	75-80	5-10 (75-80 full year equivalent)	Nil	Nil	Nil	Nil	(4) **	2	70-75	5-10
Dr M Hammond Director of Natural Environment Division (from 27/06/22)	55-60 (70-75 full year equivalent)	-	Nil	Nil	Nil	Nil	37	-	90-95	-
Mr Marcus McAuley Director of Strategic Planning & Change Division (to 03/10/22)	35-40 (70-75 full year equivalent)	75-80	Nil	Nil	Nil	Nil	6	194	40-45	270-275

* 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.

** This represents a fall in pension in real terms. A lack of pay rise since 2021 and the Consumer Prices Index (CPI) rate of 10.1% are two factors responsible for this negative result. This figure is also dependent on the type of pension scheme each member is on.

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 NIEA and thus recorded in these accounts.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument.

Bonuses

Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2022-23 relate to performance in 2022-23 and the comparative bonuses reported for 2021-22 relate to the performance in 2021-22.

Fair Play Disclosures (Audited)

Pay Ratios

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in NIEA in the financial year 2022-23 was £95,000 - £100,000 (2021-22, £95,000 - £100,000). The relationship between the mid-point of this band and the remuneration of the organisation's workforce is disclosed below.

<u>2022-23</u>	25th percentile	Median	75th percentile
Total remuneration (£)	28,706	32,328	39,748
Pay ratio	3.4:1	3.0:1	2.5:1

<u>2021-22</u>	25th percentile	Median	75th percentile
Total remuneration (£)	28,707	32,328	39,748
Pay ratio	3.4:1	3.0:1	2.5:1

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

In 2022-23, Nil (2021-22: Nil) employees received remuneration in excess of the highest-paid director.

Remuneration ranged from £19,121 to £97,500 (2021-22, £18,873 to £97,500).

Percentage Change in Remuneration

The percentage changes in respect of NIEA are shown in the following table.

Percentage change for:	2022-23 v 2021-22	2021-22 v 2020-21
Average employee salary and allowances	-0.3%	2.1%
Highest paid director's salary and allowances	0.0%	5.4%
Average employee performance pay and bonuses	-100% ¹	-100% ¹
Highest paid director's performance pay and bonuses	N/a ²	N/a ²

¹ The Northern Ireland Civil Service special bonus scheme was withdrawn with effect from 31 March 2021.

² No performance pay or bonuses were payable to the highest paid director in these years.

The calculation for the highest paid director is based on the mid-point of the band within which their remuneration fell in each year. Percentage movements from last year are due to a combination of annual incremental pay increases; pay scale progressions; and changes in staff composition and grades.

Pension Entitlements (Audited)

Officials	Accrued pension at pension age as at 31/3/23 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/23 £'000	CETV at 31/3/22 £'000	Real increase in CETV £'000	Employer contribution to partnership pension account Nearest £100
Mr P Donnelly Chief Executive	30-35 plus lump sum of 60-65	0-2½ plus lump sum of 0	541	480	3	Nil
Mrs H Anderson Director of Natural Environment Division <i>(Left the Board 08/09/22)</i>	35-40 plus lump sum of 95-100	0-2½ plus lump sum of 0	855	836	6	Nil
Dr R Crowe Director of Resource Efficiency Division	30-35 plus lump sum of 60-65	0-2½ plus lump sum of 0	599	548	(14)	Nil
Dr M Hammond Director of Natural Environment Division <i>(joined the Board 27/06/22)</i>	25-30	0-2½	361	317	24	Nil
Mr Marcus McAuley Director of Strategic Planning & Change Division <i>(Left the Board 03/10/22)</i>	35-40 plus lump sum of 110-115	0-2½ plus lump sum of 0	900	880	1	Nil

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 the 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.

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 2022 to 31 March 2023
£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. CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution 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.

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)

No compensation payments were made or are due to any of the senior management in the Northern Ireland Environment Agency under the Civil Service Compensation Scheme (Northern Ireland) (CSCS(NI)) in the year ending 31 March 2023 or 31 March 2022.

Staff numbers and related costs (Audited)

Staff costs comprise:

			2022-23 £000	2021-22 £000
	Permanently employed staff	Others	Total	Total
Wages and salaries	19,858	3,385	23,243	22,542
Social security costs	2,087	-	2,087	2,003
Other pension costs	5,958	-	5,958	5,801
Total*	27,903	3,385	31,288	30,346
Of which	Charged to Administration	Charged to Programme	Total	
	£000	£000	£000	
	-	31,288	31,288	

* Of the total, £Nil has been charged to capital.

Pension Arrangements

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

The Public Service Pensions Act (NI) 2014 provides the legal framework for regular actuarial valuations of the public service pension schemes to measure the costs of the benefits being provided. These valuations inform the future contribution rates to be paid into the schemes by employers every four years following the scheme valuation. The Act also provides for the establishment of an employer cost cap mechanism to ensure that the costs of the pension schemes remain sustainable in future.

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

The 2016 Scheme Valuation requires adjustment as a result of the 'McCloud remedy'. The Department of Finance also commissioned a consultation in relation to the Cost Cap element of Scheme Valuations which closed on 25 June 2021. The Cost Cap Mechanism (CCM) is a measure of scheme costs and determines whether member costs or scheme benefits require adjustment to maintain costs within a set corridor. By taking into account the increased value

of public service pensions, as a result of the 'McCloud remedy', scheme cost control valuation outcomes will show greater costs than otherwise would have been expected. Following completion of the consultation process the 2016 Valuation has been completed and the final cost cap determined. Further information, including a copy of Unpause Cost Cap Valuation Report, can be found on the Department of Finance website <https://www.finance-ni.gov.uk/articles/northern-ireland-civil-service-pension-scheme-valuations>.

A case for approval of a Legislative Consent Motion (LCM) was laid in the Assembly to extend the Public Service Pensions and Judicial Offices Bill (PSP&JO) to Northern Ireland. Under the LCM agreed by the NI Assembly on 1 November 2021 provisions are included in the Act for devolved schemes in NI. A second LCM was laid in the Assembly to implement the CCM changes in the Westminster Bill for devolved schemes. The second LCM, as agreed by the Assembly on 31 January 2022, ensured the reformed only scheme 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 £5,958,014 were payable to the NICS pension arrangements (2021-2022 £5,800,698) 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 £16,552 (2021-2022: £15,791) were paid to one or more of the panels 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 £500, 0.5% (2021-2022: £531, 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.

Two persons (2021-2022: two persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £15,123 (2021-2022: £11,736).

Average Number of Persons Employed (Audited)

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

Number	2022-23		2021-22	
	Permanent staff	Others	Total	Total
Natural Environment	213	19	232	222
Resource Environment	332	67	399	382
Business Support	41	0	41	36
Total	586	86	672	640

Staff Turnover

Staff turnover rates for 2022-23 are shown below. The Agency 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 the Agency and take appropriate action to improve effectiveness, including where turnover becomes problematic.

	2022-23	2021-22
Agency Turnover Rate	10%	10.0%
General Turnover Rate	6.5%	2.8%

Civil Service HR guidance defines Agency Turnover as the total number of people that have left the Agency including those who have moved to another department within the NICS, and General Turnover as the people who have left the Agency and have not gone elsewhere in the NICS. Turnover includes permanent and temporary staff, and those who left the NICS while on career break.

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. The results of the survey conducted in 2023 were not available in advance of finalising the Annual Report and Accounts. However, the full survey is expected to be made available in Summer 2023 at <https://www.finance-ni.gov.uk/publications/nics-people-survey-results>.

Staff Composition (Male & Female – Directors, SCS, Employees)

The NIEA Management Board comprises the Chief Executive (male), Executive Director of Natural Environment Division (male), Executive Director of Resource Environment Division (male), and two Non-Executive Directors (male).

711 (2021-22: 676) staff were in post at 31 March 2023 of which 388 (2021-22: 383) were male and 323 (2021-22: 293) were female.

Reporting of Civil Service and other compensation schemes - exit packages (Audited)

No redundancy and other departure costs have been paid in 2022-23.

Off-Payroll Engagements

There were no Off-Payroll Engagements during the financial years 2022-23 and 2021-22.

Expenditure on Consultancy

No consultancy expenditure was incurred in 2022-23.

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 Northern Ireland Civil Service" reports work force composition and trends over time and, where appropriate, makes comparisons with the wider labour market and the Civil Service in Great Britain.

The NICS continues to meet its statutory obligations under the Fair Employment & Treatment (NI) Order 1998, which includes submission of an annual Fair Employment Monitoring Return and a tri-annual Article 55 Review to the Equality Commission for NI (ECNI), both of which assess the composition of the NICS workforce and the composition of applicants and appointees. 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 www.daera-ni.gov.uk/daeras-equality-scheme.

Employee Consultation and Trade Union Relationships

The Department of Finance is responsible for the NICS Industrial Relations Policy. People & Organisational Development¹ 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.

Human Capital Management

(i) Career Development

The NICS is committed to career development, acknowledging that skilled and engaged staff are an essential resource in meeting current and future business needs.

This NICS Career Development Policy emphasises that career development is a collaborative process between individual staff members, line managers, and Departments, and takes account of the NICS Competency Framework and Performance Management System. As well as the individual's role in managing their career development, the NICS provides opportunities to enhance the skills, capabilities and performance of staff so that they, in turn, can contribute to achieving corporate objectives.

There is a wide range of career development options available within the NICS and within the Career Development Policy that support various career development interventions including secondment and interchange opportunities, elective transfers, temporary promotion, job rotation, job shadowing, as well as mentoring.

(ii) Learning & 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 NICSHR². 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.

¹ HR policy and Industrial Relations policy for the NICS is centralised within People & OD, in the Department of Finance

² NICSHR is the NICS' centralised human resources operational delivery function, falling under the responsibility of the Department of Finance

(iii) Pay policy

Under the Civil Service (NI) Order 1999, the Department of Finance is responsible for the pay arrangements of NICS civil servants (apart from those agencies, non-ministerial government departments and other bodies with an agreed pay delegation). The pay award system aims to:

- be a system which will help to recruit, retain, and motivate staff to perform efficiently the duties required of them;
- encourage staff to improve their individual performance by providing a direct and regular link between satisfactory performance and pay;
- ensure equity of treatment in respect of pay in accordance with legal requirements and the equal opportunities policy of the NICS;
- secure the confidence of staff that their pay will be determined fairly;
- secure the confidence of the public and their representatives in the system for determining the pay of the staff; and
- enable the Government to reconcile its responsibilities for the control of public expenditure with its responsibilities as an employer.

Current pay scales are available online.

(iv) 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 <https://www.daera-ni.gov.uk/northern-ireland-environment-agency>

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 Northern Ireland, 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 Northern Ireland 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.

Sickness Absence

The Agency had an overall sickness absence rate of 6.6 days lost per employee in 2021-2022. Annual sickness absence figures can be found in the “Sickness Absence in the Northern Ireland Civil Service 2022/23” report at [Sickness Absence in the Northern Ireland Civil Service 2022/23 | Northern Ireland Statistics and Research Agency \(nisra.gov.uk\)](#). Figures for the 2022-23 financial year will be published by the end of June 2023.

Number of SCS Staff by Band

The Agency’s Chief Executive, Paul Donnelly, Grade 3; the Director of Natural Environment Division, Mark Hammond, Grade 5; and the Director of Resource Efficiency Division, Richard Crowe, Grade 5 are the organisations only Senior Civil Servants.



Paul Donnelly
Chief Executive
28 June 2023

Assembly Accountability and Audit Report

Regularity of Expenditure (Audited)

As NIEA's Accounting Officer I am content that the expenditure and income of my Agency have been applied to the purposes intended by the NI Assembly. Furthermore, I am content that the Agency's transactions are within the scope of the authorities that govern them, and that there are no material weaknesses in the design and implementation of the Agency's internal controls to prevent and detect fraud.

Remote Contingent Liabilities (Audited)

In addition to contingent liabilities reported within the meaning of IAS 37, the Agency 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.

Losses and Special Payments (Audited)

Losses Statement

	Number of Cases	2022-23 £'000	Number of Cases	2021-22 £'000
Administrative Write Offs*	1	-	15	17
Total	1	-	15	17

*£Nil due to rounding

Special Payments

	Number of Cases	2022-23 £'000	Number of Cases	2021-22 £'000
Public Liability Claims	4	29	1	1
Total	4	29	1	1

Cases include accidental damage to property, losses of Agency property, bad debts written off and other losses.

Fees and Charges (Audited)

The Agency is required to review the services that it provides and supply a detailed Memorandum Trading Account (MTA) detailing forecast income and expenditure in support of the charging proposals for schemes/services. The figures below represent services where the full cost of the service is in excess of £1 million. The objective of this business activity is full cost recovery.

Business Activities Attracting Fees and Charges

	2022-23 £'000	2021-22 £'000
Fees and Charges	9,395	8,734
Operating Costs		
Staff Costs	7,017	6,898
Administration and Accommodation	491	433
Notional Charges	1,161	1,183
Total Charges	8,669	8,514
Operating Surplus/(Deficit)	726	220

Payments to Past Directors (Audited)

There have been no payments to past directors (2021-22: £Nil)



Paul Donnelly
Chief Executive
28 June 2023

NORTHERN IRELAND ENVIRONMENT AGENCY

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

Opinion on financial statements

I certify that I have audited the financial statements of the Northern Ireland Environment Agency for the year ended 31 March 2023 under the Government Resources and Accounts Act (Northern Ireland) 2001. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Government Financial Reporting Manual.

I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the Northern Ireland Environment Agency'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.

Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

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

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

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

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Northern Ireland Environment Agency's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

The going concern basis of accounting for the Northern Ireland Environment Agency's is adopted in consideration of the requirements set out in the Government Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

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

Other Information

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

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

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

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

Matters on which I report by exception

In the light of the knowledge and understanding of the Northern Ireland Environment Agency and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and Accountability Report. I have nothing to report in respect of the following matters which I report to you if, in my opinion:

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

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer 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 Remunerations and Staff Report, is prepared in accordance with the applicable financial reporting framework; and
- assessing the Northern Ireland Environment Agency'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 Northern Ireland Environment Agency will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

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

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

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

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to the Northern Ireland Environment Agency through discussion with management and application of extensive public sector accountability knowledge. The key

laws and regulations I considered included; the Health and Safety Legislation, Environmental laws and regulations, the Fair Employment (Northern Ireland) Act 1989 and relevant tax laws (PAYE and NIC);

- making enquires of management and those charged with governance on the Northern Ireland Environment Agency'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 the Northern Ireland Environment Agency's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, expenditure recognition, posting of unusual journals and unreasonable management estimates;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- documenting and evaluating the design and implementation of internal controls in place to mitigate risk of material misstatement due to fraud and non-compliance with laws and regulations;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate and inquiries of management and those charged with governance
- 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. This description forms part of my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Report

Note 16 to the accounts details contingent liabilities disclosed under IAS 37. This discloses that work has been on going to progress a remediation strategy under a statutory obligation to mitigate the illegal waste site at Mobuoy. I am concerned that an optimal remediation strategy has not yet been identified to mitigate the environment damage at this site. The costs to the public purse to carry out this remedial work may be significant, and I will keep the progress of the work in this area under review.



Dorinnia Carville

Comptroller and Auditor General

Northern Ireland Audit Office

106 University Street

BELFAST

BT7 1EU

Date 30 June 2023

FINANCIAL STATEMENTS

Statement of Comprehensive Net Expenditure for the period ended 31 March 2023

		2022-23 £000	2021-22 £000
	Note		
Revenue from Contracts with Customers	7	(9,395)	(8,734)
Other Operating Income	7	(8,380)	(1,571)
Total Operating Income		(17,775)	(10,305)
Staff Costs	2	31,288	30,346
Current Grants	3	4,528	5,437
Capital Grants	3	3,644	3,981
Accommodation Running Costs	3	1,868	1,640
Depreciation and Amortisation Charges	3	1,659	1,347
Provision Expense	3	675	741
Other operating expenditure	3	12,226	11,080
Total Operating Expenditure		55,888	54,572
Net Operating Expenditure		38,113	44,267
Other comprehensive net expenditure			
Items that will not be reclassified to net operating costs:			
Net gain on revaluation of Property, Plant and Equipment		(610)	(4,157)
Net gain on revaluation of Intangibles		-	(1)
Comprehensive Net Expenditure for the year		37,503	40,109

The notes on pages 70 to 98 form part of these accounts.

Statement of Financial Position as at 31 March 2023

		2022-23 £000	2021-22 £000
	Note		
Non-current assets			
Property, plant and equipment	8(i)	29,719	27,870
Heritage assets	8(iii)	2,197	2,193
Intangible assets	8(v)	1	1
Total non-current assets		31,917	30,064
Current assets			
Inventories	11	83	83
Trade and other receivables	12	1,927	1,328
Cash and cash equivalents	13	3	3
Total current assets		2,013	1,414
Total assets		33,930	31,478
Current liabilities			
Trade and other payables	14	(9,674)	(10,899)
Provisions	15	(846)	(831)
Total current liabilities		(10,520)	(11,730)
Total assets less current liabilities		23,410	19,748
Non-current liabilities			
Other payables	14	(25)	-
Total non-current liabilities		(25)	-
Total assets less total liabilities		23,385	19,748
Taxpayers' equity & other reserves:			
General fund		13,436	10,044
Revaluation reserve		9,949	9,704
Total taxpayers' equity		23,385	19,748



Chief Executive
28 June 2023

The notes on pages 70 to 98 form part of these accounts.

Statement of Cash Flows

for the period ended 31 March 2023

		2022-23 £000	2021-22 £000
	Note		
Cash flows from operating activities			
Net operating cost		(38,113)	(44,267)
<i>Adjustments for non-cash transactions:</i>			
Depreciation and amortisation	8	1,659	1,347
Profit on disposal of property, plant and equipment	3	(11)	(39)
Notional Charges	6	6,225	6,003
Provisions expensed	15	675	741
Bad Debts Provision	3	(13)	(43)
Revaluations	3	(18)	(554)
(Increase)/Decrease in trade and other receivables	12	(599)	216
Less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure		13	43
Increase in inventories	11	-	(5)
(Decrease)/Increase in trade payables	14	(1,241)	2,589
Less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure		537	69
Use of provisions	15	(660)	-
Net cash outflow from operating activities		(31,546)	(33,900)
Cash flows from investing activities			
Purchase of property, plant & equipment and heritage assets		(2,149)	(1,649)
Proceeds of disposal of property, plant & equipment		23	41
Net cash outflow from investing activities		(2,126)	(1,608)

Cash flows from financing activities

Funding from Parent Department DAERA	33,680	35,508
Capital element of finance lease rental payments	(8)	-
Net cash outflow from financing activities	33,672	35,508

Cash and cash equivalents at the beginning of the period

3	3
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Cash and cash equivalents at the end of the period

3	3
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Net change in cash and cash equivalents

-	-
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The notes on pages 70 to 98 form part of these accounts.

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

		General Fund £000	Revaluation Reserve £000	Taxpayers' Equity £000
Balance at 31 March 2021	Note	12,500	5,846	18,346
Net Assembly Funding		35,508	-	35,508
Comprehensive Net Expenditure for the year		(44,267)	4,158	(40,109)
Non-cash charges – notional costs	6	5,986	-	5,986
Auditors' Remuneration	6	17	-	17
Transfers between reserves		300	(300)	-
Balance at 31 March 2022		10,044	9,704	19,748
IFRS 16 Adjustment **		1,235	-	1,235
Restated balance at 1 April 2022		11,279	9,704	20,983
Net Assembly Funding		33,680	-	33,680
Comprehensive Net Expenditure for the year		(38,113)	610	(37,503)
Non-cash charges – notional costs	6	6,207	-	6,207
Auditors' Remuneration	6	18	-	18
Transfers between reserves		365	(365)	-
Balance at 31 March 2023		13,436	9,949	23,385

The General Fund serves as the main operating fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. The Revaluation Reserve reflects the change in asset values that have not been recognised as income or expenditure.

** The Agency 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 differences between the carrying amount of the non-current assets 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 8(i) to the accounts.

The notes on pages 70 to 98 form part of these accounts.

Notes to the Accounts

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2022-23 *Government Financial Reporting Manual (FReM)* issued by the Department of Finance. The accounting policies contained in the *FReM* apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the *FReM* permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Northern Ireland Environment Agency (NIEA, the Agency) for the purpose of giving a true and fair view has been selected. The particular policies adopted by NIEA are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.1 Accounting convention

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

1.2 Property, Plant and Equipment

Expenditure on property, plant and equipment of over £5,000 is capitalised. On initial recognition property, plant and equipment is 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 Statement of Financial Position to the extent that money has been paid or a liability has been incurred.

All property, plant and equipment is carried at fair value.

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 Revenues Rating and Valuation (IRRV). Professional revaluations of land and buildings are undertaken every five years, with the last full valuation of land and buildings undertaken by Land and Property Services (LPS) as at 1 April 2021 with the next full valuation due to take place as at 1 April 2026. 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.

With the exception of items under construction, fair value is estimated by restating the value annually, between professional valuations, by reference to indices compiled by the Office of National Statistics (ONS). Upward revaluations of property, plant and equipment are credited to the revaluation reserve unless they reverse previously recognised downward revaluations in which case they are credited to the Statement of Comprehensive Net Expenditure to the extent the downward revaluation has been recognised with the remainder credited to the revaluation reserve. Downward revaluations of property, plant and equipment are debited to the revaluation reserve to the extent that they reverse previously recognised upward revaluations with any remaining downward revaluation recognised in the Statement of Comprehensive Net Expenditure.

Notes to the Accounts

1.3 Intangible Assets

Expenditure on intangible assets over £5,000 is capitalised. On initial recognition intangible assets are measured at cost including any expenditure such as installation, directly attributed to bringing them to working condition. Intangible assets are carried at fair value. Fair value is estimated by restating the value annually, by reference to indices compiled by the Office of National Statistics (ONS). Upward revaluations of intangible assets are credited to the revaluation reserve unless they reverse previously recognised downward revaluations in which case they are credited to the Statement of Comprehensive Net Expenditure to the extent the downward revaluation has been recognised with the remainder credited to the revaluation reserve. Downward revaluations of intangible assets are debited to the revaluation reserve to the extent that they reverse previously recognised upward revaluations with any remaining downward revaluation recognised in the Statement of Comprehensive Net Expenditure.

The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in other operating expenditure.

1.4 Depreciation and Amortisation

Property, plant and equipment and intangible assets are depreciated and amortised at rates calculated to write them down to estimated residual value on a straight line basis over their estimated useful lives. Depreciation and amortisation is charged in the month of acquisition. No depreciation is provided on freehold lands as they have unlimited or very long established useful lives. Items under construction are not depreciated or amortised until they are commissioned.

The depreciation and amortisation periods for the principal categories of assets are:

Land	Not depreciated
Buildings (excluding Dwellings)	On an individual basis not exceeding 100 years
Transport Equipment (including Railway Stock & Boats)	5 - 30 years
Plant and Machinery (including Laboratory Equipment)	5 - 30 years
Information Technology (Hardware / Software)	3 - 5 years
Furniture and Fittings (including Exhibitions)	5 - 30 years

Asset lives are reviewed regularly and where necessary revised. The estimated useful life of each asset of significant individual value is separately assessed and, if appropriate, revised.

1.5 Heritage Assets

The Northern Ireland Environment Agency holds certain heritage assets that have been purchased. The assets relate to various land located throughout Northern Ireland and are regarded as non-operational heritage assets. These are either declared as National Nature Reserves, Nature Reserves or Areas of Special Scientific Interest. On initial recognition the assets are recognised at cost. They 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 Revenue

Notes to the Accounts

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.

Non-operational heritage assets which have not been purchased have no valuation placed on them as it is neither practical nor appropriate to do so, due to the special characteristics of these assets. The Agency receive adequate information on the condition and maintenance of the properties to enable us to fulfil our stewardship role. It is not the intention of the NIEA to dispose of these assets in the foreseeable future, given their importance to the natural heritage of Northern Ireland. In accordance with DoF guidelines we consider that obtaining a valuation of these assets is not warranted in terms of benefits which the valuation would deliver. This policy will be kept under review for future years.

Additional information relating to the management of heritage assets can be found in the Performance Report section of this report under headings 'Country Parks and Nature Reserves' on pages 9 and 19. This section also contains details of visitor numbers and future developments. Detailed records are maintained for each heritage asset and site management plans are maintained and regularly updated. Many heritage assets, nature reserves, are open to the public and access is encouraged, where practical. Heritage assets are purchased for their long term protection by the state.

Upward revaluations of heritage assets are credited to the revaluation reserve unless they reverse previously recognised downward revaluations in which case they are credited to the Statement of Comprehensive Net Expenditure to the extent the downward revaluation has been recognised with the remainder credited to the revaluation reserve. Downward revaluations of heritage assets are debited to the revaluation reserve to the extent that they reverse previously recognised upward revaluations with any remaining downward revaluation recognised in the Statement of Comprehensive Net Expenditure.

1.6 Operating Income

Operating income is income which relates directly to the operating activities of the Agency. It principally comprises fees and charges for licences and services provided on a full cost basis to external customers. It includes both income classified as Accruing Resources and income due to the Consolidated Fund, which in accordance with the *FReM*, is treated as operating income. All operating income is classified as programme and is stated net of VAT.

1.7 Classification of Expenditure

The classification of expenditure as programme follows the definition of programme costs set out in the *FReM*, issued by the Department of Finance. Costs incurred by the Agency reflect non-administration costs, including payments of grants and other disbursements by the Agency and therefore are classified as programme costs.

1.8 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. This cost has been calculated using employees daily rate costs applied to any untaken leave balance at 31 March 2023.

Notes to the Accounts

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS(NI)) which are described in Note 2. The defined benefit schemes are unfunded and non-contributory except in respect of dependents' benefits. The Agency recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS(NI) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS(NI).

In respect of the defined contribution schemes, the Agency recognises the contributions payable for the year.

1.9 Grants Payable

Grants payable are recorded as expenditure in the period that the underlying event or activity giving entitlement to the grant occurs. Grants related to activity occurring over a specific time period, usually a financial year, are recorded as expenditure for that period.

1.10 Value Added Tax

Where output VAT is charged or input VAT is recoverable, the amounts are stated net of VAT. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets. VAT is recoverable on a Departmental basis.

1.11 Inventories

Finished goods and goods for resale are valued at cost. Inventories are valued at net realisable value only when they either cannot or will not be used.

1.12 Contingent Liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, the Agency 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 *Managing Public Money Northern Ireland*.

These comprise:

- a. items over £250,000 (or lower, where required by specific statute) that do not arise in the normal course of business and which are reported to the Assembly by Departmental minute prior to the Agency entering into the arrangement; and
- b. all items (whether or not they arise in the normal course of business) over £250,000 (or lower, where required by specific statute or where material in the context of the Agency accounts) which are required by the *FReM* to be noted in the Agency accounts.

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

Notes to the Accounts

1.13(i) Leases – prior to 1 April 2022

The Agency applied IAS 17 'Leases' up to 1 April 2022, recognising leases 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 lessee; all other leases were classified as operating leases.

Finance Leases:

Where substantially all risks and rewards of ownership of a leased asset are borne by the Agency, 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 Statement of Comprehensive Net Expenditure 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 Statement of Comprehensive Net Expenditure on a straight-line basis over the term of the lease.

1.13(ii) Leases – from 1 April 2022

The Agency 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. 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

The Agency has adopted IFRS 16 on the cumulative catch-up basis as mandated in the 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 1.13(i) applies for the prior year. Under the 'grandfathering' rules mandated in the 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

Notes to the Accounts

taxpayers' equity. Any differences between the lease liability and right-of-use asset for new leases after implementation of IFRS 16 are recorded in 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 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
- HM Treasury discount rate where interest rates implicit in the lease cannot be readily determined

1.14 Critical Accounting Estimates and Key Judgements

As a result of the uncertainties inherent in all business activities, many items in financial statements, such as provisions and depreciation, 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.

1.15 Government Grant Receivable

Government grants received for revenue purposes are recognised as income in the Statement of Comprehensive Net Expenditure so as to match them with expenditure towards which they are intended to contribute.

Grants received as a contribution towards non-current assets are recognised as income in the Statement of Comprehensive Net Expenditure, unless the funder imposes a condition requiring that future economic benefits embodied in the grant are consumed as specified by the grantor or must be returned to them. Assets funded by government grant are revalued, depreciated and subject to impairment review in the same way as any other non-current asset.

1.16 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 derecognised when, and only when, either the contractual rights to the cash flows from that asset expire, or the entity

Notes to the Accounts

transfers the asset such that the transfer qualified for derecognition. A financial liability is derecognised when, and only when, it is extinguished. The Agency has financial instruments in the form of trade receivables and payables and cash and cash equivalents.

In accordance with IAS 39 *Financial Instruments: Recognition and Measurement* trade receivables, cash and other receivables are classified as 'loans and receivables'. Loans and receivables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method less any impairment. The Agency assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets classified as loans and receivables is impaired. Based on historic experience receivables that are past due beyond 361 days are generally not recoverable.

The Agency measures the amount of the loss as the difference between the carrying amount of the asset and the present value of estimated future cash flows from the asset discounted at the effective interest rate of the instrument at initial recognition. Impairment losses are assessed individually for financial assets that are individually significant and individually or collectively for assets that are not individually significant. In making collective assessment of impairment, financial assets are grouped into portfolios on the basis of similar risk characteristics. Future cash flows from these portfolios are estimated on the basis of the contractual cash flows and historical loss experience for assets with similar risk characteristics.

Impairment losses are recognised in the Statement of Comprehensive Net Expenditure and the carrying amount of the financial asset or group of financial assets reduced by establishing an allowance for impairment losses. If in a subsequent period the amount of the impairment loss reduces and the reduction can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance.

When a financial asset is deemed unrecoverable the amount of the asset is reduced directly and the impairment loss is recognised in the Statement of Comprehensive Net Expenditure to the extent that a provision was not previously recognised.

Financial liabilities are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

1.17 Provisions

The Agency provides for legal or constructive obligations, which are of uncertain timing or amount at the reporting date on the best estimate of the expenditure required to settle the obligation where this can be determined. This relates to providing for public liability claims, equal pay settlement and judicial reviews. Where a provision is measured using cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

1.18 Application of newly issued accounting standards

The Financial Reporting Advisory Board (FRAB) have issued the following new and amended standards that are effective for the first time in 2022-23 but have not yet been formally adopted by the UK Endorsement Board (UKEB):

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Definition of Accounting Estimates (Amendment to IAS 8)

Notes to the Accounts

- Initial Application of IFRS 17 and IFRS 9 - Comparative Information (Amendment to IFRS 17)
- Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)

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.

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

- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

Management consider that these newly issued standards are unlikely to have a significant impact on the accounts in the period of initial recognition.

1.19 Management Agreements

The Agency enters into management agreements with landowners in order to “preserve” lands/buildings identified as being Areas of Special Scientific Interest (ASSIs) or of architectural/historical interest. These agreements can include a one off payment, an annual payment for a set amount of time or an annual payment in perpetuity, and cover designated ASSIs and Nature Reserve lands. Management agreements covering Nature Reserves and ASSIs involve compensation payments to the landowners. The management agreements do not confer title of ownership to the Agency.

Notes to the Accounts

2. Staff Costs

Staff costs comprise:

	2022-23 £000	2021-22 £000
Wages and Salaries	23,243	22,542
Social Security Costs	2,087	2,003
Other Pension Costs	5,958	5,801
Total	31,288	30,346

A breakdown of the above costs into permanently employed staff and others can be found in the Remuneration and Staff Report within the Accountability Report.

Notes to the Accounts

3. Other Operating Expenditure

		2022-23 £000	2021-22 £000
	Note		
Current Grants	4	4,528	5,437
Capital Grants	4	3,644	3,981
Other Current Expenditure	5	3,458	3,495
Accommodation Running Costs		1,868	1,640
Advertising & Publicity Costs		19	47
Communication Costs		147	153
Operating Leases		2	20
Other Office Services		562	544
Other Staff Costs		126	86
Travel & Subsistence Costs		186	159
Staff Training & Development		224	146
Vehicle & Boat Costs		319	302
Other Operating Costs		1,000	761
Non-cash items			
Provisions – (written back)/expensed in year	15	675	741
Bad Debt Provision		(13)	(43)
<i>Notional charges:</i>			
Department of Finance	6	2,389	2,478
Intra-Departmental Notionals	6	3,818	3,508
External Auditor's Remuneration	6	18	17
<i>Non-current assets:</i>			
Depreciation	8(i)	1,659	1,305
Amortisation	8(v)	-	42
Profit on disposal of property, plant and equipment		(11)	(39)
Revaluations		(18)	(554)
Total		24,600	24,226

Notes to the Accounts

4. Grants

	2022-23 £000	2021-22 £000
Natural Environment	8,132	9,236
Resource Efficiency	40	182
Total	8,172	9,418

Natural Environment Grants comprise:

Environment Fund: Strands 1 and 2	4,489	5,255
Environment Fund: Strand 3 Challenge Fund - Capital	3,399	3,913
Rural Development Programme - Capital	244	68
Total	8,132	9,236

Resource Efficiency Grants comprise:

Environment Fund: Water Quality Improvement	40	182
Total	40	182

5. Other Current Expenditure

	2022-23 £000	2021-22 £000
Divisional costs comprise:		
Natural Environment	1,039	889
Resource Efficiency	2,419	2,606
Total	3,458	3,495
Natural Environment costs comprise:		
Contracted Services	846	717
Professional Costs	193	172
Total	1,039	889
Resource Efficiency costs comprise:		
Contracted Services	1,531	1,677
Professional Costs	888	929
Total	2,419	2,606

Notes to the Accounts

Natural Environment Contracted Services comprises contract research and analysis commissioned by the division as well as contact cleaning and security associated with the Agency's remote sites. Resource Efficiency Contracted Services comprises various contracts associated with environmental monitoring, local clean up support, small business research initiative and maintenance of laboratory facilities at the Agency's Lisburn site.

6. Notional Charges

	2022-23 £000	2021-22 £000
Intra-Departmental Charges		
Department of Agriculture, Environment and Rural Affairs	3,818	3,508
Total	3,818	3,508
Services provided by other Departments		
Department of Finance:		
Accommodation	652	659
IT Assist	768	771
Personnel	564	545
Account NI	250	257
Departmental Solicitor's Office	4	105
Information Strategy and Innovation	151	141
Total	2,389	2,478
External Audit Fees	18	17
Total Notional Charges	6,225	6,003

Notes to the Accounts

7. Income

	2022-23 £000	2021-22 £000
Revenue from Contracts with Customers		
Resource Efficiency Charges	9,395	8,734
Total	9,395	8,734
Other Operating Income		
Carrier Bag Levy	7,926	1,372
Operating Income from Country Parks	210	130
Other	244	69
Total	8,380	1,571
Total Income	17,775	10,305

Notes to the Accounts

8(i) Property, Plant and Equipment

	Land £000	Buildings excluding Dwellings £000	Transport Equipment £000	Plant & Machinery £000	Information Technology £000	Fixtures & Fittings £000	Assets under Construction £000	Total £000
Cost or valuation								
At 1 April 2022	6,131	23,824	2,855	3,589	90	1,666	2,490	40,645
IFRS 16 Adjustment**	1,251	33	-	-	-	-	-	1,284
Restated at 1 April 2022	7,382	23,857	2,855	3,589	90	1,666	2,490	41,929
Additions	-	-	55	134	-	694	730	1,613
Disposals	-	-	(123)	-	-	-	-	(123)
Revaluations *	263	63	91	360	7	92	-	876
Reclassifications	-	-	-	1,150	-	(1,150)	-	-
At 31 March 2023	7,645	23,920	2,878	5,233	97	1,302	3,220	44,295
Depreciation								
At 1 April 2022	-	7,370	2,053	2,560	76	716	-	12,775
Charged in year	23	1,072	148	248	7	161	-	1,659
Disposals	-	-	(111)	-	-	-	-	(111)
Revaluations	-	34	52	155	6	6	-	253
Reclassifications	-	-	-	389	-	(389)	-	-
At 31 March 2023	23	8,476	2,142	3,352	89	494	-	14,576
Carrying amount at 31 March 2023	7,622	15,444	736	1,881	8	808	3,220	29,719
Carrying amount at 31 March 2022 **	6,131	16,454	802	1,029	14	950	2,490	27,870
Asset financing:								
Owned 2023	7,622	15,444	736	1,881	8	808	3,220	29,719

* Professional revaluations of land and buildings are undertaken every five years, with the last full valuation undertaken by LPS at 1 April 2021 and the next full valuation due to take place at 1 April 2026.

** The Agency 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:

Notes to the Accounts

	Land £000	Buildings £000	Total £000
Right-of-Use Assets:			
As 1 April 2022	16	33	49
Depreciation charged in year	(8)	(4)	(12)
At 31 March 2023	8	29	37
Peppercorn Leases:			
As 1 April 2022	1,235	-	1,235
Depreciation charged in year	-	-	-
At 31 March 2023	1,235	-	1,235
Total IFRS 16 Adjustment	1,251	33	1,284

Right-of-Use assets are included within Property, Plant and Equipment in the Statement of Financial Position (SoFP). Valuation 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 SoFP immediately before the date of initial application. An analysis of lease liabilities is available in Note 18 to the accounts.

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

Notes to the Accounts

8(ii) Property, Plant and Equipment

	Land £000	Buildings excluding Dwellings £000	Transport Equipment £000	Plant & Machinery £000	Information Technology £000	Fixtures & Fittings £000	Assets under Construction £000	Total £000
Cost or valuation								
At 1 April 2021	4,632	17,815	2,827	4,576	153	1,633	3,931	35,567
Additions	-	-	181	68	-	421	910	1,580
Disposals	-	(213)	(198)	(1,166)	(64)	(444)	-	(2,085)
Revaluations	1,556	3,125	45	110	1	56	690	5,583
Reclassifications	(57)	3,097	-	1	-	-	(3,041)	-
At 31 March 2022	6,131	23,824	2,855	3,589	90	1,666	2,490	40,645
Depreciation								
At 1 April 2021	-	5,399	2,104	3,439	133	982	-	12,057
Charged in year	-	782	121	238	7	157	-	1,305
Disposals	-	(213)	(196)	(1,166)	(64)	(444)	-	(2,083)
Revaluations	-	1,402	24	49	-	21	-	1,496
Reclassifications	-	-	-	-	-	-	-	-
At 31 March 2022	-	7,370	2,053	2,560	76	716	-	12,775
Carrying amount at 31 March 2022	6,131	16,454	802	1,029	14	950	2,490	27,870
Carrying amount at 31 March 2021	4,632	12,416	723	1,137	20	651	3,931	23,510
Asset financing:								
Owned 2022	6,131	16,454	802	1,029	14	950	2,490	27,870

Notes to the Accounts

8(iii) Heritage Assets

	Non Operational Heritage Land (Purchased) £000	Total Non Operational Heritage Assets (Purchased) £000
Cost or valuation		
At 1 April 2022	2,193	2,193
Disposals	-	-
Revaluations **	4	4
Reclassifications	-	-
Transfers	-	-
At 31 March 2023	2,197	2,197
Carrying amount at 31 March 2023	2,197	2,197
Carrying amount at 31 March 2022	2,193	2,193

Notes to the Accounts

8(iv) Heritage Assets

	Non Operational Heritage Land (Purchased) £000	Total Non Operational Heritage Assets (Purchased) £000
Cost or valuation		
At 1 April 2021	1,568	1,568
Disposals	-	-
Revaluations	625	625
Reclassifications	-	-
Transfers	-	-
At 31 March 2022	2,193	2,193
Carrying amount at 31 March 2022	2,193	2,193
Carrying amount at 31 March 2021	1,568	1,568

Purchased Heritage Assets

Heritage Assets, which are underpinned by an arm's length transaction, are capitalised in the year of acquisition with reference to the purchase price. The existence of the transaction provides a reliable and practical basis of valuation. There were no purchases or disposals of heritage assets during the five year period to 31 March 2023 and no heritage assets acquired by donation during the periods.

Notes to the Accounts

8(v) Intangible Assets

	Information Technology £000	Software Licenses £000	Total £000
Cost or valuation			
At 1 April 2022	321	219	540
Additions	-	-	-
Disposals	-	-	-
Revaluations	36	9	45
Reclassifications	-	-	-
At 31 March 2023	357	228	585
Amortisation			
At 1 April 2022	320	219	539
Charged in year	-	-	-
Disposals	-	-	-
Revaluations	36	9	45
Reclassifications	-	-	-
At 31 March 2023	356	228	584
Carrying amount at 31 March 2023	1	-	1
Carrying amount at 31 March 2022	1	-	1
Asset financing:			
Owned 2023	1	-	1

Notes to the Accounts

8(vi) Intangible Assets

	Information Technology £000	Software Licenses £000	Total £000
Cost or valuation			
At 1 April 2021	951	276	1,227
Additions	-	-	-
Disposals	(648)	(62)	(710)
Revaluations	18	5	23
Reclassifications	-	-	-
At 31 March 2022	321	219	540
Amortisation			
At 1 April 2021	940	244	1,184
Charged in year	10	32	42
Disposals	(648)	(62)	(710)
Revaluations	18	5	23
Reclassifications	-	-	-
At 31 March 2022	320	219	539
Carrying amount at 31 March 2022	1	-	1
Carrying amount at 31 March 2021	11	32	43
Asset financing:			
Owned 2022	1	-	1

Notes to the Accounts

9. Statement of Operating Costs by Operating Segment

	Resource Efficiency £000	Natural Environment £000	Central Costs £000	Total £000
Staff costs	19,720	11,442	126	31,288
Other Operating Expenditure	4,604	3,243	64	7,911
Grants	40	8,132	-	8,172
Non Cash Expenditure	4,576	3,480	461	8,517
Income	(11,635)	(6,140)	-	(17,775)
Net Operating Cost 2022-23	17,305	20,157	651	38,113

	Resource Efficiency £000	Natural Environment £000	Central Costs £000	Total £000
Staff costs	19,011	11,220	115	30,346
Other Operating Expenditure	4,433	2,865	55	7,353
Grants	182	9,236	-	9,418
Non Cash Expenditure	4,527	2,541	387	7,455
Income	(9,002)	(1,302)	(1)	(10,305)
Net Operating Cost 2021-22	19,151	24,560	556	44,267

Note: An analysis of assets and liabilities by segment is not regularly provided to the chief operating decision maker and therefore the Agency is not reporting this information in accordance with IFRS 8.

During 2022-23 the Agency comprised 2 Operational Divisions; Resource Efficiency Division, and Natural Environment Division, each Directorate fulfilling a role in achieving the overall Agency objective to protect, conserve and promote the natural environment of Northern Ireland for the benefit of present and future generations. The management board review financial information at Divisional level for decision making purposes and this information is analysed by cost category. Reportable segments have been identified on this basis. There have been no changes to the methods used to identify reportable segments since the prior year.

Both Divisions issue grants to Non-Government Organisations (NGOs) and to private individuals. Full details of the roles performed by each Division are disclosed in the Annual Report.

A third Division, Strategic Planning and Change Division, which incorporates the Business Support Team, assists the Chief Executive and two Operational Directors in the delivery of key corporate functions such as strategic planning, governance, and financial and budget management.

Notes to the Accounts

10. Financial Instruments

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

11. Inventories

	2022-23 £000	2021-22 £000
Operational	83	83
Total	83	83

12. Trade and other receivables

	2022-23 £000	2021-22 £000
Amounts falling due within one year:		
Trade Receivables	571	392
Other Receivables	722	451
Prepayments & Accrued Income	634	485
Total	1,927	1,328

Notes to the Accounts

12. Trade and other receivables (continued)

Included within trade receivables is £Nil (2021-22 £Nil) that will be due to the Consolidated Fund once the debts are collected.

The following table shows the impairment of trade receivables at the balance sheet date:

	2022-23 £000	2021-22 £000
Balance at start of year	(127)	(170)
Impairment losses derecognised on receivables	13	43
Balance at end of year	114	(127)

In determining the recoverability of a trade receivable, the Agency considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

Interest is not automatically charged on trade receivables. The Agency has provided fully for all receivables over 361 days, because historical experience is such that receivables that are past due beyond 361 days are generally not recoverable, unless there is evidence to suggest the debt is still recoverable.

The following table shows the aging of debts past due but not impaired; no provision has been made where there has not been a significant change in credit quality and the Agency believes that the amounts are still fully recoverable:

	2022-23 £000	2021-22 £000
Neither past due nor impaired trade receivables	59	91
1 – 30 days	17	20
31 – 60 days	141	7
61 – 90 days	70	6
91 – 180 days	279	183
181 – 361 days	5	85
361 days plus	-	-
Gross carrying value	571	392

Notes to the Accounts

12.1 Intra-Government Balances

Receivables: Amounts falling due within one year

	2022-23 £000	2021-22 £000
Balances with other central government bodies	3	6
Balances with local authorities	44	5
Balances with public corporations and trading funds	450	440
Balances with NHS trusts	1	1
Subtotal: Intra-government balances	498	452
Balances with bodies external to government	1,429	876
Total receivables at 31 March	1,927	1,328

13. Cash and cash equivalents

	2022-23 £000	2021-22 £000
Balance at 1 April	3	3
Net change in cash and cash equivalent balances	-	-
Balance at 31 March	3	3
The following balances at 31 March were held:		
Cash in hand	3	3

Notes to the Accounts

14. Trade and other payables

	2022-23 £000	2021-22 £000
Amounts falling due within one year:		
Trade Payables	210	58
Accruals	8,959	10,414
Deferred Income	489	427
Leases Liabilities	16	-
Total	9,674	10,899
Amounts falling due after more than one year:		
Leases Liabilities	25	-
Total	25	-

14.1 Intra-Government Balances

	2022-23 £000	2021-22 £000
Amounts falling due within one year		
Balances with other central government bodies	570	372
Balances with local authorities	868	1,364
Balances with public corporations and trading funds	134	189
Balances with NHS trusts	2	-
Subtotal: Intra-government balances	1,574	1,925
Balances with bodies external to government	8,100	8,974
Total payables at 31 March	9,674	10,899
Amounts falling due after more than one year		
Balances with bodies external to government	25	-
Total payables at 31 March	25	-

Notes to the Accounts

15. Provisions

	Public/ Employer's Liability £000	Industrial Tribunals £000	Equal Pay Settlement £000	Other £000	Total £000
Balance at 1 April 2022	-	-	10	821	831
Provisions not required written back	-	-	-	(92)	(92)
Provided in the year	39	310	-	418	767
Provisions utilised in the year	(4)	(12)	-	(644)	(660)
Balance at 31 March 2023	35	298	10	503	846

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. All provisions are current and are expected to be settled within the next 12 months.

	Public/ Employer's Liability £000	Equal Pay Settlement £000	Other £000	Total £000
Balance at 1 April 2021	-	10	80	90
Provisions not required written back	-	-	-	-
Provided in the year	-	-	741	741
Provisions utilized in the year	-	-	-	-
Balance at 31 March 2022	-	10	821	831

All provisions are current and are expected to be settled within the next 12 months.

Provisions for liabilities and charges relate to public and employer's liability claims, industrial tribunals, and future costs associated with site monitoring and the removal of waste. The Equal Pay Settlement relates to obligations on the part of the Agency to comply with equal pay legislation and the requirement to address anomalies which may have existed.

The Agency is required to meet the cost of paying the pensions of employees who retire early, from the date of retirement until normal retirement age is reached. The Agency provides in full for the cost of meeting pensions up to normal retirement age in respect of early retirement programmes announced by the Department.

Notes to the Accounts

16. Contingent liabilities disclosed under IAS 37

The 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.

17. Commitments

The Agency has commitments to pay various grants in respect of environmental protection and nature conservation. Due to delays in the 2022-23 budget process the Agency has made no capital grant commitments at 31 March 2023 (31 March 2022: Nil).

18. Commitments under leases

Operating Leases

These are low value lease arrangements which are exempt from IFRS 16 application. Lease payments are charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the term of the lease.

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

	2022-23 £000	2021-22 £000
Obligations under operating leases for the following periods comprise:		
Land and Buildings		
Not later than one year**	-	8
Later than one year and not later than five years**	-	8
Later than five years	1	1
	1	17

** Figures reported as Nil due to roundings.

Notes to the Accounts

Right-of-Use Assets

Total future minimum lease payments for Right-of-Use Assets are shown in the table below for each of the following periods.

	2022-23 £000	2021-22 £000
Obligations under leases for the following periods comprise:		
Land and Buildings		
Not later than one year	12	-
Later than one year and not later than five years	16	-
Later than five years	10	-
	38	-
Less: Interest element	(1)	-
Present value of obligations	37	-

19. Financial Targets

The Department of Agriculture, Environment and Rural Affairs does not consider it appropriate to set financial targets for the Agency.

20. Related Party Transactions

The Department for Agriculture, Environment and Rural Affairs is regarded as a related party as it is the Agency's parent Department. The Agency had various material transactions with both Department, and with other entities to which these Departments are regarded the parent Department such as, DVA and Forest Service NI.

In addition, NIEA has had various material transactions with other Government Departments and other central government bodies. Most of these transactions have been with:

- Department for Infrastructure
- Department of Finance
- Department of Justice

During the year, neither the Chief Executive, members of the Management Board, nor other related parties have undertaken any material transactions with NIEA.

The Agency is charged with managing nature lands to maintain their scientific interest in favorable condition. This conservation management often requires grazing at low stocking levels and grazing at times of year unattractive to the farming community. The Agency levies an annual charge for grazing rights on these lands which is set by Land and Property Services. A number of employees have entered into agreements with the Agency.

Notes to the Accounts

21. Events after the reporting period

There have been no material events occurring after the accounting period that affect these accounts.

22. Date of Authorisation for Issue

The Accounting Officer authorised the issue of these financial statements on 30 June 2023.

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