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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  
For the year ended 31 March 2019**

*Laid before the Northern Ireland Assembly  
under section 11(3) (c) of the Government Resources  
and Accounts Act (Northern Ireland) 2001  
by the Department of Agriculture, Environment & Rural Affairs*

*on*

*04 July 2019*



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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) 2018-19 Annual Report and Accounts. This report reflects much of the good work the Agency delivered during the year and more specifically sets out in detail how the Agency performed against its draft 2018/19 Business Plan targets during the reporting period.

In terms of achievement the Agency met 12 of the total 18 targets including 5 of the seven 'key performance targets' (KPTs). Given the focus on Brexit issues during the reporting period, I take satisfaction that Agency staff managed to maintain our standards and delivered so successfully against our targets during these challenging times. In terms of our natural heritage, the Agency achieved 14,500 hectares of terrestrial protected areas under favourable management and continued to implement a 6 year programme aimed at having 70% of all water bodies in Northern Ireland classified as achieving 'Good Status' or better by 2021. The Agency continued to pursue our goal of a crime free Waste Sector. The Agency pursued 45 criminal investigations and the Financial Investigation Section secured four confiscation orders with a value of £456k.

The Agency's primary purpose is to protect and enhance Northern Ireland's environment and in doing so, deliver health and well-being benefits and support economic growth. This purpose remains at the core of everything we do as an organisation.

During the reporting period, not surprisingly the single largest issue for the Agency was the preparations for Brexit. Key Brexit work streams relating to Waste and Water were established to ensure the Agency was adequately prepared in terms of agreed policy frameworks, relevant legislative amendments and transitional and day one delivery planning.

In regard to delivering health and well-being benefits, and indeed economic prosperity, our sites and properties provide green spaces for citizens to enjoy with our main properties attracting over 2 million visitors during the 2018 calendar year. Our Country Parks were awarded six 3 star awards and one 4 star award in the Tourism NI Quality Grading Assessments. We will of course continue to work with the public and community groups to improve local environmental activities at country parks.

One of the key emerging issues for the protection of our Biodiversity is the impact that nitrogen deposition is having on our protected areas/special sites across Northern Ireland. Atmospheric nitrogen deposition is primarily due to emissions of Ammonia from agriculture, and to a lesser extent Nitrogen Oxides from road transport and power stations. A DAERA Project Board on Ammonia Reduction was therefore established and Agency staff provided significant input to the draft Ammonia Action Plan, which will deliver a cross departmental approach to the management of ammonia and nitrogen deposition from agriculture.

Waste crime causes serious damage to our environment, risks public health and damages our economy. The Agency remains committed to investigate all serious waste crimes which cause the greatest risks. With the resources available in 2018-19, we focused in the first instance on those incidents where the health and environmental risks and harms surrounding waste crimes were greatest. During the reporting period the Agency pursued 45 criminal investigations and achieved convictions in a further 13 cases.

The Agency continues to deal with the aftermath of environmental crime. During the reporting period the Agency implemented a plan to deliver the remediation strategy for illegal waste deposits at Mobuoy Road.

We continue to value our strong partnerships with our customers and stakeholders. To that end I was delighted to speak at an event in June 2018 at Crawfordsburn Country Park following the

launch of the Environment Fund 2019-20. The event highlighted the importance the Agency places on joint working to achieve environmental benefits. Representatives from over 44 organisations and councils attended the event which stimulated robust discussion amongst prospective applicants to the Fund. In 2018-19 £1,958K was paid in grant aid by the Agency under the Environment Fund.

The NIEA has an important role in the provision of guidance and technical support. Agency staff attended various shows and country fairs throughout the year to bring advice and guidance to the public. Guidance to help farmers and landowners protect pollinating insects was launched at the Balmoral Show in May.

Looking to the future we will continue to target our resources on our key business priorities, specifically our statutory obligations and draft Programme for Government commitments. Brexit will of course continue to be a challenge.

I am grateful to the many environmental and other organisations, from the voluntary, business, law enforcement and community sectors, which continued to help the Agency during 2018-19.

Finally I am also grateful to the staff in the Agency for their professionalism and commitment in delivering the Agency's aims and objectives, particularly during what has been a very challenging year with the ongoing preparations for Brexit.



**David Small**  
Chief Executive  
25 June 2019



# 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 2018-19.

### 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 2019.

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(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 5<sup>th</sup> 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

As an Executive Agency within the DAERA, NIEA sits within the Environment, Marine and Fisheries Group (EMFG) of the Department. The Agency is headed by a Chief Executive and two Directors of two Divisions – Natural Environment and Resource Efficiency. A Non-Executive Director was appointed on 1 September 2018 for a three year period. A Business Support Team assists 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 2018-19

Of the eighteen targets in the NIEA 2018-19 Business Plan, four are included in the DAERA 2018-19 Business Plan. The main activities relating to these targets are the protection of the environment through regulation and enforcement; statutory designations; research and monitoring; raising public awareness of the environment and their role in protecting it.

In addition, a programme of work was progressed to ensure the Agency was adequately prepared for the UK's departure from the EU in terms of agreed policy frameworks, relevant legislative amendments, transitional and day one delivery planning .

## Principal Activities

For 2018-19 the Department's broader Departmental vision, "*A living, working, active landscape valued by everyone*" was underpinned by the following operational strategic outcomes.

- a) Sustainable agri-food, fisheries, forestry and industrial sectors;
- b) A clean, healthy environment, benefiting people, nature and the economy; and
- c) A thriving rural economy, contributing to prosperity and wellbeing.

Although the Agency delivers outputs relating to all these outcomes, it primarily delivers against the second outcome. In turn, this departmental strategic environmental outcome underpins and links to the following three draft Programme for Government (PfG) outcomes:

- We live and work sustainably – protecting the environment;
- We have created a place where people want to live and work, to visit and invest; and
- We enjoy long, healthy, active lives.

To help deliver outputs relating to the Department's strategic outcomes, specifically Outcome two, the Agency focused on the following key priorities:

- a) A fully compliant regulated industry;
- b) Freshwater and marine environment at "good status";
- c) A compliant crime free waste sector;
- d) Good habitat and landscape quality with species abundance and diversity; and
- e) Promotion of environmentally sustainable development and infrastructure.

The activities supporting these key priorities include regulation and enforcement, designation and management of sites, grant-aid schemes, management of the countryside, monitoring programmes, and awareness raising measures. The Agency also provides scientific and technical advice to Government on the development of legislation and policy.

## **Living, Working, Active Landscape Valued by Everyone**

The work of the Agency during 2018-19 contributed significantly to the broader Departmental vision of a 'living, working, active landscape valued by everyone'. The Agency has continued to work to maintain a living landscape, in all its forms and component parts. We have achieved this through for example:

- the provision and management of specially protected living landscapes and other sites for recreation;
- conservation of living systems;
- enabling increased appreciation of living spaces;
- the provision of advice and support to customers, stakeholders and citizens to enable landscapes to remain working;
- seeking to carefully balance environmental sustainability and economic growth; and
- the work undertaken to audit the status of our environmental assets and regulation of activity that could potentially have an impact on environmental activities.

## **Planning Consultations**

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 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. During the year, Agency teams provided customer support, technical advice and assessment for over 6,000 planning consultations notified to the Planning Response Team through the Planning Portal.

## **Evidence Collection and Provision**

The Agency collates evidence in a variety of forms, including that provided by its laboratories, to provide monitoring, surveillance and survey data. Importantly NIEA's laboratories maintained their sampling and analysis UKAS Quality Accreditation ensuring independent quality assurance of activities underpinning regulatory and enforcement processes.

During 2018-19 the Water Chemistry Group laboratories progressed enhancements to the Group's analytical capabilities relating to the monitoring of the illegal landfill sites. These will allow faster turn-around times for analysis reporting and improved sensitivity for a number of tests. The Group also developed a rapid screening programme for trace organics relating to the adjacent River Faughan mindful of protection of the NI Water (NIW) abstraction.

Staff within the Agency also seek evidence from the scientific literature, through commissioning and collaborative approaches. NIEA uses evidence and information to underpin a wide range of its activities; from environmental regulation and enforcement to reporting on the condition of our habitats, water and land.

## **Protection and Management of Habitats and Species**

NIEA carries out surveys to identify the best of our terrestrial and freshwater assets. This data and information is used to inform the designation programme for protected areas, especially species-rich grasslands which are habitats that have declined significantly over the past 50-60 years. This data is also shared outside the Agency.

NIEA has led on providing evidence and advice to key stake holders to support them in managing some of the region's special habitats. In addition, NIEA has been developing habitat mapping capability from satellite data through the Earth Observation project. This will permit quantification of habitat extent and timely monitoring of change across Northern Ireland.

## **Understanding and Appreciation of The Natural Environment**

NIEA has continued to forge partnerships and to work collaboratively with others to increase understanding of environmental issues and how citizens can help address many of the threats facing our habitats, species, water and air quality. For example, NIEA continued to work in partnership with other statutory bodies and the voluntary sector, to enable and support the development, management and promotion of sustainable outdoor recreation across Northern Ireland, including the coordination of the delivery of key actions within the Outdoor Recreation Action Plan for Northern Ireland.

## **NIEA Properties**

NIEA manages 7 Country Parks and 65 Nature Reserves across Northern Ireland. These sites provide a unique value in terms of environmental heritage, wellbeing, conservation and natural culture. Our sites attracted an estimated 2.3 million visits over the course of 2018.

Sites are open for public access throughout the year. During the reporting period NIEA took forward significant habitat management works to maintain and improve the condition of our Nature Reserves. In addition, the Agency undertook substantive projects to enhance both visitor facilities and public access across a number of sites. Six of our country parks received 3-star awards, with one 4-star award for excellence, through the Tourism NI quality grading scheme.

## **Environmental Grant Schemes**

NIEA, in conjunction with the Policy Divisions of Environment Marine and Fisheries Group (EMFG), continued to provide grant funding to support the not-for-profit voluntary sector and local authority partners to deliver strategic and landscape scale environmental programmes through the Environment Fund. The Fund enables partners to draw down significant match funding and coordinate citizen science programmes. During the period, NIEA also agreed criteria, invited applications and awarded grants under a strategic strand of the Environment Fund (2019-2023) for future delivery of strategic environmental outcomes. Both schemes are funded through Carrier Bag Levy income.

## **Engagement with Industry and the Farming Sector**

NIEA undertakes a wide ranging programme of visits to industrial, agricultural, construction, demolition, and other industrial sites providing pollution prevention advice and carries out risk assessments with the aim of minimising the impact of these activities on the environment. The Agency continued its delivery of its innovative programme of Prosperity Agreements with industry, through which NIEA and an organisation can explore opportunities for reducing environmental impacts in ways that create prosperity and well-being.

In 2018, NIEA signed a Memorandum of Understanding (MoU) with the Ulster Farmers Union that aims to build a stronger and more effective working relationship between NIEA and the farming community, to support sustainable farming and deliver improved legislative compliance. An implementation plan was developed and progress has recently been reviewed. Progress made so far in delivering against the objectives will be discussed with stakeholders in 2019-20.

NIEA is playing a key role in DAERA's Ammonia Reduction Project and has engaged extensively with key industry stakeholders, to help raise awareness of the challenge of controlling ammonia

emissions and the impacts that these emissions and the associated nitrogen deposition has on the natural environment and human health.

## **Cross-Compliance**

NIEA undertakes cross-compliance farm inspections throughout Northern Ireland under the three environmental statutory management requirements, and three good agricultural and environmental conditions relating to the Habitats, Birds, Groundwater, Buffer Strips, Irrigation Authorisations and Nitrates Directive.

## **Nutrient Management**

NIEA processes notifications from farmers in relation to new or substantially enlarged or substantially reconstructed slurry and silage stores and qualifying nitrates derogation applications.

## **Provision of Environmental Advice and Guidance**

Since its establishment in 2018, NIEA has worked closely with the CAFRE Knowledge Advisory Service, which is the Department's primary point of contact for the agri-food sector. NIEA staff work closely with the new service to identify and agree key environmental issues, priorities and programmes, and provide specialist advice to ensure environmental outcomes are achieved. This also provides the separation required for NIEA to perform its regulatory functions.

## **Drinking Water**

NIEA's Drinking Water Inspectorate's (DWI) role is to protect public health by safeguarding drinking water quality through effective regulation in line with the drinking water safety plan approach detailed by the World Health Organisation (WHO). The regulatory duty to undertake water quality monitoring and completion of risk assessments at registered private water supply sites is undertaken in conjunction with local councils. In excess of 13,000 tests are carried out annually on private water supplies 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 to them with appropriate action being taken as necessary. Approximately 50 water quality events are investigated annually.

## **Regulation – Waste and Water**

NIEA monitors and regulates discharges to the aquatic environment from both industry and sewerage providers and this work is supported by an extensive compliance sampling programme. In order to effect significant environmental improvements, the Agency provides extensive advice and guidance to Northern Ireland Water to enhance its asset performance.

NIEA promotes a sustainable approach in managing both waste and land resources in Northern Ireland to protect our environment. This encourages resource efficiency and economic growth. NIEA monitors, audits and regulates licensed and exempt waste facilities and activities in order to protect and minimise impacts to the environment and human health.

## **Enforcement**

Waste crime can occur in a very broad range of settings and circumstances; both within and external to the legitimate waste sector. This can range from fly-tipping to very large scale organised criminality such as illegal landfills, unlicensed end of life vehicle yards or waste transfer stations. Such activity is frequently lucrative, and offending that blights our environment can have

a profound effect on surrounding land, air and water. Enforcement activities tackling this criminality ranges from education and prevention to deterrence, disruption and detection. With regard to the significant financial gains, we are utilising powers under the Proceeds of Crime Act 2002 to deprive waste offenders of the proceeds of their criminal conduct. This approach serves to ensure that as far as possible, such offenders are deprived of the means to further offend and sends a clear message to others that waste crime will not pay.

### **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**

Under the current draft Programme for Government (2016-2020), the DAERA Permanent Secretary has responsibility to deliver against 'Outcome 2 – 'We live and work sustainably, protecting the environment'.

The Environment, Marine and Fisheries Group (EMFG), which includes NIEA, are leading on this work on behalf of the DAERA Permanent Secretary and have implemented a governance structure adopting a Programme and Project management approach, aiming to collectively report on an 'Outcomes Based Accountability' basis. Each indicator has a project team with an assigned lead(s). The project teams report to an 'Outcome 2 Programme Board' who thereafter report to the DAERA Permanent Secretary.

In addition to the NIEA's draft Programme for Government key commitments, the agency also aims to deliver on targets such as:

- Completing a comprehensive analysis of key sources of atmospheric Nitrogen inputs, including ammonia, to a specific Special Area of Conservation in order to inform mitigation options and future management of the wider designated site network;
- Developing revised guidance on assessing and mitigating the cumulative impacts of ammonia and nitrogen on natural habitats/designated sites ;
- Preparing and implementing Outcome Action Plans (Year 1) for 20 river bodies and monitor progress through phosphorus testing ;
- Providing effective and efficient regulation and enforcement to regulated businesses and industry, aiming for 90% compliance with all authorisations and regulatory requirements using agreed compliance assessment methodology; and
- Signing a further three Prosperity Agreements and monitoring and maintaining the existing portfolio of agreements.

### **Risk**

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

- Failure to properly manage and deploy appropriate staff resources in a timely manner;
- Failure to fully utilise funding, leading to an underspend or funding not being allocated in line with corporate priorities;
- Failure to follow Health and Safety statutory duties and NIEA Health and Safety policy increases the likelihood of a major incident resulting in the loss of life or serious injury and increased liability;
- Failure to protect the environment through remediation of the Mobuoy Illegal Waste site in a timely and cost effective manner;

- Failure to adequately achieve inclusion of NI specific requirements into the UK Government's negotiating position for Brexit will significantly impact the environment;
- Failure to protect the environment and / or human health through effective regulation of authorised waste sites, waste movements and / or poor working relationships with stakeholders; and
- Failure to fully apply EU Directives resulting in potential infraction proceedings and leading to substantial fines and damage to Northern Ireland's and NIEA's reputation.

### Performance against Targets

The Agency met five of the seven Key Performance Targets set out in the draft 2018-19 NIEA Business Plan as shown in the table below. The achievements reported have been validated by the Department of Finance's Internal Auditors.

| Target Number | 2018-19 Targets  | Target Date | RESULT       |
|---------------|--|-------------|--------------|
| 1             | Achieve 14,500 hectares of terrestrial protected areas under favourable management.  | March 2019  | Achieved     |
| 2             | Initiate and manage Conservation Management Plans (CMP) programme to deliver at least 25% of the actions                       | March 2019  | Not achieved |
| 3             | Make recommendations for the delivery mechanism for the successor to the current Environment Fund arrangements.                | June 2019   | Achieved     |
| 4             | Respond to 90% of statutory planning consultation requests within 21 days or otherwise agreed timeframes.                      | March 2019  | Not achieved |
| 5             | Achieve 90% compliance with all authorisations and regulatory requirements using agreed compliance assessment methodology.     | March 2019  | Achieved     |
| 6             | Agreed an implementation plan to deliver the remediation strategy for the illegal waste deposits at Mobuoy Road.               | March 2019  | Achieved     |
| 7             | Work in collaboration across the Department, and with others, to deliver 80% of the actions within the 2018/19 catchment work. | March 2019  | Achieved     |

## Explanation for key targets not achieved

### Key Target 2

Although progress was made towards initiating many of the Conservation Management Plans (CMPs), NIEA did not meet its target to; initiate and manage the CMP programme to deliver at least 25% of the actions. This was due to a number of major challenges for the Agency, including:

- Focusing on the delivery of the Article 17 reporting, as required by the Habitats Directive, resulting in staff with detailed knowledge of the Agency's designated sites not being available to approve draft habitat maps which is the key first stage in the development of the Conservation Management Plans;
- Resourcing challenges in relation to supporting the Environmental Farming Scheme (EFS) meant that relevant staff were not available to fully support contractors delivering other key stages;
- The impact of resource and retention issues including vacancy management, availability of relevant skills and experience, reliance on temporary staff, and delays in recruitment processes; and
- The impact of Brexit including diversion of resources for planning, operational readiness and contingency planning.

### Key Target 4

NIEA did not meet its target of responding to 90% of statutory planning consultation requests within 21 days or otherwise agreed timeframe. This was due to a number of major challenges for the Department which included:

- A 10% increase in the total number of statutory consultations received between 2017/18 and 2018/19, and significant increases in the requirement to refer these consultations, and other non-statutory consultation requests for specialist biodiversity and water management advice;
- The complexities associated with certain agricultural development proposals and ammonia emissions;
- Delays in recruitment processes and diversion of skilled and experienced staff to deal with Brexit issues and to assist in the delivery of other Departmental regulatory programmes; and
- The robustness of IT systems supporting external consultation processes and internal workflow, including ongoing issues with the Planning Portal and an incident with the NIEA Planning Consultation database which coordinates inputs from across NIEA teams.

Whilst these challenges impacted on the Agency's capability to respond within timeframes set out in legislation, progress was made in a number of areas to improve customer service. This included ongoing review and update of web guidance, development of supporting IT tools, projects to streamline processes and access information, and liaison with internal and external stakeholders through training events and working groups. These initiatives provide a foundation for the development and implementation of a comprehensive Action Plan from 2019/20, which aims to provide timely responses to statutory and other related planning consultations to support strategic outcomes.



## 1.2 Performance Analysis

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 Corporate Governance Sub-Committee of the Agency Board formally reviews progress against the targets.

As stated in the Overview Section, the Agency met five of its seven Key Performance Targets.

However the Agency had a number of other targets as set out in the 2018-19 draft NIEA Business Plan, and these, along with the Key Performance Targets are shown in the Business Plan Targets table below.

| Priorities  | Link to PfG Outcome         | DAERA Strategic Outcomes | Targets  | Target Date | RESULT       |
|---|-----------------------------|--------------------------|--|-------------|--------------|
| Good Habitat and Landscape Quality with Species Abundance and Diversity | 2 parts (v) & (vi)          | 1                        | Achieve 14,500 hectares of terrestrial protected areas under favourable management (KPT)   | Mar 19      | Achieved     |
|   | 2 parts (v) & (vi)          | 1                        | Initiate and manage Conservation Management Plans (CMP) programme to deliver at least 25% of the actions. (KPT)                  | Mar 19      | Not achieved |
|   | 2 parts (v) & (vi) & 4 & 10 | 1, 2 & 3                 | Make recommendations for the delivery mechanism for the successor to the current Environment Fund arrangements. (KPT)            | Jun 18      | Achieved     |
| Promote environmental sustainable development & infrastructure          | 4 & 10                      | 1                        | Facilitate 2 meetings of the Strategic Outdoor Recreation Group (SORG).  | Mar 19      | Not achieved |
|   | 2 part (vi) & 4 & 10        | 1 & 3                    | Achievement of at least a three star rating for six Country Parks across the region under the Tourism NI Quality Grading Scheme. | Mar 19      | Achieved     |

| Priorities                                       | Link to PfG Outcome                          | DAERA Strategic Outcomes | Targets  | Target Date | RESULT       |
|--|--|--------------------------|--|-------------|--------------|
| Fully Compliant Regulated Industry               | 1, 2 parts (v) & (vi) & 4 & 10               | <b>1, 2 &amp; 3</b>      | Respond to 90% of statutory planning consultation requests within 21 days or otherwise agreed timeframes. (KPT)                                    | Mar 19      | Not achieved |
|  | 1, 2 parts (iii) & (v) & 4 & 10              | <b>1 &amp; 2</b>         | 90% compliance with all authorisations and regulatory requirements using agreed compliance assessment methodology. (KPT)                           | Mar 19      | Achieved     |
|  | 1, 2 parts (iii) & (v) & 10                  | <b>1</b>                 | Agree an implementation plan to deliver the remediation strategy for the illegal waste deposits at Mobuoy Road. (KPT)                              | Mar 19      | Achieved     |
|  | 1, 2 parts (ii), (iii), (v) & (vi) and 10    | <b>1 &amp; 2</b>         | Process 80% of duly made applications for authorisations within statutory timeframes   | Mar 19      | Achieved     |
|  | 1, 2 parts (ii) (iii), (iv), (v) & (vi) & 10 | <b>1 &amp; 2</b>         | Signing a further 3 Prosperity Agreements and monitor and maintain the existing portfolio.   | Mar 19      | Achieved     |
| Freshwater & marine Environment At 'Good Status' | 1, 2 parts (v) & (vi) and 10                 | <b>1 &amp; 2</b>         | Deliver 80% of the actions within the 2018/19 catchment work programme. (KPT)  | Mar 19      | Achieved     |
|  | 2 parts (v) & (vi) and 10                    | <b>1 &amp; 2</b>         | Complete Cross Compliance inspections on at least 1% of all farms and 5% under derogation.   | Dec 18      | Achieved     |
|  | 2 parts (v) and (vi) and 10                  | <b>1 &amp; 2</b>         | Complete a review of the NIEA/UFU Memorandum of Understanding Implementation Plan & deliver 80% of actions identified for delivery during 2018/19. | Mar 19      | Achieved     |

| Priorities   | Link to PfG Outcome                             | DAERA Strategic Outcomes | Targets   | Target Date | RESULT       |
|--|---|--------------------------|---|-------------|--------------|
| A compliant Crime free Waste Sector  | 1, 2 parts (ii), (iii), (iv), (v) & (vi) and 10 | <b>1 &amp; 2</b>         | Provide a range of analytical products, including a strategic assessment in May and November 2018, which assist in understanding the waste sector, waste crime and enhances the operational response. | Mar 19      | Achieved     |
|  | 1, 2 parts (ii), (iii), (iv) (v) & (vi) and 10  | <b>1 &amp; 2</b>         | Ensure appropriate effective legal and proportionate protection of the environment through the provision of an agreed operational guide to the polluter pays principle.                               | Mar 19      | Not achieved |
| Environmental Advice & Guidance  | 1, 2 parts (ii), (iii), (iv) (v) & (vi) & 10    | <b>1 &amp; 2</b>         | Implement the project plan for delivery of the Regulatory Transformation Programme within agreed timeframes.  | Mar 19      | Achieved     |
| To manage our resources effectively within a strong corporate governance framework |   | <b>4</b>                 | Provisional Resource and Capital outturn to be between 99% and 100% of Final Budget for 2018/19.  | Mar 19      | Not achieved |
| To manage our human resources effectively  |   | <b>4</b>                 | By 31 March 2019 achieve a 5% increase in the NIEA Employee Engagement Index score (from 44% to 49%)  | Mar 19      | Not achieved |

### Increase in the Number of Targets Not Being Met

The single biggest issue for the Agency during the reporting period were the preparations for Brexit. Ensuring the Agency was adequately prepared in terms of agreed policy frameworks, relevant legislative amendments, transitional and day one delivery planning consumed a large proportion of staff time and Agency resources. During this period the Agency also managed to

undertake normal business activities whilst maintaining a high standard of service. However, the number of business targets which were not met in 2018-19 was higher than in previous years. Overall five targets were not achieved in 2018-19 compared with three in 2017-18.

### **Creating Good Habitat and Landscape Quality With Species Abundance**

The key objective of nature conservation policy is to achieve favourable conservation status for our priority habitats and species, a situation where a habitat type or species is prospering (in both quality and extent/population) and with good prospects to continue to do so in the future.

To support this, NIEA has undertaken a programme of national and international designations over the past 25 years, resulting in a suite of protected sites across Northern Ireland reflecting its wide habitat, species and earth science diversity. Whilst protection measures largely prevented significant damage to the special features within these sites, the majority of these areas require active management in order for the features to be properly conserved. Despite a series of measures being put in place, most of Northern Ireland's habitats and species continue to be classed as at unfavourable conservation status. The need to reverse this trend is recognised in the Outcome Delivery Plan, through the biodiversity target to have protected areas under favourable management.

NIEA has worked to put in place suitable management programmes for these sites, such as the Environmental Farming Scheme (EFS), the management of our suite of Nature Reserves and Country Parks and through NIEA's Management Of Sensitive Sites (MOSS). NIEA also supports other delivery streams, some directly through the Environment Fund and others more remotely, e.g. habitats projects within the EU funded INTERREG Va programme.

The Agency has also embarked on a programme of developing conservation management plans (CMPs) for the majority of the Special Areas of Conservation (SACs), which aims to map out the special features across these EU protected areas, identify the pressures and threats which can impact upon them, and outline a series of necessary conservation actions which will ensure their long term viability. The Department has engaged a number of different delivery solutions for this including development by in-house teams, delivery through the Environment Fund, INTERREG Va and a bespoke contract through the Rural Development Programme (RDP).

### **Promoting Environmental Sustainable Development and Infrastructure**

Following the publication of an Outdoor Recreation Action Plan in 2015, NIEA established a Strategic Outdoor Recreation Group in partnership with the Department for Communities to oversee and monitor its implementation. This group includes representation from essential areas within government departments and statutory bodies.

NIEA secured a Tourism NI rating of at least 'Good' for seven of its Country Parks, exceeding its target of having five rated at this level. Further improvements, including toilet upgrades at three parks, and updating of welcome and orientation signage is planned.

### **Fully Compliant Regulated Industry**

During the reporting period NIEA began implementing the project plan for the delivery of regulatory transformation of:

- Pollution Prevention and Control (PPC) (including waste PPC);
- Waste Management Licensing and Exemptions;

- Water Order discharge consents;
- Radioactive substances regulation; and
- Abstraction and impoundment licensing.

The operational elements of the regulatory transformation programme, will deliver a simpler, more effective environmental regulation system, in which all regulated businesses will find it easier to apply for environmental permissions and understand their compliance obligations.

This ambitious project will take 2/3 years to deliver, running parallel with the development of the legislation and working in partnership with key business stakeholders. During the reporting period work was completed on a new draft permitting hierarchy and work commenced on the development of supporting ICT services, including an online inspections application.

During the reporting period the Regulation Unit undertook a significant number of planned regulatory inspections, audits and sampling regimes. Using relevant compliance assessment models for each regime of water and waste regulation the Agency can report 92.7% compliance across all authorisations.

This year, NIEA has agreed action plans for three Prosperity Agreements with Lakeland Dairies (NI), Dale Farm and ReCon. Existing agreements were maintained and the steering group has met 3 times to oversee the operation of the programme. A Master's placement student also completed an independent review of progress.

### **Freshwater and Marine Environment Classified As Being In A 'Good Status'**

NIEA is currently implementing a 6 year programme which aims to have 70% of all water bodies within Northern Ireland classified as achieving 'Good Status' or better by 2021.

The key actions to deliver this target are contained within our River Basin Management Plans and Catchment Management Plans. These detail all of the activities taken to address failing elements in priority water bodies, including pollution detection and prevention; river and groundwater surveys; focused sampling and monitoring; agricultural inspections, as well as visits as appropriate to high-risk business premises.

In September 2018, an interim update on Water Framework Directive (WFD) status showed that no overall improvement of 37% at good or better status had been achieved, and that status in rivers alone had declined from 32.7% to 31.3%.. This indicates a significant risk that the 2021 targets are unlikely to be met. If deterioration continues, this will impact on environmental outcomes and indicators as set out within the draft Programme for Government, and achievement of minimum requirements of the WFD. Further interventions may be required to prevent deterioration and deliver improvements, and it is essential that these are considered as part of joined up policies on environment, land use, agriculture and the economy.

During the reporting period NIEA completed Cross Compliance inspections in 271 farms, representing more than 1% of all farms and 5% under derogation. The number of farms breached increased from the previous year from 19% to 25% with the most common breach encountered being pollution to waterway. The Agency successfully delivered its programme of cross-compliance inspections as well as 87% of the actions contained within the 2018-19 catchment programme.

However NIEA alone cannot deliver the necessary improvements to water quality to meet the 2021 target. It requires input and action from a wide range of organisations to develop and implement

the River Basin Management Plans and Catchment Plans. Therefore, during the reporting period NIEA held three catchment stakeholder workshops in November to engage and support local stakeholders and projects to improve water quality. The Department are also involved in a number of collaborative catchments projects through the INTERREG Va funding stream. A number of these projects were launched during 2018 and aimed at improving water quality and help achieve good ecological status. Staff continue to engage and collaborate with colleagues in RoI and attend both Border Regional Operational Committee meetings and the RoI Water Framework Directive Implementation and Coordination meetings.

In 2017-18 NIEA and the Ulster Farmers' Union (UFU) agreed a MoU 'Farming for a Healthier Environment', aimed at building a stronger, more effective working relationship between the Agency and the farming community. During the reporting period, a review of progress was undertaken and work continued on the development and implementation of the 2018-19 MoU implementation plan in partnership with UFU which was aimed at delivering higher levels of environmental compliance.

### **Creating A Compliant Crime Free Waste Sector**

Strategic assessments have continued to drive the operational activity of the NIEA Enforcement Branch and assessments of waste crime were delivered in April 2018 and February 2019, helping to develop strategic priorities and allocate resources according to risk of harm. The Agency also received 1,043 reports of waste crime and generated 257 intelligence documents (prompting operational activity) and responded to 1,201 information requests from across the Department relating to criminal investigations and regulatory compliance.

The Agency also continued to deliver robust investigatory activity focused on the most serious organised and persistent environmental criminality and during the reporting period pursued 45 criminal investigations and achieved convictions in a further 13 cases.

The Financial Investigation Section (FIS) continued to pursue investigations under the Proceeds of Crime Act 2002 (POCA) and secured four confiscation orders with an overall value of £456k and were granted or otherwise administered five restraint orders against 10 entities with an approximate value of £12 million reinforcing the use of POCA powers as an effective tool in depriving those involved in waste crime of any financial gain and providing a strong deterrent and crime prevention tool.

The reporting year also saw the external recruitment of a number of new staff with investigatory experience which builds an integrated mixed skills (scientific/ investigatory) capacity and enhances the section's operational capability going forward.

### **Environmental Advice & Guidance**

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 reporting period, NIEA worked closely with the CAFRE Knowledge Advisory Service (KAS), which is the primary point of environmental advice and guidance to the agri-food sector since it was set up in April 2018. NIEA sits on the KAS Oversight Board, which directs and reviews the annual work programmes of the service. A pilot staff exchange programme between the NIEA Water Management Unit (WMU) and KAS Sustainable Development Management Branch commenced in January 2019. In addition, a number of networking events were held between NIEA and other parts of DAERA to improve knowledge transfer and collaboration.

## **To Manage Our Resources Effectively Within a Strong Corporate Governance Framework**

The NIEA 2018-19 Provisional Resource DEL overspend of £190K represents 0.86% of the closing net Resource DEL budget (£22.068m) following the final monitoring round. The Capital DEL underspend was £54K which represents 2.2% of the closing Capital DEL budget (£2.428m).

## **To Manage Our Human Resources Effectively**

Throughout the reporting period much effort and resource has been invested across the Agency to improve Leadership and Staff Engagement; this included organisational development days, attending the Task and Finish Group on DAERA Leadership & Staff Engagement and the production of the 2018/19 People Engagement Action Plan which was approved by the Departmental Board in December 2018. Although increase in the NIEA Employee Engagement Index score was recorded the target of an increase from 44% to 49% was not reached.

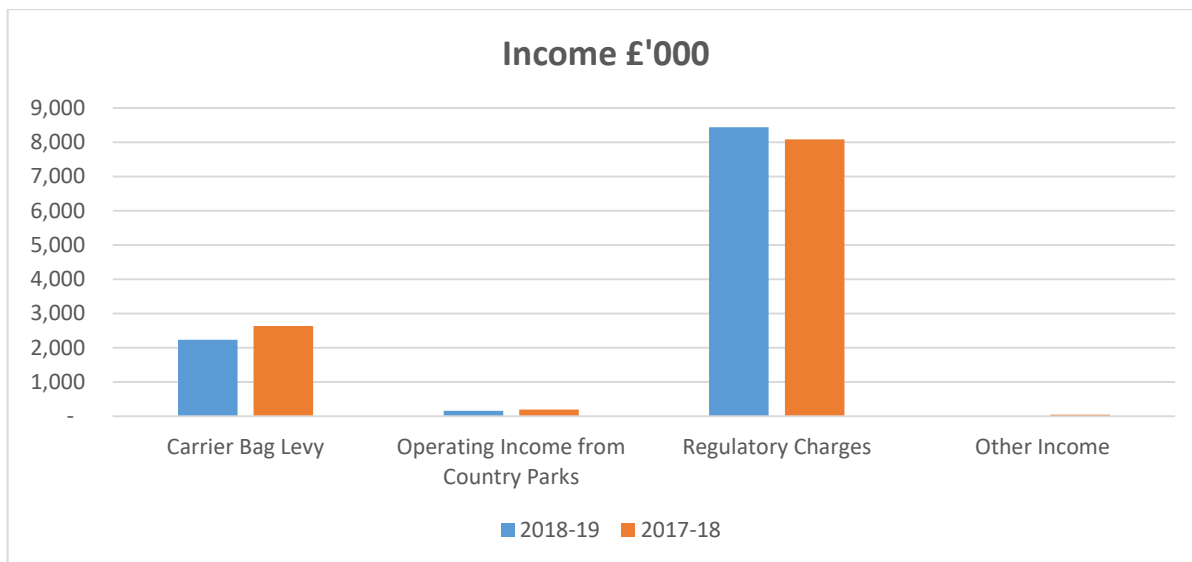
## **Funding**

Our primary source of funding in terms of Resource and Capital Expenditure comes from Central Government - £23,475K – 2018-19 (£22,273K – 2017-18). The total net assets held by the Agency at 31 March 2019 was £18,572K (2017/18: £18,232K).

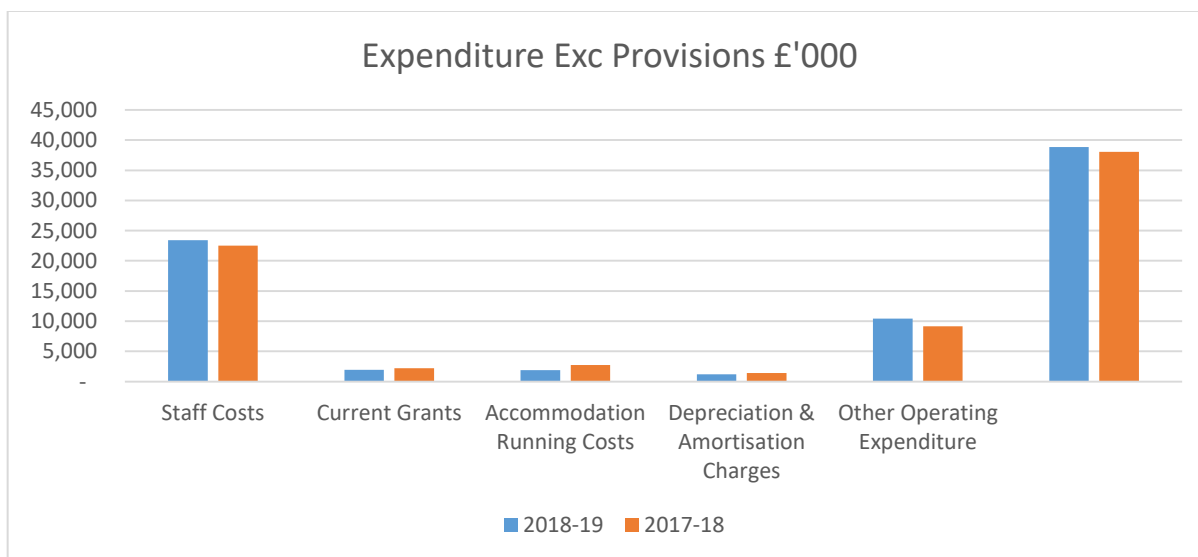
## **Results for the Year**

The Statement of Comprehensive Net Expenditure is set out on page 51 and shows the net cost of operations as £28,074K (2017-18: £27,089K) representing an increase in net costs amounting to £985K (3.6%). This movement was primarily due to an increase in the number of Agency staff employed during the year; inflationary price increases, and an increase in spend on ground maintenance in the Agency's country parks. This increase in expenditure was offset by a reduction in grant expenditure.

Income fell slightly during the year from £10,958K in 2017/18 to £10,845K in 2018-19. Income from Country Parks decreased in 2018-19 and the amount of Other Income received fell during the year. Income from the Carrier Bag Levy fell by 15.4% from £2,636K in 2017-18 to £2,230K in 2018-19. This loss in income was offset by a 4.4% increase in Regulatory Charges. The chart below provides a breakdown of the income figure.



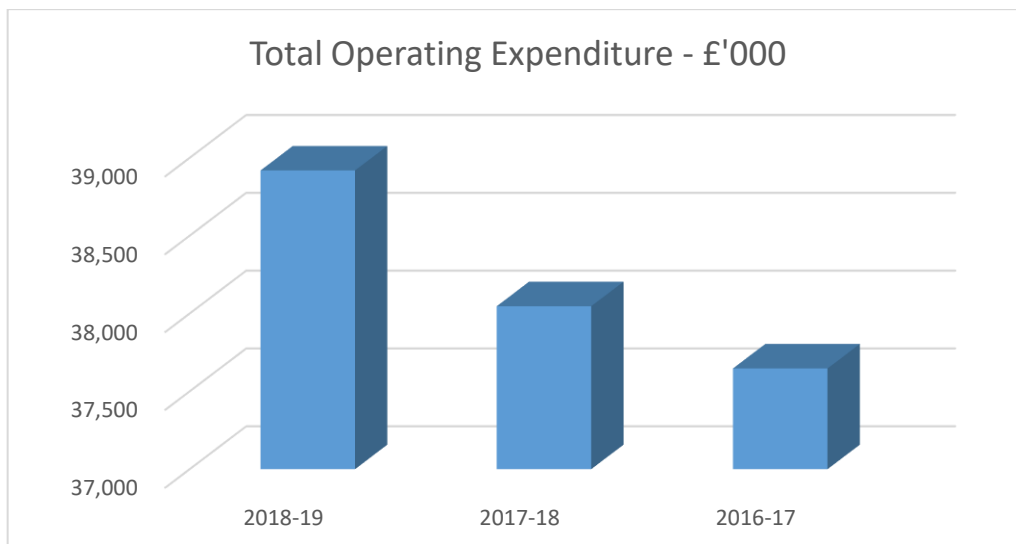
Total expenditure during the year was £38,919K (2017-18: £38,047K) representing a 2.3% increase in total expenditure compared with the previous year. Staff costs amounting to £23,401K (2017-18: £22,520K) make up 60% (2017-18: 59%) of the total expenditure. Grant costs amounting to £1,958K (2017-18: £2,222K) being 5% (2017-18: 6%) of total expenditure. A breakdown showing grants paid by each directorate is included in Note 4 of these accounts.



### Long Term Expenditure Trends

The following graph shows the expenditure trends arising over the past three years.





The increase in spend was mainly due to the success of the Agency in bidding for additional funds during 2018-19.

### **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 2018-19, 98.8% of invoices for goods or services were paid within 30 days (96.5% in 2017-18) and 90.8% were paid within 10 days (90.6% in 2017-18).

### **Political and Charitable Donations**

The Agency made no political or charitable donations within the financial year (2016/17: £Nil).

### **Sustainability Report**

At the UN's Sustainable Development Summit in September 2015, world leaders adopted Transforming Our World: the 2030 Agenda for Sustainable Development which includes a set of 17 Sustainable Development Goals (SDGs) and 169 associated targets to end poverty, fight inequality and injustice and tackle climate change by 2030. The goals and targets came into effect on 1 January 2016 and cover a wide range of areas which cut across the work of all government Departments. NIEA has provided significant input to the UK Voluntary National Review on the UN SDG's.

NIEA recognises the importance of having sustainability at the core of its business not just because of the more positive resulting environmental outcomes but also because of the direct cost savings that can be achieved. During the reporting period NIEA continued to engage in a variety

of ways with many organisations, bodies and individuals across all sectors of Northern Ireland society and with those in other administrations internationally in order to develop and implement policy and legislation which supported the delivery of sustainable development priorities.

NIEA is actively involved in restoring the historic hydroelectric scheme at Roe Valley Country Park to its former use. This site was the first Hydro Electric Power station in Northern Ireland which produced electricity from the 1890's to 1965. In the coming years it is expected that the station will reduce the Agency's dependence on non-renewable fossil fuels. The scheme additionally aims to promote the industrial heritage and add educational and tourism value to the site.

During the reporting period NIEA staff have spent considerable amount of resources working with stakeholders to develop an Ammonia Action Plan which will deliver tangible and sustained reductions in ammonia, thus reducing the pressure on sensitive sites whilst facilitating the sustainable development of a prosperous agri-food industry. A series of measures for ammonia reduction have been developed and a consultation on a comprehensive approach to ammonia is intended to take place during 2019.

During 2018-19 the Agency sought to reduce its carbon footprint by reducing the amount of travel undertaken by staff. The Agency invested in video conferencing facilities across its estate and it is envisaged that this investment will reduce considerably the amount of travel staff will be required to undertake.

In order to reduce the amount of waste in the Klondyke Building sent to landfill, the Premises Team removed staff waste bins and created a number of recycling hubs throughout the building. It is estimated that there has been a 50% reduction in waste going to landfill as a result of these changes in our HQ building. The scheme will be rolled out to other NIEA buildings in 2019-20.

## 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 do 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 Audit and Risk Assurance Committee (ARAC). The role of the Counter Fraud Forum, which includes representation from the Agency, is to oversee, promote and provide guidance in relation to all Departmental activities associated with the prevention and detection of fraud.



**David Small**  
Chief Executive  
25 June 2019

# ACCOUNTABILITY REPORT

## Director's Report

### Management Board

NIEA's Management Board during the year ended 31 March 2019 comprised:

Chief Executive

David Small

Director of Natural Environment Division

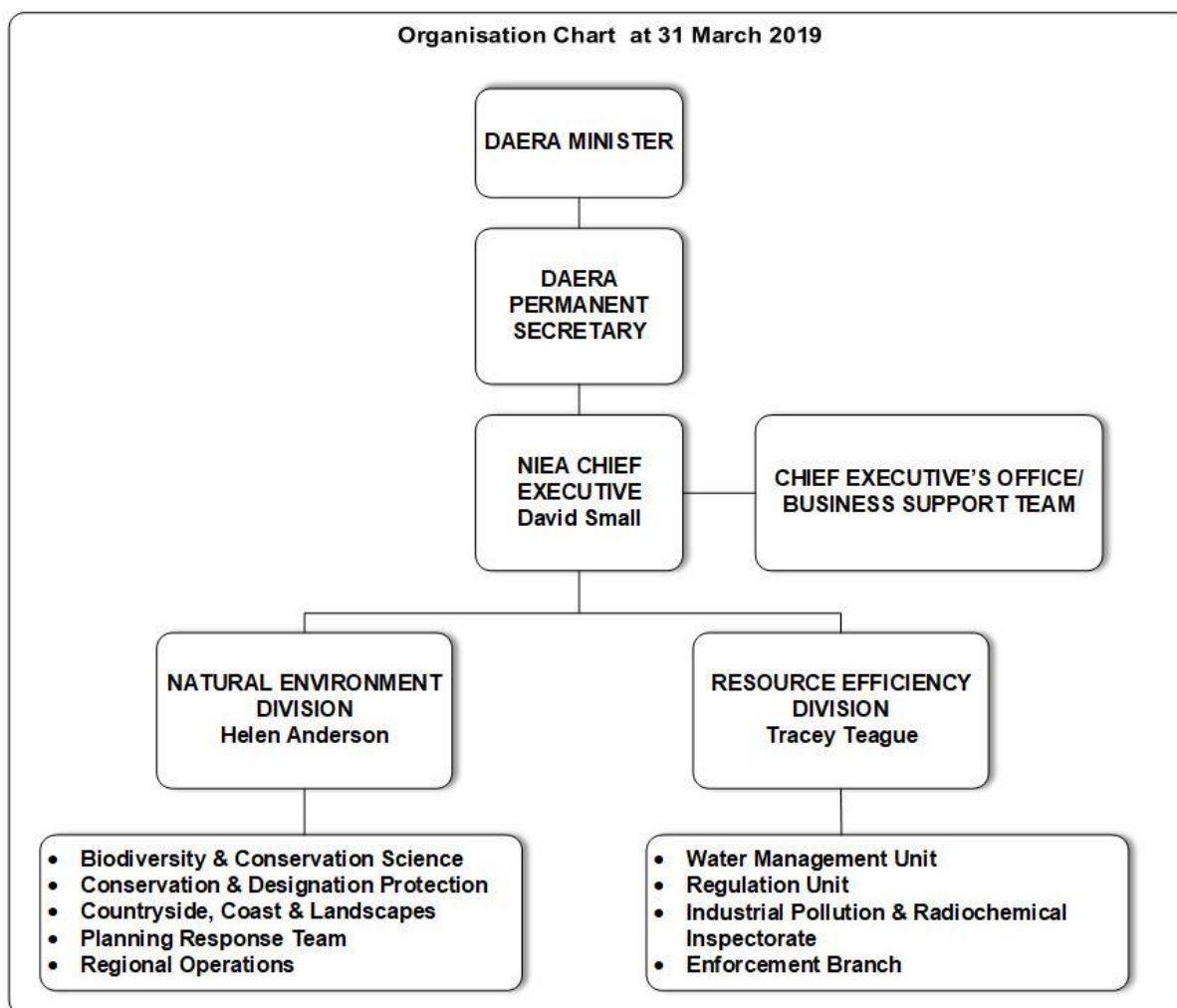
Helen Anderson

Director of Resource Efficiency Division

Tracey Teague

Non-Executive Director

Paul Douglas (Joined 1 September 2018)



### Independent Board Members

Paul Douglas joined the board as a Non-Executive Board member in September 2018.

### 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 2018-19 resulted in a notional audit fee of £18K which is included in the administration 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). The scheme is essentially non-contributory and unfunded. Although the scheme is a defined benefit scheme, liability for payment of future benefits is a charge to the PCSPS (NI). The Agency meets the cost of pension cover provided for staff by payment of charges calculated on an accruing basis. There is a separate scheme statement for the PCSPS (NI) as a whole.

Further information on Pensions is provided in the Remuneration Report (page 37) and Note 2 of the Accounts (page 63).

### **Equality of Opportunity**

The Agency follows the Northern Ireland Civil Service policy that all eligible persons shall have equal opportunity for employment and advancement on the basis of 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 156 (2017/18: 137) '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 supported 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.

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, 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 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. There were no significant data security breaches reported during the year.



**David Small**  
Chief Executive  
25 June 2019

## STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

Under Section 11(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; and
- prepare the accounts on a going concern basis.

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.



**David Small**  
Chief Executive  
25 June 2019

# 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 2018 to 31 March 2019.

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

During the year, in line with best practice, I have reviewed NIEA’s governance and accountability arrangements to remedy any shortcomings highlighted through reports from the Northern Ireland Audit Office (NIAO), and DoF’s Internal Audit Branch and Audit and Risk Assurance Committee.

The Agency mainly delivered outputs relating to the Department’s strategic outcome, “A clean, healthy environment, benefiting people, nature and the economy” which underpins the draft 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 and its business plan including annual performance targets. However, for the 2018-19 financial year, this was not possible in the absence of a local minister.

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

As Chief Executive, I am also the Designated Accounting Officer, in which capacity I am 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 am 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 Corporate Governance Sub Committee;
- ◆ Agency Business Support Team (BST);
- ◆ NICS HR (Business Partners); and
- ◆ DoF 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, and provides advice to the Department's Permanent Secretary and the Minister. The Board exists to lead the Agency's strategic planning and assist me as the Chief Executive and Agency Accounting Officer in meeting my corporate governance responsibilities for the Agency. The Agency Management Board comprised the Agency's two Executive Directors and myself as Chair (see page 27 of the Annual Report for further details). A Non-Executive Board Member (NEBM), Paul Douglas, joined the Board on 1 September 2018.

The Board, which meets on a monthly basis, operates under my leadership, to manage the running of the Agency. While strategic policy is ultimately determined by a Minister, the Agency Board will discuss such policy in the context of analysing options, strategic planning and operational management and will act in an advisory and consultative capacity, offering guidance when 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 Director. The Board will seek to take collective decisions on matters referred to it in keeping with the Nolan principles of public life. If a consensus cannot be reached, I, in my role as Chief Executive, will make a final decision.

The Board receives standard monthly information in regard to financial management, corporate governance, workforce planning, managing attendance and other HR issues, as well as an update on health and safety issues. On a quarterly basis, in addition to these standard monthly papers, updates are provided on progress in achieving the Agency Key Performance and business planning targets, the risks in the Agency corporate risk register are reviewed and any significant internal control issues that have been raised in my Chief Executive's quarterly Stewardship Reports (2<sup>nd</sup> and 3<sup>rd</sup> quarters and for full year) are also discussed.

The Board seeks to operate within its Standing Orders and the guidelines set out in Corporate Governance in Central Government Departments: Code of Good Practice (NI) 2013. It is responsible 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 Standing Orders, which include details of the function, composition and operation of the Board meetings, are provided in its Agency Framework Document which was revised during the year and approved by DoF.

## **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 discussions will leave the Board meeting for that item. One potential conflict of interest which was highlighted and managed appropriately related to the employment of my son with an environmental organisation which has received funding from the Agency.

## **Audit and Risk Assurance Committee**

The role of the Agency Audit and Risk Assurance Committee (ARAC) is to support me in my responsibilities concerning corporate governance and risk management, by reviewing the levels of assurances provided to me and the timeliness, reliability and integrity of those assurances. The ARAC reviews and monitors updates to audit action plans, updates to the Agency corporate risk register and provides support and guidance on key governance issues. During the 2018-19, the Committee was comprised of up to four independent members and four meetings were held, in

June 2018, October 2018, February 2019 and April 2019. Paul Douglas, the new NEBM, took the role of chair of the Committee in February 2019 replacing Anthony Carleton. Anthony Carleton remained as a member of the Committee.

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

- Internal and External Audit strategies and reports;
- Risk management;
- The Committee's structure and effectiveness;
- NIEA Annual Report and Accounts 2017-18;
- Governance Statement (2017-18); and
- Brexit.

During the reporting period the Committee took comfort from and noted:

- The number of Internal Audit Reports receiving a satisfactory rating give the committee comfort that the increase in the audit cycle from 3 years to 4 years would not have a detrimental impact on the Agency over the short to medium term, however the committee will keep the situation under review to ensure that adequate assurance is provided. Further information is available in the Internal Audit Section of this report on Page 33.
- The potential risk associated with the ongoing preparations for Brexit. During the reporting period, the committee considered a key specific risk that the Agency faced in detail at each committee meeting, commencing with the impact of Brexit.
- The significant reduction in the number of outstanding Post Project Evaluations (PPE) over the last number of years. The focus of the committee is now turning to ensuring that the lessons learnt and recorded on the PPEs are identified and shared throughout the Agency to ensure best practice is achieved.

### **ARAC Annual Report**

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

### **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 |
| David Small (Chief Executive)                              | 10/10  | 2/3             |
| Helen Anderson (Director of Natural Environment Division); | 8/10   | 3/3             |
| Tracey Teague (Director of Resource Efficiency Division)   | 9/10   | 3/3             |
| Paul Douglas (Non-Executive Director)*                     | 6/6  | 3/3             |

\* Appointed September 2018, and following induction, attendance at board meetings started in October 2018.

|  | Meetings attended per Audit Committee member out of the meetings eligible to attend |
|--|---|
| <b>Audit and Risk Assurance Committee Members</b>                        |   |
| Paul Douglas<br>(joined September 2018 & Chair from February 2019)       | 3/3   |
| Anthony Carleton<br>(Chair to February 2019 & member from February 2019) | 4/4   |
| Leah Scott   | 3/4   |
| Linda Drysdale   | 3/4   |

## 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 NIEA Board Effectiveness Review questionnaires, which rated members' views on the relative strengths on the Board's effectiveness, were completed in November 2017 and an analysis paper was submitted to the Board in February 2018. A follow up paper reviewing action points was submitted to the Board in June 2018. The next Effectiveness Review will be completed during the 2019/20 financial year.

## Corporate Governance Sub Committee

The Corporate Governance Sub-Committee, which is a sub-committee of the NIEA Board, met twice during the year (October 18 and January 19) to help the Board review the progress in implementing audit recommendations, business planning targets and the actions to improve controls contained in the Agency risk register. The Committee also discussed and reviewed other ad hoc corporate governance issues. This lower level forum facilitates the tabling of summary reports at the full NIEA Board meetings. I plan to have greater focus on the Corporate Governance Sub-Committee in 2019-20 and it is my intention to ensure that the committee meets at least three times per annum moving forward.

## 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 Board and 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 drive the implementation of audit recommendations towards improving audit opinions and corporate governance in all areas of the Agency and to assist me in reviewing the quarterly Stewardship Reports from each of the directors which underpin the overall annual Governance Statement.

I will continue to seek the timely implementation of all audit related recommendations in these reports and recommendations made by the Northern Ireland Audit Office as part of their annual audit of the Agency's accounts.

## Internal Audit

During 2018-19, the NIEA was audited by internal auditors from the Department of Finance who operated to Public Sector Internal Audit standards. 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.

During 2018-19, the following internal audit assignments were completed in respect of the NIEA:

| Title of Audit   | Date     | Opinion      | No of recommendations |
|--|----------|--------------|-----------------------|
| Waste Management:<br>Compliance & Enforcement (Final)                          | Sep 2018 | Satisfactory | 8                     |
| Environment Fund (Final)   | Sep 2018 | Satisfactory | 10                    |
| Trans-frontier Shipment (Final)  | Nov 2018 | Satisfactory | 5                     |
| Regional Operations:<br>Land Management, Ownership and<br>Leases (Consultancy) | Jan 2019 | N/A          | 9                     |
| Corporate Governance:<br>Governance Structures and Risk<br>Management (Final)  | Apr 2018 | Satisfactory | 0                     |

I will ensure that through reporting to the NIEA Corporate Governance Sub-Committee, NIEA Board and NIEA ARAC, the timely implementation of the recommendations in all these audit reports will be progressed.

In October 2018, Internal Audit outlined to the NIEA ARAC the current resourcing issues that they face. It has subsequently been agreed that the Agency's audit strategies will be translated from a 3 year to a 4 year cycle. As a result, the NIEA Internal Audit Strategy will now be extended to 2021. It should be noted that this does not take account of pressures arising as a result of Internal Audit staff undertaking roles within the Brexit contingency planning arrangements and the Audit Plan will be reviewed in light of any significant resource implications arising from Brexit. I will monitor this situation carefully during the coming period to ensure that I obtain the assurances that I require. 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 2018-19 financial year.

### **Corporate Services**

During 2018-19, 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. 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. I am pleased that there were no significant data security breaches reported during the year.

### **Whistleblowing**

During 2018-19, 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 Group.

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 2018-19, a total of 4 whistleblowing notifications were received by the Agency and reported to ARAC. These notifications included allegations of corruption, misconduct by staff members and conflicts of interest. This compared to 4 notifications in 2017-18. All whistleblowing notifications are investigated and addressed by the relevant business area and in cases of suspected fraud an investigation by the Department of Finance (DoF) Fraud Investigation Service is requested. Lessons learnt during any investigation which have implications across the Agency are shared to ensure best practice.

### **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 transaction processing; NICSHR 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, mainly in relation to 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 building closure or the loss of human and/or ICT services or power. A number of live tests of the business continuity plans were carried out during the reporting period.

### **Risk management and control framework**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

As with the previous financial year, while not a significant internal control issue, I still believe it prudent to mention the potentially significant future financial cost of implementing the preferred option for the waste remediation strategy for the Mobuoy site.

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. Accordingly, there is one Agency related operational risk in the Department's Risk Register relating to the potential failure to remediate the Mobuoy illegal waste site in a timely and cost-effective manner. However, in terms of progressing this issue, I am reassured that the Departmental Board approved the resources relating to the creation of a small Unit to help review and progress, where appropriate, the actions arising from the Consultant's report and associated options paper.

The Agency's Corporate risk register is reviewed quarterly by the NIEA Board.

Tri-annual Stewardship Reports (6, 9 and 12 months) are completed for the two Agency divisions as well as an overarching statement for the Agency. However, it is 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 that the completion of these reports provides assurance to me 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 result of my review of the effectiveness of the system of internal control by the Agency Board and the Agency ARAC, and I am confident in plans to address any weaknesses and ensure continuous improvement of the control system.

### **Significant Issues**

Once again I am pleased that there were no significant control issues to report for the 2018/19 financial year.



**David Small**  
Chief Executive  
25 June 2019

# Agency Remuneration & Staff Report

## ***Remuneration and Pension Entitlements***

### **Remuneration policy**

The Senior Civil Service (SCS) remuneration arrangements are based on a system of pay scales for each SCS grade containing a number of pay points from minima to maxima, allowing progression towards the maxima based on performance. In 2012, upon creation, there were 11 points on each scale. The minimum point has been removed in each year from 2014 to 2016 (the scales now have 8 pay points) to allow progression through the pay scales within a reasonable period of time.

The pay remit (for the NI public sector and SCS) is normally approved by the Minister of Finance but in the absence of an Executive the DoF Permanent Secretary has set the 2017-18 NI public sector pay policy in line with the overarching HMT parameters and in a manner consistent with the approach taken by the previous Finance Minister in 2016-17. [The pay award for SCS staff for 2017-18 has not yet been finalised.]

### **Service contracts**

Civil Service appointments are made in accordance with the Civil Service Commissioner's Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

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

Further information about the work of the Civil Service Commissioners can be found at [www.nicscommissioners.org](http://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)

| <u>Officials</u>   | 2018-19 |                |                                    |                  |         | 2017-18 |                |                                    |                  |         |
|--|---------|----------------|------------------------------------|------------------|---------|---------|----------------|------------------------------------|------------------|---------|
|  | Salary  | Bonus Payments | Benefits in kind (to nearest £100) | Pension Benefits | Total   | Salary  | Bonus Payments | Benefits in kind (to nearest £100) | Pension Benefits | Total   |
|  | £'000   | £'000          | £'000                              | £'000            | £'000   | £'000   | £'000          | £'000                              | £'000            | £'000   |
| Mr D Small<br>Chief Executive                              | 95-100  | Nil            | Nil                                | 26               | 115-120 | 90 – 95 | Nil            | Nil                                | 44               | 130-135 |
| Mrs H Anderson<br>Director of Natural Environment Division | 70-75   | Nil            | Nil                                | (6)              | 60-65   | 65-70   | Nil            | Nil                                | 28               | 95-100  |
| Mrs T Teague<br>Director of Resource Efficiency Division   | 70-75   | Nil            | Nil                                | 32               | 95-100  | 65-70   | Nil            | Nil                                | 27               | 95-100  |

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 or any increase or decrease due to a transfer of pension rights.

#### Salary

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

#### 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 2018-19 relate to performance in 2018-19 and the comparative bonuses reported for 2017-18 relate to the performance in 2017-18.

### Fair Pay Disclosures (audited)

|  | 2018-19      | 2017-18     |
|--|--------------|-------------|
| Band of Highest Paid Director's Total Remuneration | £95k - £100k | £90k - £95k |
| Median Total Remuneration                          | £31,176      | £29,171     |
| Ratio  | 3.0          | 3.0         |

In 2018-19, Nil (2017-18, Nil) employees received remuneration in excess of the highest-paid director.

Remuneration ranged from £17,974 to £96,197 (2017-18: £17,796 to £92,167).

### Pension Entitlements (Audited)

| Officials  | Accrued pension at pension age as at 31/3/19 and related lump sum<br><br>£'000 | Real increase in pension and related lump sum at pension age<br>£'000 | CETV at 31/3/19<br><br>£'000 | CETV at 31/3/18<br><br>£'000 | Real increase in CETV<br><br>£'000 | Employer contribution to partnership pension account<br><br>Nearest £100 |
|--|--|---|------------------------------|------------------------------|------------------------------------|--|
| Mr D Small   | 45-50 plus lump sum of 135-140   | 0-2½ plus lump sum of 2 ½ - 5   | 1,045                        | 937                          | 25                                 | Nil  |
| Mrs H Anderson<br>Director of Natural Environment Division | 25-30 plus lump sum of 85-90   | 0-2½ plus lump sum of 0-2½  | 627                          | 577                          | (11)                               | Nil  |
| Mrs T Teague<br>Director of Resource Efficiency            | 25-30 plus lump sum of 65-70   | 0-2½ plus lump sum of 0-2½  | 506                          | 430                          | 17                                 | 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 introduced for new entrants from 1 April 2015. The alpha scheme and all previous scheme arrangements are unfunded with the cost of benefits met by monies voted each year. The majority of existing members of the classic, premium, classic plus and nuvos pension arrangements also moved to alpha from that date. Members who on 1 April 2012 were within 10 years of their normal pension age did not move to alpha and those who were within 13.5 years and 10 years of their normal pension age were given a choice between moving to alpha on 1 April 2015 or at a later date determined by their age. Alpha is a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The rate is 2.32%.

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

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

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

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 2018 was 2.4% and HM Treasury has announced that public service pensions will be increased accordingly from April 2019.

Employee contribution rates for all members for the period covering 1 April 2019 – 31 March 2020 are as follows:

### Scheme Year 1 April 2019 to 31 March 2020

| Annualised Rate of Pensionable Earnings<br>(Salary Bands) |             | Contribution rates – All members    |
|---|-------------|-------------------------------------|
| From  | To          | From 01 April 2019 to 31 March 2020 |
| £0  | £23,500.99  | 4.6%                                |
| £23,501.00  | £54,500.99  | 5.45%                               |
| £54,501.00  | £150,000.99 | 7.35%                               |
| £150,001.00 and above                                     |             | 8.05%                               |

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

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

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

## Cash Equivalent Transfer Values

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

## Real increase in CETV

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

## Compensation for loss of office

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 2019.

## Staff numbers and related costs (audited)

Staff costs comprise:

|                       |                                  |                         | 2018-19<br>£000 | 2017-18<br>£000 |
|-----------------------|----------------------------------|-------------------------|-----------------|-----------------|
|                       | Permanently<br>employed<br>staff | Others                  | Total           | Total           |
| Wages and salaries    | 15,379                           | 3,063                   | 18,442          | 17,729          |
| Social security costs | 1,538                            | -                       | 1,538           | 1,476           |
| Other pension costs   | 3,421                            | -                       | 3,421           | 3,316           |
| <b>Total*</b>         | <b>20,338</b>                    | <b>3,063</b>            | <b>23,401</b>   | <b>22,251</b>   |
| Of which              | Charged to<br>Administration     | Charged to<br>Programme | Total           |                 |
|                       | -                                | <b>22,251</b>           | <b>22,251</b>   |                 |

\* 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 most up to date actuarial valuation was carried out as at 31 March 2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DoF Superannuation and Other Allowances Annual Report and Accounts as at 31 March 2019.

For 2018-19, employers' contributions of £3,421,312 were payable to the NICS pension arrangements (2017-2018 £3,316,120) at one of three rates in the range 20.8% to 26.3% of pensionable pay, based on salary bands. The Scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new scheme funding valuation based on data as at 31 March 2012 was completed by the Actuary during 2014-15. This valuation was used to determine employer contribution rates for the introduction of alpha from April 2015. For 2019-20, the rates will also range from 28.7% to 34.2% however the salary bands differ. The contribution

rates are set to meet the cost of the benefits accruing during 2017-18 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £8,684 (2017-2018 £8,508) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (2017-2018, 8% to 14.75%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £249, 0.5% (2017-2018 £247, 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.

One persons (2017-2018: 0 persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £10,000 (2017-2018: £Nil).

### Average Number of Persons Employed (Audited)

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

| Number               |                 |           | 2018-19    | 2017-18    |
|----------------------|-----------------|-----------|------------|------------|
|                      | Permanent staff | Others    | Total      | Total      |
| Natural Environment  | 115             | 26        | 141        | 171        |
| Resource Environment | 319             | 64        | 383        | 350        |
| Business Support     | 44              | 1         | 45         | 30         |
| <b>Total</b>         | <b>478</b>      | <b>91</b> | <b>569</b> | <b>551</b> |

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

The NIEA Management Board comprises the Chief Executive (male), two Executive Directors (two female) and one Non-Executive Director (male)

Of the 591 current members of staff 332 are male and 259 are female.

### Reporting of Civil Service and other compensation schemes - exit packages

No redundancy and other departure costs have been paid in 2018-19.

### Other diversity issues and equal treatment in employment and occupation

The NICS People Strategy 2018-21 places diversity and inclusion at its centre and includes a range of actions that will help accelerate the NICS' ambition to be a service that reflects the society we serve.

The NICS continues to carry out its statutory obligations under fair employment legislation, including the annual return to the Equality Commission for NI. The NICS publishes a wide range of NICS human resource statistics.

There is much to be celebrated in 2018's People Survey results, including:

- the engagement index was 55 percent, with an increase of five points on the previous year point;
- leadership and managing change results showed a significant increase of 4 points, to 47 percent; and
- all nine individual engagement theme scores for DAERA have increased since 2018.

## **Employee Consultation and/or Participation; Trade Union Relationships**

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

## **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.

In line with the NICS People Strategy 2018 - 2021 further development in the area is planned, including Talent Management Proposals to support a more corporate approach to talent management across the NICS.

### **(ii) Learning & Development**

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

The NICS Centre for Applied Learning (CAL) is responsible for development and delivery of all generic staff training. It offers a variety of learning delivery channels to enable flexible access to learning, blending different learning solutions into coherent learning pathways that are aligned to both corporate need and the NICS Competency Framework.

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.

Talent Management is a key theme of the NICS People Strategy and work is underway to develop a more corporate approach to managing talent across the NICS.

### **(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:

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

### **Disabled Persons**

It is the Agency's policy to give equality of opportunity when considering applications from disabled persons. The Agency complies with all existing legislation in regard to its disabled employees.

### **Sick Absence**

The overall provisional NIEA absence rate for 2018-19 is 10.2 (4.2%) (2017-18: 10.8,4.9) working days lost.

### **Number of SCS Staff by Band**

The Agency's two directors; Helen Anderson and Tracey Teague, both Grade 5's and the NIEA Chief Executive, David Small; Grade 3, are the organisations only Senior Civil Servants.



**David Small**  
Chief Executive  
25 June 2019



# 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)

The Agency has no remote contingent liabilities as at 31 March 2019.

## Losses and Special Payments

### Losses Statement

|                           | Number<br>of<br>Cases | 2018-19<br>£'000 | Number<br>of<br>Cases | 2017-18<br>£'000 |
|---------------------------|-----------------------|------------------|-----------------------|------------------|
| Administrative Write Offs | -                     | -                | 7                     | 6                |
| Other Losses              | -                     | -                | 1                     | 1                |
| Total                     | -                     | -                | 8                     | 7                |

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

### Special Payments

NIEA made no special payment in 2018-19.

### 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 (audited)

|                                    | 2018-19<br>£'000 | 2017-18<br>£'000 |
|------------------------------------|------------------|------------------|
| <b>Fees and Charges</b>            | <b>8,445</b>     | <b>8,089</b>     |
| <b>Operating Costs</b>             |                  |                  |
| Staff Costs                        | 6,256            | 5,580            |
| Administration and Accommodation   | 1,047            | 960              |
| Notional Charges                   | 1,201            | 1,293            |
| <b>Total Charges</b>               | <b>8,504</b>     | <b>7,833</b>     |
| <b>Operating Surplus/(Deficit)</b> | <b>(59)</b>      | <b>256</b>       |

The figures above represent services where the full cost of the service is in excess of £1 million.  
The objective for this business activity is full cost recovery.



**David Small**  
Chief Executive  
25 June 2019

## **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 (NIEA) for the year ended 31 March 2019 under the Government Resources and Accounts Act (Northern Ireland) 2001. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes including significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. 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 NIEA's affairs as at 31 March 2019 and of the net operating expenditure for the year 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 of opinions**

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of Northern Ireland Environment Agency in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2016, 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.

#### **Other Information**

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

In connection with my audit of the financial statements, 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, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## **Opinion on other matters**

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with 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.

## **Responsibilities of the Chief Executive and Accounting Officer for the financial statements**

As explained more fully in the Statement of Accounting Officer Responsibilities, the Chief Executive as the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

## **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 evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

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

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

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

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
- 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.

## Report

I have no observations to make on these financial statements.

A handwritten signature in black ink, appearing to read 'K J Donnelly', with a stylized flourish at the end.

*KJ Donnelly*

*Comptroller and Auditor General*

*Northern Ireland Audit Office*

*106 University Street*

*Belfast*

*BT7 1EU*

*3 July 2019*

## FINANCIAL STATEMENTS

### Statement of Comprehensive Net Expenditure for the year ended 31 March 2019

|  |      | 2018-19<br>£000 | 2017-18<br>£000 |
|--|------|-----------------|-----------------|
|  | Note |                 |                 |
| Income from Resource Efficiency Charges                            | 7    | (8,445)         | (8,089)         |
| Other Operating Income   | 7    | (2,400)         | (2,869)         |
| <b>Total Operating Income</b>                                      |      | <b>(10,845)</b> | <b>(10,958)</b> |
| Staff Costs  | 2    | 23,401          | 22,520          |
| Current Grants   | 3    | 1,958           | 2,222           |
| Accommodation Running Costs  | 3    | 1,882           | 2,720           |
| Depreciation and Amortisation Charges                              | 3    | 1,196           | 1,420           |
| Provision Expense  | 3    | 73              | (16)            |
| Other operating expenditure  | 3    | 10,409          | 9,181           |
| <b>Total Operating Expenditure</b>                                 |      | <b>38,919</b>   | <b>38,047</b>   |
| <b>Net Operating Expenditure</b>                                   |      | <b>28,074</b>   | <b>27,089</b>   |
| Finance Income / Expense   |      | -               | -               |
| <b>Net Expenditure for the year</b>                                |      | <b>28,074</b>   | <b>27,089</b>   |
| <b>Items that will not be reclassified to net operating costs:</b> |      |                 |                 |
| Net (gain)/loss on revaluation of Property, Plant and Equipment    |      | (40)            | (47)            |
| Net (gain)/loss on revaluation of Intangibles                      |      | (4)             | (8)             |
| <b>Comprehensive Net Expenditure for the year</b>                  |      | <b>28,030</b>   | <b>27,034</b>   |

The notes on pages 56 to 83 form part of these accounts.

## Statement of Financial Position as at 31 March 2019

|  |        | 2018-19<br>£000 | 2017-18<br>£000 |
|--|--------|-----------------|-----------------|
|  | Note   |                 |                 |
| <b>Non-current assets</b>                      |        |                 |                 |
| Property, plant and equipment                  | 8(i)   | 21,554          | 21,117          |
| Heritage assets                                | 8(iii) | 1,568           | 1,568           |
| Intangible assets                              | 8(v)   | 136             | 194             |
| <b>Total non-current assets</b>                |        | <b>23,258</b>   | <b>22,879</b>   |
| <b>Current assets</b>                          |        |                 |                 |
| Inventories                                    | 11     | 78              | 78              |
| Trade and other receivables                    | 12     | 1,097           | 872             |
| Cash and cash equivalents                      | 13     | 3               | 3               |
| <b>Total current assets</b>                    |        | <b>1,178</b>    | <b>953</b>      |
| <b>Total assets</b>                            |        | <b>24,436</b>   | <b>23,832</b>   |
| <b>Current liabilities</b>                     |        |                 |                 |
| Trade and other payables                       | 14     | (5,700)         | (5,507)         |
| Provisions                                     | 15     | (164)           | (93)            |
| <b>Total current liabilities</b>               |        | <b>(5,864)</b>  | <b>(5,600)</b>  |
| <b>Total assets less current liabilities</b>   |        | <b>18,572</b>   | <b>18,232</b>   |
| <b>Non-current liabilities</b>                 |        |                 |                 |
| Provisions                                     | 15     | -               | -               |
| <b>Total non-current liabilities</b>           |        | <b>-</b>        | <b>-</b>        |
| <b>Total assets less total liabilities</b>     |        | <b>18,572</b>   | <b>18,232</b>   |
| <b>Taxpayers' equity &amp; other reserves:</b> |        |                 |                 |
| General fund                                   |        | 12,314          | 11,658          |
| Revaluation reserve                            |        | 6,258           | 6,574           |
| <b>Total taxpayers' equity</b>                 |        | <b>18,572</b>   | <b>18,232</b>   |



Chief Executive  
25 June 2019

The notes on pages 56 to 83 form part of these accounts.

## Statement of Cash Flows for the year ended 31 March 2019

|  |      | 2018-19<br>£000 | 2017-18<br>£000 |
|--|------|-----------------|-----------------|
|  | Note |                 |                 |
| <b>Cash flows from operating activities</b>  |      |                 |                 |
| Net operating cost   |      | (28,075)        | (27,089)        |
| Adjustments for non-cash transactions:   |      |                 |                 |
| Depreciation   | 8    | 1,196           | 1,420           |
| Disposal of Fixed Assets   | 3    | 642             | (23)            |
| Notionals  | 6    | 4,894           | 4,662           |
| Take-up and Revaluation of Provisions  | 15   | 73              | (5)             |
| Bad Debts Provision  | 3    | -               | (11)            |
| Impairments  |      | -               | -               |
| Revaluations   | 3    | -               | 2               |
| Decrease/(Increase) in trade and other receivables   | 12   | (225)           | 263             |
| Less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure |      | (6)             | 11              |
| Decrease/(Increase) in inventories   | 11   | -               | (1)             |
| (Decrease)/Increase in trade payables  | 14   | 193             | (1,303)         |
| Less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure    |      | (620)           | 556             |
| Use of provisions  | 15   | -               | -               |
| <b>Net cash outflow from operating activities</b>  |      | <b>(21,928)</b> | <b>(21,518)</b> |
| <b>Cash flows from investing activities</b>  |      |                 |                 |
| Purchase of property, plant & equipment and heritage assets  |      | (1,576)         | (594)           |
| Purchase of intangible assets  |      | -               | (184)           |
| Proceeds of disposal of property, plant & equipment  |      | 28              | 23              |
| <b>Net cash outflow from investing activities</b>  |      | <b>(1,548)</b>  | <b>(755)</b>    |
| <b>Cash flows from financing activities</b>  |      |                 |                 |
| Funding from Parent Department DAREA   |      | 23,476          | 22,273          |
| <b>Net financing</b>   |      | <b>23,476</b>   | <b>22,273</b>   |



|  |          |          |
|--|----------|----------|
| <b>Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund</b> | -        | -        |
| Payments to Consolidated Fund  | -        | -        |
| <b>Net increase/(decrease) in cash and cash equivalents in the period after adjustments for receipts and payments to the Consolidated Fund</b> | -        | -        |
| <b>Cash and cash equivalents at the beginning of the period</b>  | <b>3</b> | <b>3</b> |
| <b>Cash and cash equivalents at the end of the period</b>  | <b>3</b> | <b>3</b> |

The notes on pages 56 to 83 form part of these accounts.

## Statement of Changes in Taxpayers' Equity for the year ended 31 March 2019

|  |      | General<br>Fund<br>£000 | Revaluation<br>Reserve<br>£000 | Taxpayers'<br>Equity<br>£000 |
|--|------|-------------------------|--------------------------------|------------------------------|
| <b>Balance at 31 March 2017</b>            | Note | <b>11,561</b>           | <b>6,770</b>                   | <b>18,331</b>                |
| Net Assembly Funding                       |      | 22,273                  | -                              | 22,273                       |
| CFERs payable to Consolidated Fund         |      | -                       | -                              | -                            |
| Comprehensive Net Expenditure for the year |      | (27,089)                | 55                             | (27,034)                     |
| Non-cash charges – notional costs          | 6    | 4,645                   | -                              | 4,645                        |
| Auditors Remuneration                      | 6    | 17                      | -                              | 17                           |
| Transfers between reserves                 |      | 251                     | (251)                          | -                            |
| <b>Balance at 31 March 2018</b>            |      | <b>11,658</b>           | <b>6,574</b>                   | <b>18,232</b>                |
| Net Assembly Funding                       |      | 23,476                  | -                              | 23,476                       |
| CFERs payable to Consolidated Fund         |      | -                       | -                              | -                            |
| Comprehensive Net Expenditure for the year |      | (28,074)                | 44                             | (28,030)                     |
| Non-cash charges – notional costs          | 6    | 4,876                   | -                              | 4,876                        |
| Auditors Remuneration                      | 6    | 18                      | -                              | 18                           |
| Transfers between reserves                 |      | 360                     | (360)                          | -                            |
| <b>Balance at 31 March 2019</b>            |      | <b>12,314</b>           | <b>6,258</b>                   | <b>18,572</b>                |

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 notes on pages 56 to 83 form part of these accounts.

# Notes to the Accounts

## 1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2018-19 *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 capitalized. 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 2016 with the next full valuation due to take place as at 1 April 2021. Properties are valued on the basis of open market value existing use, unless they are specialised, in which case they are valued on the basis of depreciated replacement cost.

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

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.

### 1.3 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   | 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                                   |
| Computer 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

#### Notes to the Accounts

Valuation Manual produced jointly by the Royal Institute of Chartered Surveyors (RICS), the Incorporated Society of Valuers and Auctioneers (ISVA) and the Institute of Revenues Rating and Valuation (IRRV). Professional revaluations of heritage land are undertaken every five years, with the last full valuation undertaken by Land and Property Services (LPS) at 1 April 2016 with the next full valuation due to take place as at 1 April 2021.

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.

Details relating to policy for acquisition, preservation, management and disposal of heritage assets can be found in the Performance Analysis section of this report under headings 'NIEA Properties' on page 9. 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.

A sample list of the non-operational heritage assets which have not been valued or capitalised in the accounts is included in below. These assets can be categorised as Heritage Lands. These assets are not valued, as it is neither practicable nor appropriate to do so.

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.

### **1.7 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.

### **1.8 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.

### **1.9 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

#### Notes to the Accounts

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 2019.

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 dependants' 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.

### **1.10 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.

### **1.11 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.

### **1.12 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.

### **1.13 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

### **1.14 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 lease rentals are charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the term of the lease.

### **1.15 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.

### **1.16 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.

### **1.17 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 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.

## Notes to the Accounts

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.

### **1.18 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.

### **1.19 Application of newly issued accounting standards**

Management has reviewed new accounting standards that have been issued but are not yet effective, nor adopted early for these accounts. Management consider that these are unlikely to have a significant impact on the accounts in the period of initial application. These standards include:

- IFRS 9 – Financial Instruments (new);
- IFRS 15 – Revenue from Contracts with Customers (new);
- IFRS 17 – Insurance Contracts (new)

Accounting boundary IFRS' are currently adapted in the FReM so that the Westminster departmental accounting boundary is based on ONS control criteria, as designed by Treasury. A similar review in NI, which will bring NI departments under the same adaption, has been carried out and the resulting recommendations were agreed by the Executive in December 2016. With effect from 2020-21, the accounting boundary for agencies will change and there will also be an impact on agencies around the disclosure requirements under IFRS 12 (Disclosure of Interest in Other Entities).



Notes to the Accounts

## **1.20 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 either involve one-off payments with the agreements being in perpetuity or annual payments covering a set period. The vast majority of these management agreements are 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. The full costs of these agreements are expensed in the year in which they are issued.

Notes to the Accounts

## 2. Staff Costs

Staff costs comprise:

|                       | 2018-19<br>£000 | 2017-18<br>£000 |
|-----------------------|-----------------|-----------------|
| Wages and Salaries    | 18,442          | 17,728          |
| Social Security Costs | 1,538           | 1,476           |
| Other Pension Costs   | 3,421           | 3,316           |
| Early Departure Costs | -               | -               |
| <b>Total</b>          | <b>23,401</b>   | <b>22,520</b>   |

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

Notes to the Accounts

### 3. Other Operating Expenditure

|  |      | 2018-19<br>£000 | 2017-18<br>£000 |
|--|------|-----------------|-----------------|
|  | Note |                 |                 |
| Current Grants   | 4    | 1,958           | 2,222           |
| Other Current Expenditure  | 5    | 2,153           | 1,700           |
| Accommodation Running Costs  |      | 1,882           | 2,720           |
| Advertising & Publicity Costs  |      | 39              | 26              |
| Communication Costs  |      | 139             | 215             |
| Operating Leases   |      | 62              | 106             |
| Other Office Services  |      | 466             | 568             |
| Other Staff Costs  |      | 72              | 88              |
| Travel & Subsistence Costs   |      | 254             | 203             |
| Training Costs   |      | 114             | 95              |
| Vehicle & Boat Costs   |      | 348             | 260             |
| Other Operating Costs  |      | 1,226           | 1,279           |
| <b>Non-cash items</b>  |      |                 |                 |
| Provisions – provided/(reduced) in year                                  | 15   | 73              | (5)             |
| Bad Debt Provision   |      | -               | (11)            |
| <i>Notional charges:</i>   |      |                 |                 |
| Department of Finance  | 6    | 2,615           | 2,451           |
| Intra-Departmental Notionals   | 6    | 2,261           | 2,194           |
| NIAO Auditor's Remuneration  | 6    | 18              | 17              |
| <i>Non current assets:</i>   |      |                 |                 |
| Depreciation   | 8(i) | 1,135           | 1,116           |
| Amortisation   | 8(v) | 61              | 304             |
| Impairment   |      | -               | -               |
| Net Revaluation Charge to the Statement of Comprehensive Net Expenditure |      | -               | 2               |
| Loss/(Profit) on disposal of property, plant and equipment               |      | 642             | (23)            |
| <b>Total</b>   |      | <b>15,518</b>   | <b>15,527</b>   |

Notes to the Accounts

#### 4. Grants

|                     | 2018-19<br>£000 | 2017-18<br>£000 |
|---------------------|-----------------|-----------------|
| Natural Environment | 1,958           | 2,222           |
| <b>Total</b>        | <b>1,958</b>    | <b>2,222</b>    |

*Natural Environment Grants comprise :*

|                        |              |              |
|------------------------|--------------|--------------|
| Environment Fund Grant | 1,958        | 2,222        |
| <b>Total</b>           | <b>1,958</b> | <b>2,222</b> |

#### 5. Other Current Expenditure

|                                   | 2018-19<br>£000 | 2017-18<br>£000 |
|-----------------------------------|-----------------|-----------------|
| <b>Divisional costs comprise:</b> |                 |                 |
| Natural Environment               | 619             | 607             |
| Resource Efficiency               | 1,534           | 1,093           |
| <b>Total</b>                      | <b>2,153</b>    | <b>1,700</b>    |

**Natural Environment costs comprise:**

|                     |            |            |
|---------------------|------------|------------|
| Contracted Services | 468        | 466        |
| Professional Costs  | 151        | 141        |
| <b>Total</b>        | <b>619</b> | <b>607</b> |

**Resource Efficiency Operating costs comprise:**

|                     |              |              |
|---------------------|--------------|--------------|
| Contracted Services | 1,345        | 1,002        |
| Professional Costs  | 189          | 91           |
| <b>Total</b>        | <b>1,534</b> | <b>1,093</b> |

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.

Notes to the Accounts

## 6. Notional Charges

|  | 2018-19<br>£000 | 2017-18<br>£000 |
|--|-----------------|-----------------|
| <b>Intra - Departmental:</b>                             |                 |                 |
| Department of Agriculture, Environment and Rural Affairs | 2,261           | 2,193           |
| <b>Total</b>   | <b>2,261</b>    | <b>2,193</b>    |
| <br>   |                 |                 |
| <b>Services provided by other Departments</b>            |                 |                 |
| Department of Finance:                                   |                 |                 |
| Accommodation  | 709             | 750             |
| IT Assist  | 923             | 841             |
| Personnel  | 505             | 426             |
| Account NI   | 272             | 268             |
| Departmental Solicitor's Office                          | 91              | 45              |
| Information Strategy and Innovation                      | 115             | 102             |
| Land and Property Services                               | -               | -               |
| Other Services   | -               | 20              |
|  | <b>2,615</b>    | <b>2,452</b>    |
| <br>   |                 |                 |
| NIAO Audit Fees  | <b>18</b>       | <b>17</b>       |
| <br>   |                 |                 |
| <b>Total Notional Charges</b>                            | <b>4,894</b>    | <b>4,662</b>    |

Notes to the Accounts

**7. Income**

|                                     | <b>2018-19</b> | <b>2017-18</b> |
|-------------------------------------|----------------|----------------|
|                                     | <b>£000</b>    | <b>£000</b>    |
| Carrier Bag Levy                    | 2,230          | 2,636          |
| Operating Income from Country Parks | 160            | 190            |
| Resource Efficiency Charges:        |                |                |
| Regulatory Charges                  | 8,445          | 8,089          |
| Other Income                        | 10             | 43             |
| <b>Total</b>                        | <b>10,845</b>  | <b>10,958</b>  |

Notes to the Accounts

## 8(i) Property, Plant and Equipment

|   | Land<br>£000 | Buildings<br>excluding<br>Dwellings<br>£000 | Transport<br>Equipment<br>£000 | Plant &<br>Machinery<br>£000 | Information<br>Technology<br>£000 | Fixtures<br>&<br>Fittings<br>£000 | Assets<br>under<br>Construction<br>£000 | Total<br>£000 |
|---|--------------|---|--------------------------------|------------------------------|-----------------------------------|-----------------------------------|---|---------------|
| <b>Cost or valuation</b>                    |              |   |                                |                              |                                   |                                   |   |               |
| At 1 April 2018                             | 5,369        | 17,271                                      | 2,476                          | 3,952                        | 123                               | 931                               | 306                                     | 30,428        |
| Additions                                   | 23           | 1   | 316                            | 281                          | 29                                | 240                               | 1,307                                   | 2,197         |
| Disposals                                   | (760)        | -   | (147)                          | (95)                         | (7)                               | -                                 | -                                       | (1,009)       |
| Revaluations                                | -            | 4   | 40                             | 25                           | -                                 | 11                                | -                                       | 80            |
| Reclassifications                           | -            | 85  | 1                              | -                            | 5                                 | -                                 | (85)                                    | 6             |
| <b>At 31 March 2019</b>                     | <b>4,632</b> | <b>17,361</b>                               | <b>2,686</b>                   | <b>4,163</b>                 | <b>150</b>                        | <b>1,182</b>                      | <b>1,528</b>                            | <b>31,702</b> |
| <b>Accumulated<br/>Depreciation</b>         |              |   |                                |                              |                                   |                                   |   |               |
| At 1 April 2018                             | 90           | 3,426                                       | 1,899                          | 3,222                        | 110                               | 564                               | -                                       | 9,311         |
| Charged in year                             | -            | 648   | 201                            | 171                          | 6                                 | 109                               | -                                       | 1,135         |
| Disposals                                   | (90)         | -   | (147)                          | (95)                         | (6)                               | -                                 | -                                       | (338)         |
| Revaluations                                | -            | -   | 26                             | 9                            | -                                 | 5                                 | -                                       | 40            |
| Reclassifications                           | -            | -   | -                              | -                            | -                                 | -                                 | -                                       | -             |
| <b>At 31 March 2019</b>                     | <b>-</b>     | <b>4,074</b>                                | <b>1,979</b>                   | <b>3,307</b>                 | <b>110</b>                        | <b>678</b>                        | <b>-</b>                                | <b>10,148</b> |
| <b>Carrying amount at<br/>31 March 2019</b> | <b>4,632</b> | <b>13,287</b>                               | <b>707</b>                     | <b>856</b>                   | <b>40</b>                         | <b>504</b>                        | <b>1,528</b>                            | <b>21,554</b> |
| <b>Carrying amount at<br/>31 March 2018</b> | <b>5,279</b> | <b>13,845</b>                               | <b>577</b>                     | <b>730</b>                   | <b>13</b>                         | <b>367</b>                        | <b>306</b>                              | <b>21,117</b> |
| <b>Asset financing:</b>                     |              |   |                                |                              |                                   |                                   |   |               |
| <b>Owned 2019</b>                           | <b>4,632</b> | <b>13,287</b>                               | <b>707</b>                     | <b>856</b>                   | <b>40</b>                         | <b>504</b>                        | <b>1,528</b>                            | <b>21,554</b> |

During the year the Agency donated the Colin Glen & Colin Park assets worth £670k to the Colin Glen Trust. (2017-18 Nil)

Notes to the Accounts

## 8(ii) Property, Plant and Equipment

|   | Land<br>£000 | Buildings<br>excluding<br>Dwellings<br>£000 | Transport<br>Equipment<br>£000 | Plant &<br>Machinery<br>£000 | Information<br>Technology<br>£000 | Fixtures<br>&<br>Fittings<br>£000 | Assets<br>under<br>Construction<br>£000 | Total<br>£000 |
|---|--------------|---|--------------------------------|------------------------------|-----------------------------------|-----------------------------------|---|---------------|
| <b>Cost or valuation</b>                    |              |   |                                |                              |                                   |                                   |   |               |
| At 1 April 2017                             | 5,369        | 13,297                                      | 2,584                          | 3,933                        | 239                               | 879                               | 4,307                                   | 30,608        |
| Additions                                   | -            | 9   | 47                             | 96                           | -                                 | 67                                | 4                                       | 223           |
| Disposals                                   | -            | (13)  | (227)                          | (107)                        | (116)                             | (44)                              | -                                       | (507)         |
| Revaluations                                | -            | 3   | 72                             | 30                           | 0                                 | (1)                               | -                                       | 104           |
| Reclassifications                           | -            | 3,975                                       | -                              | -                            | -                                 | 30                                | (4,005)                                 | -             |
| Impairments                                 | -            | -   | -                              | -                            | -                                 | -                                 | -                                       | -             |
| <b>At 31 March 2018</b>                     | <b>5,369</b> | <b>17,271</b>                               | <b>2,476</b>                   | <b>3,952</b>                 | <b>123</b>                        | <b>931</b>                        | <b>306</b>                              | <b>30,428</b> |
| <b>Accumulated<br/>Depreciation</b>         |              |   |                                |                              |                                   |                                   |   |               |
| At 1 April 2017                             | 90           | 2,881                                       | 1,873                          | 3,130                        | 147                               | 520                               | -                                       | 8,641         |
| Charged in year                             | -            | 557   | 203                            | 188                          | 77                                | 91                                | -                                       | 1,116         |
| Disposals                                   | -            | (13)  | (227)                          | (107)                        | (115)                             | (44)                              | -                                       | (506)         |
| Revaluations                                | -            | 1   | 50                             | 11                           | 1                                 | (3)                               | -                                       | 60            |
| Reclassifications                           | -            | -   | -                              | -                            | -                                 | -                                 | -                                       | -             |
| Impairments                                 | -            | -   | -                              | -                            | -                                 | -                                 | -                                       | -             |
| <b>At 31 March 2018</b>                     | <b>90</b>    | <b>3,426</b>                                | <b>1,899</b>                   | <b>3,222</b>                 | <b>110</b>                        | <b>564</b>                        | <b>-</b>                                | <b>9,311</b>  |
| <b>Carrying amount at<br/>31 March 2018</b> | <b>5,279</b> | <b>13,845</b>                               | <b>577</b>                     | <b>730</b>                   | <b>13</b>                         | <b>367</b>                        | <b>306</b>                              | <b>21,117</b> |
| <b>Carrying amount at<br/>31 March 2017</b> | <b>5,279</b> | <b>10,416</b>                               | <b>711</b>                     | <b>803</b>                   | <b>92</b>                         | <b>359</b>                        | <b>4,307</b>                            | <b>21,967</b> |
| <b>Asset financing:</b>                     |              |   |                                |                              |                                   |                                   |   |               |
| <b>Owned 2018</b>                           | <b>5,279</b> | <b>13,845</b>                               | <b>577</b>                     | <b>730</b>                   | <b>13</b>                         | <b>367</b>                        | <b>306</b>                              | <b>21,117</b> |



Notes to the Accounts

**8(iii) Heritage Assets**

|   | Non Operational<br>Heritage Land<br>(Purchased)<br>£000 | Total Non<br>Operational<br>Heritage Assets<br>(Purchased)<br>£000 |
|---|---|--|
| <b>Cost or valuation</b>                    |   |  |
| At 1 April 2018                             | 1,568   | 1,568  |
| Disposals                                   | -   | -  |
| Revaluations                                | -   | -  |
| Reclassifications                           | -   | -  |
| Transfers                                   | -   | -  |
| <b>At 31 March 2019</b>                     | <b>1,568</b>  | <b>1,568</b>   |
| <b>Carrying amount at<br/>31 March 2019</b> | <b>1,568</b>  | <b>1,568</b>   |
| <b>Carrying amount at<br/>31 March 2018</b> | <b>1,568</b>  | <b>1,568</b>   |

Professional revaluations of heritage land are undertaken every five years, with the last full valuation undertaken by LPS at 1 April 2016 and the next full valuation due to take place at 1 April 2021.

**8(iv) Heritage Assets**

|   | Non Operational<br>Heritage Land<br>(Purchased)<br>£000 | Total Non<br>Operational<br>Heritage Assets<br>(Purchased)<br>£000 |
|---|---|--|
| <b>Cost or valuation</b>                    |   |  |
| At 1 April 2017                             | 1,568   | 1,568  |
| Disposals                                   | -   | -  |
| Revaluations                                | -   | -  |
| Reclassifications                           | -   | -  |
| Transfers                                   | -   | -  |
| <b>At 31 March 2018</b>                     | <b>1,568</b>  | <b>1,568</b>   |
| <b>Carrying amount at<br/>31 March 2018</b> | <b>1,568</b>  | <b>1,568</b>   |
| <b>Carrying amount at<br/>31 March 2017</b> | <b>1,568</b>  | <b>1,568</b>   |

Notes to the Accounts

## 8(iv) Heritage Assets (continued)

### 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. The following table contains a summary of transactions relating to Purchased Heritage Assets in the current period and the previous 4 accounting periods to 31 March 2019.

|                      | 2019 | 2018 | 2017 | 2016 | 2015 |
|----------------------|------|------|------|------|------|
|                      | £000 | £000 | £000 | £000 | £000 |
| Cost of acquisitions | -    | -    | -    | -    | -    |

There were no disposals of heritage assets during the five year period to 31 March 2019 and no heritage assets acquired by donation during the periods.

Notes to the Accounts

**8(v) Intangible Assets**

|   | <b>Information<br/>Technology<br/>£000</b> | <b>Software<br/>Licenses<br/>£000</b> | <b>Total<br/>£000</b> |
|---|--|---------------------------------------|-----------------------|
| <b>Cost or valuation</b>                |  |                                       |                       |
| At 1 April 2018                         | 947  | 265                                   | 1,212                 |
| Additions                               | -  | -                                     | -                     |
| Disposals                               | -  | -                                     | -                     |
| Revaluations                            | 2  | 5                                     | 7                     |
| Reclassifications                       | -  | -                                     | -                     |
| <b>At 31 March 2019</b>                 | <b>949</b>                                 | <b>270</b>                            | <b>1,219</b>          |
| <b>Amortisation</b>                     |  |                                       |                       |
| At 1 April 2018                         | 896  | 122                                   | 1,018                 |
| Charged in year                         | 19   | 42                                    | 61                    |
| Disposals                               | -  | -                                     | -                     |
| Revaluations                            | 2  | 2                                     | 4                     |
| Reclassifications                       | -  | -                                     | -                     |
| <b>At 31 March 2019</b>                 | <b>917</b>                                 | <b>166</b>                            | <b>1,083</b>          |
| <b>Carrying amount at 31 March 2019</b> | <b>32</b>                                  | <b>104</b>                            | <b>136</b>            |
| <b>Carrying amount at 31 March 2018</b> | <b>51</b>                                  | <b>143</b>                            | <b>194</b>            |
| <b>Asset financing:</b>                 |  |                                       |                       |
| <b>Owned 2019</b>                       | <b>32</b>                                  | <b>104</b>                            | <b>136</b>            |

Notes to the Accounts

**8(vi) Intangible Assets**

|   | <b>Information<br/>Technology<br/>£000</b> | <b>Software<br/>Licenses<br/>£000</b> | <b>Total<br/>£000</b> |
|---|--|---------------------------------------|-----------------------|
| <b>Cost or valuation</b>                |  |                                       |                       |
| At 1 April 2017                         | 1,094                                      | 255                                   | 1,349                 |
| Additions                               | -  | -                                     | -                     |
| Disposals                               | (155)                                      | -                                     | (155)                 |
| Revaluations                            | 8  | 10                                    | 18                    |
| Reclassifications                       | -  | -                                     | -                     |
| <b>At 31 March 2018</b>                 | <b>947</b>                                 | <b>265</b>                            | <b>1,212</b>          |
| <b>Amortisation</b>                     |  |                                       |                       |
| At 1 April 2017                         | 789  | 71                                    | 860                   |
| Charged in year                         | 257  | 47                                    | 304                   |
| Disposals                               | (155)                                      | -                                     | (155)                 |
| Revaluations                            | 5  | 4                                     | 9                     |
| Reclassifications                       | -  | -                                     | -                     |
| Impairments                             | -  | -                                     | -                     |
| <b>At 31 March 2018</b>                 | <b>896</b>                                 | <b>122</b>                            | <b>1,018</b>          |
| <b>Carrying amount at 31 March 2018</b> | <b>51</b>                                  | <b>143</b>                            | <b>194</b>            |
| <b>Carrying amount at 31 March 2017</b> | <b>305</b>                                 | <b>184</b>                            | <b>489</b>            |
| <b>Asset financing:</b>                 |  |                                       |                       |
| <b>Owned 2018</b>                       | <b>51</b>                                  | <b>143</b>                            | <b>194</b>            |

Notes to the Accounts

## 9. Statement of Operating Costs by Operating Segment

|                                   | Resource<br>Efficiency<br>£000 | Natural<br>Environment<br>£000 | Central<br>Costs<br>£000 | Total<br>£000 |
|-----------------------------------|--------------------------------|--------------------------------|--------------------------|---------------|
| Staff costs                       | 16,047                         | 7,182                          | 172                      | 23,401        |
| Other Operating Expenditure       | 3,594                          | 3,088                          | 74                       | 6,756         |
| Grants                            | -                              | 1,958                          | -                        | 1,958         |
| Non Cash Expenditure              | 3,494                          | 2,879                          | 432                      | 6,805         |
| Income                            | (9,837)                        | (814)                          | (194)                    | (10,845)      |
| <b>Net Operating Cost 2018-19</b> | <b>13,298</b>                  | <b>14,293</b>                  | <b>484</b>               | <b>28,075</b> |

|                                   | Resource<br>Efficiency<br>£000 | Natural<br>Environment<br>£000 | Central<br>Costs<br>£000 | Total<br>£000 |
|-----------------------------------|--------------------------------|--------------------------------|--------------------------|---------------|
| Staff costs                       | 15,307                         | 7,066                          | 147                      | 22,520        |
| Other Operating Expenditure       | 3,194                          | 3,990                          | 76                       | 7,260         |
| Grants                            | -                              | 2,222                          | -                        | 2,222         |
| Non Cash Expenditure              | 3,321                          | 2,335                          | 389                      | 6,045         |
| Income                            | (8,311)                        | (2,645)                        | (2)                      | (10,958)      |
| <b>Net Operating Cost 2017-18</b> | <b>13,511</b>                  | <b>12,968</b>                  | <b>610</b>               | <b>27,089</b> |

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 2018-19 the Agency comprised 2 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 into Administration and Programme costs. 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.

Notes to the Accounts

All 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.

## 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

|              | 2018-19<br>£000 | 2017-18<br>£000 |
|--------------|-----------------|-----------------|
| Operational  | 78              | 78              |
| <b>Total</b> | <b>78</b>       | <b>78</b>       |

## 12. Trade Receivables and Other Current Assets

|   | 2018-19<br>£000 | 2017-18<br>£000 |
|---|-----------------|-----------------|
| <b>Amounts falling due within one year:</b> |                 |                 |
| Trade Receivables                           | 116             | 183             |
| Other Receivables                           | 397             | 291             |
| Prepayments & Accrued Income                | 584             | 398             |
| <b>Total</b>                                | <b>1,097</b>    | <b>872</b>      |

Notes to the Accounts

## 12. Trade receivables and other current assets (continued)

Included within trade receivables is £nil (2017-18 £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:

|   | 2018-19<br>£000 | 2017-18<br>£000 |
|---|-----------------|-----------------|
| Balance at start of year                                  | (99)            | (110)           |
| Impairment losses recognised/ derecognised on receivables | -               | 11              |
| <b>Balance at end of year</b>                             | <b>(99)</b>     | <b>(99)</b>     |

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 the 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:

|   | 2018-19<br>£000 | 2017-18<br>£000 |
|---|-----------------|-----------------|
| Neither past due nor impaired trade receivables | 63              | 54              |
| 1 – 30 days                                     | 13              | 24              |
| 31 – 60 days                                    | 1               | 8               |
| 61 – 90 days                                    | -               | 6               |
| 91 – 180 days                                   | 4               | 46              |
| 181 – 361 days                                  | 35              | 45              |
| 361 days plus                                   | -               | -               |
| <b>Gross carrying value</b>                     | <b>116</b>      | <b>183</b>      |

Notes to the Accounts

## 12.1 Intra-Government Balances

### Receivables: Amounts falling due within one year

|   | 2018-19<br>£000 | 2017-18<br>£000 |
|---|-----------------|-----------------|
| Balances with other central government bodies       | 499             | 346             |
| Balances with local authorities                     | 1               | 2               |
| Balances with public corporations and trading funds | 462             | 359             |
| Balances with NHS trusts                            | -               | 1               |
| Subtotal: Intra-government balances                 | 962             | 708             |
| Balances with bodies external to government         | 135             | 164             |
| <b>Total receivables at 31 March</b>                | <b>1,097</b>    | <b>872</b>      |

## 13. Cash and cash equivalents

|   | 2018-19<br>£000 | 2017-18<br>£000 |
|---|-----------------|-----------------|
| Balance at 1 April                              | 3               | 3               |
| Net change in cash and cash equivalent balances | -               | -               |
| Balance at 31 March                             | <b>3</b>        | <b>3</b>        |

The following balances at 31 March were held:

|              |          |          |
|--------------|----------|----------|
| Cash in hand | <b>3</b> | <b>3</b> |
|--------------|----------|----------|



Notes to the Accounts

## 14. Trade Payables and Other Current Liabilities

|   | 2018-19<br>£000 | 2017-18<br>£000 |
|---|-----------------|-----------------|
| <b>Amounts falling due within one year:</b> |                 |                 |
| Trade Payables                              | 61              | 101             |
| Accruals & Deferred Income                  | 5,639           | 5,406           |
| <b>Total</b>                                | <b>5,700</b>    | <b>5,507</b>    |

### 14.1 Intra-Government Balances

| <b>Payables: Amounts falling due within one year</b> | 2018-19<br>£000 | 2017-18<br>£000 |
|--|-----------------|-----------------|
| Balances with other central government bodies        | 488             | 514             |
| Balances with local authorities                      | 299             | 235             |
| Balances with public corporations and trading funds  | -               | 1               |
| Subtotal: Intra-government balances                  | 787             | 750             |
| Balances with bodies external to government          | 4,913           | 4,757           |
| <b>Total payables at 31 March</b>                    | <b>5,700</b>    | <b>5,507</b>    |

Notes to the Accounts

## 15. Provisions for liabilities and charges

|                                      | Public/<br>Employer's<br>Liability<br>£000 | Equal Pay<br>Settlement<br>£000 | Judicial<br>Reviews<br>£000 | Total<br>£000 |
|--------------------------------------|--|---------------------------------|-----------------------------|---------------|
| Balance at 1 April 2018              | 83   | 10                              | -                           | 93            |
| Provisions not required written back | -  | -                               | -                           | -             |
| Provided in the year                 | 43   | -                               | 30                          | 73            |
| Provisions utilised in the year      | (2)  | -                               | -                           | (2)           |
| <b>Balance at 31 March 2019</b>      | <b>124</b>                                 | <b>10</b>                       | <b>30</b>                   | <b>164</b>    |

### Analysis of expected timing of discounted flows:

|  | Public/<br>Employer's<br>Liability<br>£000 | Equal Pay<br>Settlement<br>£000 | Judicial<br>Reviews<br>£000 | Total<br>£000 |
|--|--|---------------------------------|-----------------------------|---------------|
| Not later than 1 year                        | 124  | 10                              | 30                          | 164           |
| Later than 1 year and not later than 5 years | -  | -                               | -                           | -             |
| Later than 5 years                           | -  | -                               | -                           | -             |
| <b>Balance at 31 March 2019</b>              | <b>124</b>                                 | <b>10</b>                       | <b>30</b>                   | <b>164</b>    |

Notes to the Accounts

**15. Provisions for liabilities and charges (continued)**

|                                      | Public/<br>Employer's<br>Liability<br>£000 | Equal Pay<br>Settlement<br>£000 | Judicial<br>Reviews<br>£000 | Total<br>£000 |
|--------------------------------------|--|---------------------------------|-----------------------------|---------------|
| Balance at 1 April 2017              | 28   | 10                              | 60                          | 98            |
| Provisions not required written back | (25)                                       | -                               | (60)                        | (85)          |
| Provided in the year                 | 80   | -                               | -                           | 80            |
| Provisions utilised in the year      | -  | -                               | -                           | -             |
| <b>Balance at 31 March 2018</b>      | <b>83</b>                                  | <b>10</b>                       | <b>-</b>                    | <b>93</b>     |

Analysis of expected timing of discounted flows:

|  | Public/<br>Employer's<br>Liability<br>£000 | Equal Pay<br>Settlement<br>£000 | Judicial<br>Reviews<br>£000 | Total<br>£000 |
|--|--|---------------------------------|-----------------------------|---------------|
| Not later than 1 year                        | 83   | 10                              | -                           | 93            |
| Later than 1 year and not later than 5 years | -  | -                               | -                           | -             |
| Later than 5 years                           | -  | -                               | -                           | -             |
| <b>Balance at 31 March 2018</b>              | <b>83</b>                                  | <b>10</b>                       | <b>-</b>                    | <b>93</b>     |

Provisions for liabilities and charges relate to public and employer's liability claims. 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. Provisions for Judicial Reviews relates to expected claims for compensation under the Waste Management Regulations 2013 for refusal of an Exemption Authorisation.

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 the following contingent liabilities:

|                            | Public Liability<br>(Number of cases) | Employer's Liability<br>(Number of cases) | Other<br>(Number of cases) | Total<br>(Number of cases) |
|----------------------------|---------------------------------------|---|----------------------------|----------------------------|
| PSNI Holiday Pay Judgement | -                                     | -   | 1                          | 1                          |
| <b>Total</b>               | <b>-</b>                              | <b>-</b>                                  | <b>1</b>                   | <b>1</b>                   |

On 17th June 2019 the Court of Appeal ruled in respect of Northern Ireland Industrial Tribunal's November 2018 decision on cases taken against the PSNI on backdated Holiday Pay. It is recognised that the final detail remains to be determined by the Industrial Tribunal who will be guided by the Court of Appeal's Judgement.

This is an extremely rare and complex case with a significant number of issues that still need to be resolved, including further legal advice with regards to the Judgement; the scope; timescales; process of appeals and engagement with Trade Unions. The legal issues arising from this judgment and the implications for the Northern Ireland Civil Service (NICS) and wider public sector will need further consideration. The Department of Finance (DoF) is leading a piece of work across the NICS, reviewing the implications for each of the major staffing groups across the public sector.

Until there is further clarity when this work has concluded, and based on the inherent uncertainties in the final decision that will be made, the Agency cannot provide a reliable estimate at this stage.

Notes to the Accounts

## 17. Commitments

The Agency has commitments to pay various grants in respect of environmental protection and nature conservation. The payments to which the Agency is committed during 2018-19, analysed by the period during which the commitment expires, are as follows:

|   | 2018-19<br>£000 | 2017-18<br>£000 |
|---|-----------------|-----------------|
| Not later than one year                           | 2,210           | 1,926           |
| Later than one year and not later than five years | -               | -               |
| Later than five years                             | -               | -               |
| <b>Balance at 31 March</b>                        | <b>2,210</b>    | <b>1,926</b>    |

## 18. Commitments under leases

### *Operating leases*

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

|   | 2018-19<br>£000 | 2017-18<br>£000 |
|---|-----------------|-----------------|
| <b>Obligations under operating leases for the following periods comprise:</b> |                 |                 |
| Land and Buildings  |                 |                 |
| Not later than one year   | -               | 12              |
| Later than one year and not later than five years                             | -               | -               |
| Later than five years   | -               | -               |
|   | <b>-</b>        | <b>12</b>       |

## **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 of Education
- Department for Infrastructure
- Department of Finance
- Department of Health

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.

## **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 3 July 2019.



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