

**Department of the Environment  
Annual Report and Accounts  
For the year ended 31 March 2016**

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

*on*

*1 July 2016*

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Dundonald House, Upper Newtownards Road, Ballymiscaw, Belfast, BT4 3SB

# DEPARTMENT OF THE ENVIRONMENT

## Annual Report and Accounts for the year ended 31 March 2016

<b>Contents</b>	<b>Page</b>
<b>Performance Report</b>	
Overview	3
Performance Analysis	9
<b>Accountability Report</b>	
Corporate Governance Report	
- Directors' Report	61
- Statement of the Accounting Officer's Responsibilities	70
- Governance Statement	71
Remuneration and Staff Report	82
Assembly Accountability and Audit Report	
- Statement of Assembly Supply & Associated Notes	99
- Other Assembly Accountability Disclosure Notes	100
- The Certificate and Report of the Comptroller and Auditor General to the Northern Ireland Assembly	110
<b>Financial Statements</b>	
- Consolidated Statement of Comprehensive Net Expenditure	112
- Consolidated Statement of Financial Position	113
- Consolidated Statement of Cash Flows	115
- Consolidated Statement of Changes in Taxpayers' Equity	117
Notes to the Departmental Resource Accounts	119

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## PERFORMANCE REPORT

### 1. OVERVIEW

The Stormont House Agreement contained a commitment to reduce the number of Northern Ireland Civil Service Departments from 12 to 9 immediately following the 2016 Assembly Election. DOE will be transformed and functions from the Department will be incorporated into three new departments: the Department for Agriculture, Environment and Rural Affairs; the Department for Infrastructure and the Department for Communities. This is the last Annual Report and Accounts for the Department of the Environment (DOE, the Department).

#### **Departmental Aim**

1.01 The Department's aim is:

To protect and improve the environment, promote well being, and support a sustainable economy, and strong, effective local government.

#### **Objectives**

1.02 In support of this aim, the Department had the following strategic objectives during 2015-16:

- To create prosperity and well being through environment and heritage management and regulation;
- To deliver improved road safety and better regulation of the transport sector;
- To consolidate and support the operation of the new planning system; and
- To support the delivery of new local government structures.

#### **Departmental Functions**

1.03 In addition to our role of supporting and advising the Minister, the Department's main functions include:

- Strategic planning;

- Planning and environmental policy and legislation;
- Local government policy;
- Protection, conservation and promotion of the natural environment and built heritage;
- Road safety and vehicle regulation policy, including strategies to reduce the number of people killed or seriously injured on our roads; and
- Driver and operator licensing and testing.

### **Departmental Boundary**

1.04 The accounts have been prepared in accordance with the provisions of the Government Financial Reporting Manual (FReM) in line with the accounts direction issued by the Department of Finance letter DAO (DFP) 03/16. They cover all entities within the departmental boundary, as determined in the FReM. The following are considered within the boundary:

- The DOE divisions, comprising Local Government Policy Division, Planning Policy Division, Strategic Planning Division, Environmental Policy Division, Regulatory and Natural Resources Policy Division, Marine Division, Road Safety & Vehicle Regulation Division, Finance & Business Planning Division and Human Resources & Organisational Change Division; and Historic Environment Division.

- The following supply-financed executive agencies:

Northern Ireland Environment Agency (NIEA) – responsible for protecting and improving the quality of water and land; conserving biodiversity and the countryside and protecting species; and promoting awareness and appreciation of the environment and heritage.

Driver & Vehicle Agency (DVA) (Licensing functions only) – responsible for the registration and licensing of drivers (including taxi drivers) and passenger transport operators.

## **Entities outside Departmental Boundary**

- 1.05 The testing function of the DVA is constituted as a Trading Fund and is therefore, outside the departmental resource accounting boundary. However, since the Department is still responsible for DVA Testing, reference to its activities and associated data has been included in the Annual Report. DVA Testing's accounts are published in the DVA Annual Report and Accounts, which are available from the Department for Infrastructure website ([www.infrastructure-ni.gov.uk/driver-and-vehicle-agency](http://www.infrastructure-ni.gov.uk/driver-and-vehicle-agency)).
- 1.06 The Department's Consolidated Statement of Financial Position as at 31 March 2016 includes Public Dividend Capital created by the Driver & Vehicle Testing Agency Trading Fund Order (NI) 1996.
- 1.07 The DVA has been designated as a Public Corporation from its inception (1 April 2007) by the Office of National Statistics and its funding regime has been revised accordingly.
- 1.08 Two executive Non-Departmental Public Bodies sponsored by the Department are also outside the departmental boundary and are not included in the accounts. These are the Local Government Staff Commission and the Northern Ireland Local Government Officers' Superannuation Committee. Their accounts are audited by the Local Government Auditor, a designated member of Northern Ireland Audit Office staff and are available from the Department's Local Government Policy Division. The Department is empowered to make payments of general grant and other specific grants to district councils. The district councils are also outside the departmental boundary.

## **Reporting Cycle**

- 1.09 The Department has specific responsibility for the delivery of 3 Key Commitments. These commitments were incorporated into the suite of corporate scorecards, and updates provided to the Departmental Board through the normal quarterly performance review process. Updates were also provided to the Office of the First Minister and Deputy First Minister (OFMDFM) on request.



- 1.10 The Department produces a Main Estimate each year which sets out its detailed spending plans that underpin the resource and cash provision sought by the Department. A Supplementary Estimate is also produced to seek authority for additional resources and / or cash to that sought in the Main Estimate for that financial year. The Estimate is structured on an objective and function basis. The DOE Estimate has one Request for Resources (RfR), which equates to the Departmental objective. The Statement of Assembly Supply to the Resource Accounts provides a Summary of Resource Outturn for the financial year and compares outturn with Estimate.

### **Staffing**

- 1.11 At 31 March 2015, there were 2,658 permanent staff (headcount) in the Department; 1,891 (71.1%) of these were working full-time and 767 (28.9%) working part-time/reduced hours; 1,246 (46.9%) were female and 1,412 (53.1%) male. The split for Senior Civil Servants was 4 female (23.5%) and 13 (76.5%) male.
- 1.12 At 31 March 2016, there were 1,841 permanent staff (headcount) in the Department; 1,576 (85.6%) of these were working full-time and 265 (14.4%) working part-time/reduced hours; 746 (40.5%) were female and 1,095 (59.5%) male. The split for Senior Civil Servants was 6 female (40%) and 9 (60%) male. The reduction in staffing since 31 March 2015 is in the main as a consequence of the transfer of planning functions and the associated staff to local council employers and the staff exits under the NICS Voluntary Exit Scheme during 2015-16 financial year.

### **Key Commitments**

- 1.13 The Department has specific responsibility for the delivery of 3 Key Commitments which builds upon the Executive's Programme for Government. The 3 Key Commitments are as follows:
- Continue to work towards a reduction in greenhouse gas emissions by at least 35% on 1990 levels by 2025;

- Work towards halting the loss of biodiversity by 2020; and
  - Achieve a household recycling or composting rate of 46% by end of March 2016 and work towards EU target of 50% by 2020.
- 1.14 During the year the Department used the Key Commitments to inform its overall aim, key objectives and associated budget allocation and drive a number of its key targets.
- 1.15 The Business Plan for 2015-16 was developed in the strategic planning context of four key documents published by the Executive: – The Programme for Government 2011-15, The Investment Strategy 2011-21, the Economic Strategy 2030 and the Building a United Community Strategy.
- 1.16 The Business Plan was monitored and reviewed on a quarterly basis by the Departmental Board.
- 1.17 The Business Plan contained 58 key targets to achieve in 2015-16. The Department successfully achieved 45 of the targets within original timescales. Of the 13 targets which were not achieved, 6 were achieved but not within the original timescales, as 4 of the targets were subject to legislative approvals which were not secured within timescales originally envisaged; consequently planning activity was therefore delayed in respect of commencing legislative provisions for drink drive changes and a mandatory Programme of Training for learner drivers, and progression of the remaining subordinate legislation to complete local government reform; there was slippage against target in the publication of proposals for reforming the entertainments licensing regime to modernise the legislative framework for local government and a short delay in the appointment of an integrated design team for the DVA Business Transformation project. Seven targets have not been achieved and are summarised as follows; 4 of the 6 actions were implemented in respect of the Biodiversity strategy implementation plan for 2015-16 following delays in progressing UK legislation in relation to EU invasive Species Regulations; the household recycling rate of 46% by March 2016 was underachieved by councils - the department continued to support councils in improving recycling facilities; work continued throughout the year on a revised

Driver Licensing IT system, the go live date, originally planned for March 2016, has been revised to 2016-17; the 21 day target for responding to all planning consultations was not achieved, and three corporate targets in respect of sick absence, response rate to FOIs and appraisal reporting failed to achieve set targets. The Board reviewed the status of key targets on a quarterly basis.

1.18 The Department faced a number of challenges in 2015-16 arising from reductions in funding as a consequence of Executive budget reductions, the loss of 261 staff under NICS Voluntary Exit Scheme and additional work in preparation for the transition of departmental responsibilities to the new departments. Therefore, the Department had to ensure front line services were maintained while managing the impact of reduced budgets by reducing discretionary areas of expenditure including a wide range of grant programmes. This has been a challenging year and the associated additional risks were closely monitored by the Departmental Board.

#### 1.19 **Risk**

Managing risk is a central part of the Department's strategic management. The Department has a risk management policy in place which sets out the Department's approach to risk management and risk appetite. During 2015-16 three new key risks were identified for inclusion in the Department's corporate risk register in respect of the implementation of a new IT system for Driver Licenses, loss of key personnel arising from the Northern Ireland Civil Service Voluntary Exit Scheme and departmental restructuring. Other key risks in relation business critical IT requirements, financial resources, health & safety, corporate governance and the delivery of regulation were closely monitored by the Departmental Board. In addition, in response to the identification of an illegal waste site in Mobuoy near Londonderry, the NIEA completed all the actions planned for 2015-16 as set out in the Minister's Implementation Response to the Mills Report which contained a number of key recommendations to help create a waste sector that complies with the law and protects the environment. More detail on the Department's risks is outlined in the Governance Statement.

## 2. PERFORMANCE ANALYSIS

2.001 Key outcomes for the Department in 2015-16 included:

- Completed 5 out of 7 remaining pieces of subordinate legislation in respect of the Local Government Reform Programme; the new 11 council model in place and the establishment of new a new local government sector performance improvement regime;
- Successful support provided to the local government sector in relation to the new planning system;
- Coordinating work by road safety partners to work to reduce the number of people killed or seriously injured on our roads. In 2015 there were 785 people killed or seriously injured, comprised of 74 fatalities and 711 serious injuries. The 74 deaths recorded in 2015 is five fewer than in 2014, it is 52 fewer than ten years ago in 2006 and 298 fewer than in 1972; the highest annual total on record. The number of people seriously injured on our roads during 2015, at 711, is one more than recorded in 2014 and the second lowest yearly total recorded since records began being collated on this figure in 1971;
- Continued use of the Carrier Bag Levy to fund environmental projects;
- Implementation of the Road Transport Compliance Strategy and supporting ICT Strategy commenced during the year;
- NIEA and authorities in the Republic of Ireland continued to work on returning illegally deposited waste to fully authorised landfill sites in the Republic of Ireland. In this regard, over 7,500 tonnes of waste was removed from two sites during the year at Altnamackan in Co. Armagh and Mayobridge in Co. Down. Proposals to complete the remaining five sites in the repatriation programme are being developed and NIEA continues to work in close co-operation with colleagues in the Republic of Ireland on this important project;
- Continued progression of NIEA's strategic partnership with the PSNI through joint operations and sharing expertise to disrupt those involved in environmental criminality;

- Continued creation of prosperity and well being through effective environment and heritage management and regulation;
- Consultation on Marine Conservation Zones and Marine Special Protection Areas commenced during the year;
- Delivery and promotion of 'European Heritage Open Days Weekend' in over 400 sites and properties across Northern Ireland; and
- The operation of the NICS Voluntary Exit Scheme to deliver permanent paybill reduction for the Department.

### **Contingent Liabilities**

2.002 The Department had no significant remote contingent liabilities in 2015-16.

### **Sustainability Report**

2.003 The Department recognises the importance of having sustainability at the core of its business, not only because of the direct cost savings that can be achieved but as evidence of leading by example.

2.004 One of the Department's main responsibilities is the protection of the environment and sustainable development which provides the context for most of its functions and activities. The Department seeks to limit the effects of climate change, to protect human health from potentially adverse effects of our activities such as poor air and water quality, to protect wildlife and landscapes, and also to comply with its extensive legal obligations for the environment.

2.005 The Department recognises the importance of effective environmental management within its estate and has continued to implement and extend its environmental management systems and processes to enhance performance as follows:

- NIEA continues to use a formalised Environmental Management System (EMS) (ISO 14001) to deliver improvements in environmental performance. NIEA has specific commitments to 'lead by example' through continual

improvement of our environmental performance, prevent pollution and comply with relevant environmental legislation, regulations and public sector policies concerning our activities and to operate efficiently, cost effectively and with minimal disruption to the environment. These are reflected in the NIEA Environmental Policy. By managing our environmental footprint we drive business efficiency, ensure compliance with applicable legislation and deliver procurement ethically and sustainably. Significant reductions in energy usage, carbon emissions and cost savings have been achieved by the Agency since the introduction of EMS;

- NIEA are actively involved in restoring the historic hydroscheme at Roe Valley Country Park to its former use. This is the site of the first Hydro Electric Power station in Northern Ireland which produced electricity from the 1890's to 1965. Whilst the restored scheme will produce a significant amount of electricity and reduce dependence on non-renewable fossil fuels, the scheme additionally aims to promote the industrial heritage and add educational and tourism value to the site to ensure the economic return on the project is balanced with the environmental protection of an environmentally sensitive area. The project aims to offset 50% of the Agency's total electricity consumption by the scheme's sustainable power generation. The project is in its final stage of construction and it is expected to be operational by June 2016;
- NIEA continues to procure 95% of its electricity needs from renewable sources. The Agency has invested in voltage optimisation and implemented energy efficiency measures across the 4 sites to deliver carbon reductions and financial savings. Electricity usage has decreased by over 10% since 2010/11 despite increased building use outside office hours and increased staff numbers;
- NIEA have continued to reduce our overall carbon footprint with a total reduction of 27% over the last 5 years across the accredited sites. An internal publication detailing the achievements of the Agency over the last

five years called “Pathway to a Greener Future” highlights the achievements over the last five years; and

- NIEA participated in the 2015 Northern Ireland Environmental Benchmarking Survey. The Survey, generated by Business in the Community’s ARENA Network campaign, annually assesses top businesses in Northern Ireland for environmental management, performance and assurance, with 83 organisations from all sizes and sectors. The Agency maintained the top position of ‘Platinum’, demonstrating continuous improvement and that our environmental performance is up amongst the top performing businesses in Northern Ireland.
- In addition DVA Business Transformation Programme will seek to improve the efficiency of our Test Centres, thereby ensuring our energy footprint is as light as possible.

2.006 Prosperity Agreements are voluntary agreements between NIEA and a third party organisation which are designed to assist businesses in finding opportunities for sustainable growth which enhance both their business and their environmental performance. The associated Prosperity Panel has addressed key topical issues relevant to a spread of business sectors in NI. The theme throughout this year has focused on the impact of climate change and how these sectors can adapt to change / contribute to a reduction of the impacts of climate change.

- **Meeting 1:** 4 March 2015 - Instruments available to the Minister for Climate Change action;
- **Meeting 2:** 2 June 2015 - Challenges and opportunities of Climate Change in the Agricultural Sector;
- **Meeting 3:** 7 October 2015 – The road to a greener environment – Driving sustainable transport in your business; and
- **Meeting 4:** 3 February 2016 - Maintaining and developing a strong and sustainable tourism sector in NI.

2.007 The Environmental Better Regulation Bill, which provides enabling powers to allow regulations to be made to introduce an environmental permitting system and rationalise environmental powers of entry, successfully passed through the Assembly - completing its passage in February 2016.

2.008 The Department consulted on proposals for four Marine Conservation Zones to be designated under the Marine Act (Northern Ireland) 2013. These are located at Rathlin, Waterfoot, Outer Belfast Lough and Carlingford Lough. Once designated, these sites will contribute towards the development of an ecologically coherent network of well managed marine protected areas as required by the Marine Strategy Framework Directive.

### Departmental Trends

2.009 Key workload and output data for the Department's agencies over the four years to 2015-16 are shown in the table below.

Activity	2012-13	2013-14	% Change	2014-15	% Change	2015-16	% Change
Vehicle tests carried out *	991,439	1,009,858	1.9%	1,009,194	(0.1%)	1,048,025	3.8%
Driving tests carried out **	53,609	49,292	(8.1%)	53,227	8.0%	57,413	7.9%
Driving licences issued	211,649	218,054	3.0%	227,250	4.2%	295,281	29.9%

\* During 2015-16, the Driver and Vehicle Agency provided 1,075,386 vehicle test appointments across all vehicle testing categories, making a very small increase of 4.1% on 2014-15 when xx vehicle test appointments were provided. The variance between tests taken and tests booked is as a result of failure to attend.

\*\* Practical driving tests only.



## Impact on the Community

2.010 The Department interacts with a large proportion of the population of Northern Ireland. For example, contact was made during the year with approximately:

- 57,413 people who took practical driving tests;
- 69,954 people who took driving theory tests;
- 1,048,025 vehicles tested;
- 295,281 people who got new or renewed driving licences;
- 531 individuals or organisations were issued taxi operator licences;
- 731 individuals or organisations were issued or renewed taxi and bus operator<sup>1</sup> licences;
- 2,484 individual or organisations were issued or renewed vehicle licences for buses
- 174,573 children in nursery, primary, independent, special and hospital schools who received road safety education via the road safety teaching aid calendar or through participation in child pedestrian safety training and cycle proficiency training where schools made such DOE schemes available;
- 141,112 students in post-primary schools who have access to road safety education through educational resources, talks, presentations, theatre in education performances (at selected schools) or course work; and
- 16 quarterly/annual Official and National Statistics reports, covering all aspects of departmental business, were published during the year while the 'DOE Driver, Vehicle, Operator and Enforcement Statistics' publications were newly designated as National Statistics following an independent review by the UK Statistics Authority. The 'NI Road Safety Strategy to 2020 Annual Statistical Report' is in the process of being reviewed by UK

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<sup>1</sup> Does not include goods vehicle operator licences

Statistics Authority for National Statistics (NS) accreditation. This is a further sign of the department's commitment to producing high quality, trustworthy and accessible statistics for both its internal and external users.

- 2.011 In the 2015 calendar year, the number of visits to the 8 NIEA Country Parks was estimated at 1.4 million based on automated visitor counters, down on the previous year by 22% and the lowest total since 2003. The very poor summer contributed and lack of resources to run events contributed to the disappointing visitor numbers.
- 2.012 The reopening of the RSPB Seabird Centre at the West Light on Rathlin Island helped curtail the fall in visitor numbers at Nature Reserves and Visitors Centres. This proved to be a popular attraction, drawing 12,500 visits through the Department's Kebble Nature Reserve. The passage of the Tall Ships out of Belfast Lough attracted large crowds to the coastal path within Crawfordsburn Country Park.

### **Complaints**

- 2.013 The Department is committed to improving customer service as part of its continuous identification and implementation of actions to increase customer satisfaction. The Department's complaints procedures are key to providing a quality service and taking appropriate steps to remedy issues raised by customers. The complaints procedures can be found at the following links:-  
<http://www.infrastructure-ni.gov.uk>  
<http://www.nidirect.gov.uk/making-a-formal-complaint-to-dva>  
<http://www.daera-ni.gov.uk>
- 2.014 During the 2015-16 financial year the Department dealt with 395 (2014-15: 442) complaints, the majority of which, 388, were dealt with by the Driver & Vehicle Agency. The Agency has a dedicated team which monitors and manages the complaints received. An annual complaints analysis report is produced and

published on the DOE website which includes a section on service improvements resulting from complaints.

### **Financial Commentary**

- 2.015 The Department has faced a challenging year in 2015-16. The Executive published the final 2015-16 Budget on 15 January 2015. The final Budget resulted in a significant reduction to the Department's non ring fenced Resource DEL funding for 2015-16. Reductions of such magnitude lead to an exceptionally challenging year.
- 2.016 The Department 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 notes 7 and 8 to the accounts.
- 2.017 The Consolidated Statement of Comprehensive Net Expenditure shows the net cost of operations as £131,544k (2014-15: £153,463k) representing a decrease in net costs amounting to £21,919k (14%). A number of major issues impacted upon the financial figures in 2015-16; the transfer of planning functions and circa 400 staff to the Local Government sector in April 15, the loss of 261 staff as the result of a Voluntary Exit Scheme and the impact of budget reductions. In addition, 2015-16 was the first full year of operations since the loss of Vehicle Licensing Operations within Northern Ireland following the Department for Transport's decision to centralise all vehicle licensing services to Swansea in 2014-15. These changes impacted upon all areas of the accounts and resulted in significant reductions in balances in the Statement of Comprehensive Net Expenditure and the Statement of Financial Position. Balances such as the Trade Payables and Other Current Liabilities (see Note 15) fell significantly.
- 2.018 Income decreased during the year from £52,643k in 2014-15 to £27,379k in 2015-16. The fall was largely due to two factors; the loss of £14.6m in Planning and Payment Certificate income following the transfer of the majority of planning functions to the Local Government sector and the loss of £10.9m in DVA Licensing income and one off Discontinuation Funding the department received in 2014-15 following the decision

to centralise all vehicle licensing services to Swansea. Additional information on Income is available in Note 6.

- 2.019 Total expenditure during the year was £158.9m (2014-15: £206.1m) representing a decrease in total expenditure amounting to £47.2m (23%). Staff costs amounting to £61.6m (2014-15: £78.0m) make up 39% (2014-15: 38%) of the total expenditure. The Department lost 261 staff under the VES Scheme and circa 400 staff who transferred to the Local Government sector.
- 2.020 The Department issued grants amounting to £60.2m in 2015-16 (2014-15: £74.1m). The department made £9.3m in grant payments during 2014-15 in relation to the reform of the Local Government Sector which did not occur in 2015-16. As a result of budget reductions spend on other grants fell significantly in 2015-16, i.e. the value of listed building grants fell by £3.7m and spend on Rethink Waste fell by £2.6m.
- 2.021 The reduction in staff number resulted in accommodation costs falling significantly in 2015-16. In 2015-16 the department no longer required its six regional Planning offices and the office in Hill Street, Belfast was also closed. In addition to the accommodation costs, savings occurred on contracted out services costs such as cleaning and office security as a result of the reduction in staff numbers. Expenditure was also curtailed on various contracts across the Department in light of budget reductions.

### **Comparison of Outturn against Estimate**

- 2.022 As disclosed in the Statement of Assembly Supply the total Departmental Allocation for 2015-16 was £141,995k (2014-15: £156,378). Net annual expenditure incurred during the year was £135,072k (2014-15: £154,927k). The major variances were in respect of:

**Northern Ireland Environment Agency** – This variance, representing an easement of £1 million, is due to additional receipts, lower staffing costs arising from VES departures and reduced administration costs.

**Local Government Services** – Variance of £0.9m representing a managed overspend end in relation to the De Rating Grant Scheme.

**Road Safety Services** – Variance of circa £0.7 million, representing a managed easement, is an outcome of measures that were put in place to reduce administrative costs as a consequence of reduced budget allocations and VES savings.

**Driver & Vehicle Agency** – Variance of circa £0.7 million, representing an easement, is due to higher than anticipated receipts impacting on the subsidy paid by the Department during the year and VES savings.

**Provisions** – Variance of circa £0.5 million, representing an easement, is due to lower than anticipated judicial review costs.

**Revaluations** – Variance of circa £0.9 million, representing an easement, is due to lower than anticipated indexation charges.

**Notional Charges** – Variance of circa £3.9 million, representing an easement, is in the main due to lower than expected costs in relation to the provision of planning function transferring to the Local Government Sector services.

**Reconciliation of Resource Expenditure between Estimates, Accounts and Budgets**

	<b>£'000</b>
<b>Net Resource Outturn (Estimates)</b>	<b>135,072</b>
Adjustments:	
Less Consolidated Fund Extra Receipts (CFERs) in the OCS	(402)
Less Capital Grant to DVA Licensing scoring as PC in Estimates and on-vote Agency in accounts	(3,126)
<b>Net Operating Cost (Accounts)</b>	<b>131,544</b>
Grants paid to District Councils to finance capital expenditure	(1,711)
Capital Grants to finance capital expenditure	(371)
Inter-departmental notional charges	(8,434)
<b>Resource Budget (Budget)</b>	<b>121,028</b>
Departmental Expenditure Limits (DEL)	121,809
Annually Managed Expenditure (AME)	(781)

## **Property Asset Management Plan**

- 2.023 The Department completed its Fourth Property Asset Management Plan (AMP) in accordance with the requirements of the Executive's Asset Management Strategy. It was developed in conjunction with the business areas within the Department and as such, reflects the achievements, progress and challenges for each of them.
- 2.024 Departmental AMPs contribute to the Northern Ireland Asset Management Strategy, approved by the Executive, which mandate overarching estate and programme management and governance arrangements.
- 2.025 The Departmental Plan addresses those recommendations relevant to the Department contained within the Executive's Draft Strategy including tackling fragmentation by reducing and making better use of its estate, including the cessation of leases where possible, making more efficient use of office space and the maintenance of timely and accurate records of all land, buildings and other assets within its responsibility. The Plan reflected the major organisational change underway within the Department.

## **Review of Main Activities during the Year**

### Local Government Policy Division

- 2.026 Powers and responsibilities were transferred to the eleven new councils on 1 April 2015. Throughout the year the Department continued to support councils in delivering strong and effective local government.
- 2.027 To facilitate the introduction of the new duty of Community Planning which took effect from April 2015, the Department has continued to carry out a programme of engagement with central government departments, councils and key agencies to assist them in understanding the implications of the introduction of community planning and local government reform. The subordinate legislation setting out identification of a list of community planning partners the Local Government (Community Planning Partners) Order (NI) 2016 came into effect in March 2016.

2.028 The performance improvement framework for local councils has been operating since April 2015, including legislation specifying performance indicators to measure council performance in relation to service delivery. Statutory guidance for local government performance improvement has been prepared for 2016 onwards and provides advice to assist councils in complying with their performance improvement duties.

2.029 The Partnership Panel was established by the Executive towards the end 2014. It comprises all Executive Ministers, an elected representative from each of the 11 local councils and the 5 Northern Ireland Local Government Association office bearers. The Panel provides a fresh, new political relationship between central and local government, creating opportunities for innovative working between Ministers and councillors. The Panel, which has met on 5 occasions, has taken the relationship between local and central government to a new level. Its meetings have enabled a number of matters, important to the citizens of Northern Ireland, to be brought to the new forum for discussion.

#### Historic Environment Division

2.030 As part of the internal restructuring of functions in the Department, the Historic Environment Division which was part of NIEA was transferred into DOE Core on 1 April 2015. DOE is responsible for recording, protecting, conserving and promoting our diverse built heritage so that it can be enjoyed by future generations. The division maintains Northern Ireland's 194 monuments in state care and records, designates, conserves and promotes historic monuments. The division also maintains and publishes 'the lists', which are lists of all listed buildings and scheduled monuments in Northern Ireland, is a statutory consultee on planning applications that affect listed buildings; provides professional advice on alterations and technical information on repairs; where appropriate provides grant aid for approved schemes.

2.031 In regard to historic monuments and archaeological sites the Historic Environment Division is committed to working in partnership with others to make key historic environmental assets, such as historic monuments and historic landscapes accessible to the public.



2.032 The Monuments and Buildings Record (MBR) managed by Historic Environment Division (HED) is the central repository of information on monuments and buildings of Northern Ireland. Included is information on monuments, historic building, places of industrial heritage, parks and gardens, battlefields, sites of defence heritage and maritime features and their associated drawn, photographic and cartographic records. Much of this information is available on line and it is also accessible during the year at its location in the Klondyke Building, Belfast.

2.033 The Historic Environment Division also manage grant schemes for listed building to encourage and support owners and communities to undertake appropriate repairs. Funding can be made available for the costs of eligible repairs to most types of listed buildings. Over £700k of grant aid funding was provided to assist with the repairs and maintenance of listed buildings such as;

- Union Theological College, Belfast      £173k
- Sacred Heart Church, Omagh      £209k
- Montalto House      £41k
- Royal Belfast Academical Institution      £29k

#### Planning Policy Division

2.034 Planning Policy Division was responsible for the reform of the planning system and the transfer of the majority of planning functions to the 11 new district councils on 1<sup>st</sup> April 2015. Significant preparatory work was successfully delivered during 2014-15 on the broad range of necessary subordinate legislation, in exercise of powers already established in the Planning Act (NI) 2011.

2.035 All necessary subordinate legislation required for the effective delivery of the new two-tier planning system on day one of transfer became operational on 1<sup>st</sup> April 2015 as scheduled. These included the development management elements associated with the new development hierarchy, pre-application community consultation, call-in procedures, pre-determination hearings and schemes of delegation together with the arrangements for the new development plan system. The remaining subordinate legislation which, while important in delivering the broader range of planning reforms, was not essential to the continued operation of the system at the point of transfer became operative in the following months after

transfer.

- 2.036 The Division also took forward subordinate legislation in a number of other areas. This included: input to the Transfer of Functions Order in preparation for the reorganisation of central government departments; the transposition of the requirements of the EC Seveso III Directive into NI planning legislation; and further work on proposals for further extending the scope of permitted development rights.
- 2.037 In addition, following Executive Committee agreement, the Strategic Planning Policy Statement (SPPS) was published in final form on 28 September 2015. Furthermore, a commitment was made to conduct a full strategic review of subject policies on Development in the Countryside and Renewable Energy after the SPPS was published. In early March 2016 DOE issued 'calls for evidence' to inform this focused review of the SPPS. The document 'Living Places, An Urban Stewardship and Design Guide for Northern Ireland' continues to be recognised for excellence. The DoE design guide was selected as a finalist for the prestigious Royal Town Planning Institute Awards in the category for excellence in Planning Making Practice for 2016.
- 2.038 The Department has a key commitment to support and consolidate the new planning system and is doing this in a number of ways. New statutory performance indicators for Planning were established in April 2015-16 which cover local and major applications and enforcement work.
- 2.039 A number of engagement groups have also been established – one chaired by the Minister and attended by council chief executives and chairs of planning committees, and one chaired by the Chief Planner and attended by chief executives / directors / heads of planning. These groups are used as a means of constructive liaison between the two tiers of government and will allow key decision-makers from central and local government to come together to discuss and develop solutions to improve the delivery of planning functions.
- 2.040 The Department has continued to provide a supportive role to councils in the past year through regular meetings, sharing of information and responding to

queries relating to the planning portal. Advice and guidance on the new planning system continues to be provided to councils and the public.

- 2.041 Work has continued in relation to processing grants under Article 119 of The Planning (Northern Ireland) Order 1991.

#### Strategic Planning Division

- 2.042 In April 2015 the majority of local planning functions transferred to the new Councils. These included development management, enforcement, and development planning including conservation. The Department retains overall responsibility for planning and the Strategic Planning Division has an operational oversight role in respect of some specified local planning processes and decisions. Strategic Planning Division is also responsible for processing planning applications deemed to be of regional significance, applications 'called in' by the Minister and a small number of retained applications.

- 2.043 Local Councils are responsible for drawing up their own Development Plans.

#### Environmental Policy Division

- 2.044 The Department's Environmental Policy Division (EPD) continues to develop policy and legislation to safeguard our environment while supporting the health and social well-being of the population and the progression of a sustainable dynamic economy.
- 2.045 An important element of the work of the Division is the transposition of European and UK environmental legislation into domestic law. This helps us to provide and maintain an up-to-date environmental policy and regulatory framework that meets our needs while satisfying our European and UK obligations. In doing so, we not only protect and improve the environment for all who live in, work in and visit Northern Ireland, but also provide a level playing field for business.
- 2.046 Over the last year, the Department has been involved in continuing Climate Change Policy support on the UK Carbon Reduction Commitment (CRC) Energy

Efficiency Scheme. In July 2015 an evaluation of the scheme was carried out by DECC. The evaluation assessed the impact of CRC, while also evaluating the delivery process. There was consistent evidence from the research to suggest that the CRC has had a beneficial impact on energy efficiency organisational behaviour and has had positive influence on the take-up of energy efficiency measures. This will help influence the strategy for the review of the scheme in 2016.

- 2.047 Input has been provided to the UK Government and EU on the amendment and reform of the EU Emissions Trading System (EUETS). This included input on Market Stability Reserve proposals to address the large volume of existing surplus allowances in the market and proposals to ensure there is carbon leakage provision in Phase IV to provide support for those participants at greatest risk.
- 2.048 The Cross-Departmental Working Group on Climate Change (CDWGCC) established in May 2010, under the chairmanship of the Environment Minister, has a remit to co-ordinate and monitor action on climate change mitigation and adaptation. The CDWGCC submitted its fifth annual report to the Executive in March 2016 and provided the Northern Ireland input to the UK Government response to the Committee on Climate Change's 7<sup>th</sup> Annual Progress Report.
- 2.049 The latest analysis of the 2013 greenhouse gas (GHG) emission figures for Northern Ireland, published on 9 June 2015, showed a drop of just over 16% in NI greenhouse gas emissions in the period from 1990 to 2013. It was estimated that greenhouse gas emissions rose by 1.2% between 2012 and 2013. A significant drop in emissions was observed in the Land Use, Land-Use Change and Forestry (LULUCF) sector as the previous year had included emissions from exceptional forest wildfires. In the waste sector there was also a notable reduction in emissions from landfill. However, emissions in the energy supply sector saw a large increase as global fuel prices are causing a shift in power generation from burning natural gas to coal.
- 2.050 The revised projection figure, based on the latest 1990-2013 data, published in December 2015 forecast a 34.1% reduction in GHG emissions (excluding

LULUCF) by 2025, against the Programme for Government target of a 35% target by 2025.

2.051 A discussion paper was issued on 1<sup>st</sup> December 2015 containing proposals for NI climate change legislation. The exercise generated a good response with the majority of responses received supporting the introduction of Northern Ireland climate change legislation..

2.052 To help inform progressing of NI-specific legislation, in the next Assembly term a climate change evidence package was sent to Executive Ministers and the Environment Committee. The package contained chapters and annexes on:

- Synopsis of responses to the discussion paper on proposals for NI CC legislation;
- Scientific evidence on need for reduction of greenhouse gas emissions;
- Legislation background;
- UK Climate Change Committee independent analysis on NI legislation;
- Outcome from COP 21 Paris;
- Evidence on impacts of climate change and need to take action;
- Progress on climate change action in NI and need to do more; and
- Economic evidence on need to take action

2.053 Progress continues on a range of the cross departmental actions detailed in the Northern Ireland Climate Change Adaptation Programme (Adaptation Programme) which was published in January 2014. These actions are designed to address the climate change risks to NI identified in the Climate Change Risk Assessment (CCRA) for Northern Ireland. Work has commenced on providing regional input into the second UK Climate Change Risk Assessment (CCRA) due to be published in 2017. NI representatives are involved in the CCRA steering group, in reviewing the various chapters of the UK Evidence Report and in the work of the four research projects, which have been commissioned by the Adaptation Sub Committee to enhance the evidence base for the UK Evidence Report. Additionally, DOE has been working in collaboration with Climate Northern Ireland to obtain NI adaptation information and data that could be used, along with the

findings of the UK Evidence Report, in the development of the next NICCAP due in 2019. The findings will be used to develop the second 5-year Adaptation Programme in 2019.

- 2.054 Resource efficiency is a key driver of environmental policy and for the recovery of the economy. EPD has made much progress in highlighting the value of increased resource efficiency to district councils, businesses and the public and specifically delivered and supported a range of initiatives to increase the amount of material reused or recycled.
- 2.055 The Department has continued to maintain oversight of the remaining Waste Management Group project under the Waste Infrastructure Programme. The future status of the project will be subject to the outcome of arc21's referral of its planning application to the Planning Appeals Commission.
- 2.056 The Revised European Waste Framework Directive sets a target for at least 50% recycling of 'waste from households' by 2020. The latest reported 'waste from household' recycling rate reported for Northern Ireland is 43.6%; up 0.7% from 2013. However, it is clear that much further progress will be required to ensure delivery of this target. The Department is facilitating local councils in meeting EU targets with the Rethink Waste Capital Fund. The Department has allocated over £1.75 million capital funding for 11 projects in 2015-16 for initiatives which will enable local councils to boost waste recycling and reuse.
- 2.057 Through the current waste management strategy, waste prevention programme and Rethink Waste programme, the Department has been active in promoting and delivering aspects of a circular economy, and increasing resource efficiency. ReNEW, 'Resource innovation Network for European Waste', was a €5 million project funded by Interreg IV:B North West Europe programme, led by QUESTOR with 16 European partners, including the Department and Belfast City Council as the other Northern Ireland partners. The programme aimed to build a dynamic trans-national, cross-sector innovation network, transforming the waste sector of North West Europe by improved innovation in the recovery of valuable resources. The project ran between January 2013 and June 2015. The ReNEW project has

made significant progress in helping inform and shape the agenda for developing a circular economy in Northern Ireland. Under the ReNEW project, WRAP, funded by the Department, produced the report, “Job Creation on the Circular Economy – Increasing Resource Efficiency in Northern Ireland”. The report details the job growth potential for the Northern Ireland economy; more than 13,000 jobs could be created if Northern Ireland moved to a circular economy model and away from the traditional linear ‘take, make, dispose’ model. It underlines the potential for translating the research in the ReNEW project to providing benefits, through employment, for the local economy.

- 2.058 The Department is currently conducting a review of exemptions to waste management licensing provided by way of Part 1 of Schedule 2 to the Waste Management Licensing Regulations (Northern Ireland) 2003. The aim of the review is to create an exemptions regime which is transparent, consistent, and aligned with the Department’s core objective of protecting the environment and human health.
- 2.059 Following phase 1 of the review, which examined the seven exemptions that posed the most risk in terms of criminality and pollution, the Department held a public consultation on the proposed changes between 15<sup>th</sup> June and 25<sup>th</sup> September 2015. On 2<sup>nd</sup> March, amending legislation was introduced in the form of the Waste Management Licensing (Amendment) Regulations (Northern Ireland) 2016. Phase 2 of the review has begun, and will cover the remaining exemptions.
- 2.060 In addition, regulations have also been introduced to tighten the waste management regime in relation to the “fit and proper person” test. They are:
- The Waste Management Licensing (Amendment) Regulations (Northern Ireland) 2015 update the technical competence requirements for waste operators. These regulations came into operation in August 2015; and
  - The Waste Management Licensing (Amendment No. 2) Regulations (Northern Ireland) 2015 update the list of prescribed offences that allow the Department to determine if an individual is a fit and proper person to hold a waste management licence. These regulations came into operation at the end of December 2015.

2.061 The following legislative instruments in respect of Producer Responsibility were introduced during 2015-16:

- The Packaging Essential Requirements Regulations came into force on 1 October 2015. The Regulations are a consolidation of the UK-wide Packaging (Essential Requirements) Regulations 2003 and its amendments of 2004, 2006, 2009 and 2013 into one new set of Regulations. In addition, the Regulations update changes made to definitions in the Packaging and Packaging Waste Directive and references to the Consumer Protection Act 1987 which has itself been amended by the Consumer Rights Act 2015.
- The Waste Electrical and Electronic Equipment (Amendment) Regulations 2015 came into force on the 25 December 2015. The Regulations amend the Waste Electrical and Electronic Equipment (WEEE) Regulations 2013 to :-
  - allow producers of Electrical and Electronic Equipment (EEE) to show WEEE costs related to WEEE from private households where the relevant EEE is purchased by a business;
  - allow the environment agencies to recalculate producer compliance scheme targets in the event that a member goes into administration/liquidation; and
  - provide local authority run Designated Collection Facilities (at civic amenity sites) with guaranteed uplift of WEEE.
- The Producer Responsibility Obligations (Packaging Waste) (Miscellaneous Amendments) Regulations 2016 came into force on the 24 February 2016. The Regulations introduce the required legislative amendments to the NI and GB Producer Responsibility Regulations to ensure that a Producer Compliance Scheme seeking to provide a UK-wide service need only make one UK-wide application for authorisation, to one Environment Agency.
- The Producer Responsibility Obligations (Packaging Waste) (Amendment) Regulations (Northern Ireland) 2016, came into operation on the 21 March



2016. The Regulations amend the Producer Responsibility Obligations (Packaging Waste) Regulations (Northern Ireland) 2007, to reduce administrative burdens on business through the :-

- removal of the requirement to provide an operational plan when making an application to operate as a Compliance Scheme;
- delegation of the signing of reporting and monitoring requirements to the most appropriate person in the Company.

2.062 The Department continued to support the aims and objectives of the Executive's European Task Force Steering Group (ETSG), and provided resources to support a dedicated DOE EU Funding Team. The overarching aims of the ETSG are to increase the drawdown of competitive EU funding over the lifetime of the current Assembly, promote Northern Ireland's interests in Europe and seek to influence relevant EU policy. The DOE EU Funding Team has continued to research the EU competitive funding landscape, expanded its databases of funds, contacts and projects, disseminated details of relevant calls for projects, and provided support to a number of successful EU projects, worth almost €6 million of direct drawdown to Northern Ireland. In the 2015-16 financial year, the EU Funding team provided match funding to one FP7 Project, BIOFECTOR, and to two Interreg VB projects, GREBE and RECENT amounting to £17,853, £20,000 and £20,000 respectively. This match funding helped leverage further drawdown of over £200,000 from the EU. The EU Funding team continues to build networks and partnerships to further increase the level of drawdown with a focus on the range of new funding programmes that will run from 2014-20, with particular emphasis on Horizon 2020, LIFE and INTERREG V. The DOE Minister continues to provide resources from within EPD for a NI Contact Point for Environment issues within Horizon 2020 as part of the wider NI Contact Point network and to establish strong links with the similar network of European Advisers in Ireland. A further element of the work on EU engagement is undertaken by the Environment & Climate Change EU Liaison Officer, based in Brussels, who maintains a wide-ranging network of relevant contacts within the European Commission and throughout Europe, leading to a much improved flow of information on EU Policy and funding. The maintenance of these networks and the building of relationships with the institutions and Member

States plays an essential role in establishing collaborative partnerships to take forward EU funded projects. Complementing the work undertaken in Brussels, the DOE EU Funding Team has continued to develop its network of contacts across the island of Ireland, seeking to bring together potential partners from Small and Medium Enterprises (SMEs), Universities, other government departments, local authorities, Non-Governmental Organisations (NGOs) and cross border groups, with a view to encouraging the submission of further proposals for EU funding involving organisations from across Northern Ireland.

2.063 The INTERREG VA Cross Border Territorial Co-operation Programme 2014-20 for Northern Ireland, the Border Region of Ireland and Western Scotland is a European Territorial Cooperation Programme (CP) funded through the European Regional Development Fund (ERDF) within the European Structural and Investment Funds (ESIF). The eligible area for the programme includes Northern Ireland, the Border Counties of Ireland (Monaghan, Leitrim, Cavan, Louth, Sligo and Donegal); and Western Scotland (Dumfries & Galloway, East Ayrshire and North Ayrshire mainland, South Ayrshire, Lochaber, Skye & Lochalsh, Arran & Cumbrae and Argyll & Bute and Eilean Siar/Western Isles). The aim of INTERREG VA is “to promote greater economic, social and territorial cohesion so as to enhance the quality of life for those living in the eligible area”. The European Regional Development Fund (ERDF) contribution to the Programme is €240m (85%). In addition, €43m (15%) will come from match-funding, raising the total value of the programme to €283m. Northern Ireland and the Republic of Ireland have agreed to provide the 15% match funding for Northern Ireland and Republic of Ireland partners. The INTERREG Programme has five priorities, one of which is Environmental Protection and Resource Efficiency. DOE is the ‘Accountable Department,’ for the delivery of this priority that has four objectives: Objective 2.1 Habitats & Species, Objective 2.2 Marine Species, Objective 2.3 Improving Water Quality in Transitional Waters and Objective 2.4 River Basins. Although the ‘Environment’ priority accounts for 30% (€72m) of the total funding (€240m), €35m of this relates to a Northern Ireland Water/Irish Water project under Objective 2.3. Calls for applications for the other objectives concluded in January 2016 with Stage 1 assessments completed in March 2016. In summary, 12 applications were received for objectives 2.1, 2.2 and 2.4, requesting a total of €76M ERDF from an

available budget of €42M ERDF. Under Objective 2.1 Habitats & Species, with a total ERDF budget of €11M, four applications were received requesting a total of €28M ERDF. Under Objective 2.2 Marine Species, with a total ERDF budget of €11M, six applications were received requesting a total of €29M ERDF. Under Objective 2.4 River Basins, with a total ERDF budget of €20M, two applications were received requesting a total of €18M. Stage 2 assessments will be completed by 16 September 2016.

#### Regulatory and Natural Resources Policy Division

- 2.064 Regulatory and Natural Resources Policy Division (RNRPD) comprises teams responsible for Better Regulation legislation, Natural Heritage policy, Air and Environmental policy, Water policy, Environmental Improvement schemes and the Carrier Bag Levy. The Division continues to develop new policies, enact legislation and transpose European directives in these important areas.
- 2.065 Businesses find environmental regulations complex, inflexible, incoherent and time-consuming. It has become increasingly burdensome for businesses to understand environmental law. Following consultation, policy development work and engagement with stakeholders environmental permitting and powers of entry and investigation are key areas of environmental law which have been identified as a priority for legislative reform.
- 2.066 RNRPD, as part of the Department's Regulatory Transformation Programme, introduced the Environmental Better Regulation Bill into the Assembly on 22 June 2015 to provide enabling powers to allow regulations to be made to introduce an environmental permitting system and rationalise environmental powers of entry. The policy intention behind the Bill aligns with the Executive's Programme for Government priority of growing a sustainable economy and investing in the future by having a simpler, harmonized and easier to understand regulatory framework. The Bill also supports the Executive initiative "Building a Prosperous and United Community" which refers to the need to reduce regulatory burdens and red tape for businesses. The Bill completed its Final Stage in the Assembly on 9 February 2016 and is due to receive Royal Assent before the end of the 2011-2016 Assembly mandate.

- 2.067 DOE and DARD completed a joint review of the Nitrates Action Programme Regulations (Northern Ireland) 2010. The Departments issued a public consultation, in June 2014, on the proposed revisions to the 2010 Regulations, with the aim of building on improvements in water quality and nutrient management achieved under the last two action programmes. At the same time, the Departments applied to the European Commission for renewal of the derogation previously granted under the Nitrates Directive on the land spreading of fertilisers and manures on intensive grassland farms. The derogation allows farm businesses which meet certain criteria to apply a higher amount of grazing livestock manure to land as fertiliser, provided they comply with tighter environmental controls. Following a series of meetings and presentations to the Commission, Derogation from the Nitrates Directive was put to a vote and approved at a meeting of the EU Nitrates Committee on 11 December 2014. The new Nitrates Action Programme Regulations (Northern Ireland) 2014 were approved by both the DOE and DARD Ministers and agreed by the Executive. The Regulations came into operation on 1 January 2015.
- 2.068 Air quality in Northern Ireland has improved substantially in recent years. In particular, concentrations of sulphur dioxide which is associated with coal and oil combustion have declined significantly over the past two decades; however, some pollutants in parts of Northern Ireland continue to exceed air quality objectives. Continued effort to reduce air pollution is therefore necessary and is supported by the Division's Local Air Quality Management Grant scheme which enables district councils to review and assess air quality in their areas. Funding is provided under the scheme to allow councils to purchase and maintain monitoring equipment, and there is also a contribution towards associated staff costs. Review and assessment of air quality helps councils to ensure that the most effective measures can be put in place to address identified excesses.
- 2.069 Currently, air pollutants are continuously monitored at 18 sites across Northern Ireland. The Department maintains a website, [www.airqualityni.co.uk](http://www.airqualityni.co.uk), where the latest monitoring data (as well as historic data) can be viewed by members of the public. The Department also runs a text alert service, Air Aware. The service is aimed at individuals who are suffering from health conditions - such as existing

heart or lung conditions - that make them particularly vulnerable to the effects of high air pollution. GP surgeries across Northern Ireland have also signed up to the service. When subscribed to Air Aware, individuals will be notified of details of high air pollution episodes as soon as these occur, and this can enable them to take steps to manage their symptoms.

- 2.070 In continuing efforts to maintain and improve our air quality, RNRPD has updated the legislation on smoke control. The Clean Air (Northern Ireland) Order 1981 generally prohibits the emission of smoke in smoke control areas. In those areas residents are required to use "authorised" smokeless fuels or to install an "exempted fireplace".
- 2.071 Regulations on authorised fuels and exempted fireplaces are periodically amended by the Department, to take account of latest policy developments and new fuels/appliances which have come on to the market. The latest sets of regulations made in 2015 were the Smoke Control Areas (Authorised Fuels) (Amendment) Regulations (Northern Ireland) 2015, and the *Smoke Control Areas (Exempted Fireplaces) (Amendment No.2) Regulations (Northern Ireland) 2015*, which specify newly authorised fuels and appliances for the purposes of the Clean Air (Northern Ireland) Order 1981. Part 3 of the Environmental Better Regulation Bill provides for a new streamlined method for listing authorised fuels and exempted fireplaces in a smoke control area by removing the requirement for six monthly Regulations to be made. In future, authorised fuels and exempted fireplaces will be added to an approved list which will be updated monthly.
- 2.072 EU legislation requires that the use of fluorinated greenhouse gases ("F-gases") is restricted and monitored in all Member States. The *Fluorinated Greenhouse Gases Regulations (Northern Ireland) 2015* have therefore been compiled to comply with these EU requirements. F-gases are, in the short term, harmless to humans, animals and plants. However, in the long term, they have a very high Greenhouse Warming Potential ("GWP"), contributing to rising global temperatures. The industries that use F-gases in NI include refrigeration, air-conditioning, fire protection equipment and high-voltage switchgear."

- 2.073 RNRPD has been working closely with their counterparts in the Republic of Ireland's Department of Environment, Communities and Local Government (DECLG) to develop research which will help inform policy development on air pollution from residential solid fuel combustion. This need for research has come about as a result of discussions between Northern Ireland and Republic of Ireland environment ministers at the North South Ministerial Council where common issues relating to air pollution have been identified. DOE has led the procurement of this jointly-funded research work which commenced in February 2014, and is due to report later in 2015.
- 2.074 The Department continues to monitor ambient air quality levels throughout Northern Ireland, and issues high air pollution alerts to the media when high levels are monitored or forecast.
- 2.075 The Department is working closely with DARD and AFBI to examine ammonia emissions from agriculture – which can have negative impacts on sensitive habitats - and chairs a scientific working group on this issue.
- 2.076 In line with other administrations, a comprehensive review of the NI Biodiversity Strategy has taken place, which has resulted in high level actions being identified to halt biodiversity loss through an ecosystem approach. The strategy has widespread strategic actions across government, environmental NGOs, business and local authorities. The revised strategy was published in July 2015 following Executive agreement. A progress report on progress in meeting the strategy's objectives is due at the end of 2016 and will include a review of targets and objectives.
- 2.077 A new EU regulation on invasive alien species (IAS) was published on 1 January 2015, which requires legislation to set out controls and management measures to inhibit the spread and establishment of IAS. The key obligation of the EU regulation is the production of a list of European wide invasive species by the Commission. This task is expected to be finalised by mid 2016 and will allow national legislation for the introduction of penalties and sanctions to be finalised. The legislation will be developed in tandem with the Republic of Ireland and GB administrations.

- 2.078 The Department is undertaking a review and consolidation of the Conservation regulations which transpose the Habitats Directive into national legislation. The legislation will also introduce new management measures for European sites which are not underpinned by national designations such as Areas of Special Scientific Interest. The legislation will take account of other requirements from the Commission as a result of an infraction case instigated in 2015 which is the result of on-going discussions with UK administrations. The area of Invasive alien Species is a key issue for the British Irish Council and a workshop is being developed by Ireland in April 2016 to discuss the approach being taken across all relevant administrations. The Department is tasked with taking forward a Land use Strategy following representations to the Minister by a number of environmental NGOs. The aim is for officials to produce a policy paper for consideration by the new DAERA Minister. The purpose of the strategy is to integrate all policies affecting land management to ensure an integrated, holistic and sustainable approach.
- 2.079 Official statistics relating to the 5 pence carrier bag levy, which was introduced on 8 April 2013, were published in August 2014. The data from the first year of operation indicates that the number of single use carrier bags dispensed in Northern Ireland fell from an estimated 300 million in 2012 to 84.5 million in 2013/14 – a reduction of 215.5m bags or 72%. In 2015-16 £3.5m (2014-15: £3.4m) of receipts generated by the levy were allocated to hundreds of community based environmental projects – including £0.4m (2014-15: £1.2m) allocated to 79 local environmental projects through the Environmental Challenge Fund. The carrier bag levy was extended to low cost reusable carrier bags (those retailing for less than 20 pence) on 19 January 2015, to encourage shoppers to reuse their carrier bags frequently, rather than making new purchases which would be harmful to the environment.
- 2.080 The Department continued to part fund (£0.25m) the environmental charity “Keep Northern Ireland Beautiful” in support of the Eco-Schools Programme and the “Live Here Love Here Campaign” which encourages citizens and communities to develop a sense of civic pride and get involved in activities to improve their local

environment. With Departmental support, Keep Northern Ireland Beautiful hosted the international Eco-Schools conference – with delegates from 60 countries.

### Marine Environment Division

- 2.081 The Marine Division's overall purpose is to deliver an integrated approach to marine policy, planning, conservation and science. It is structured around 5 work areas – Conservation & Reporting, Policy & Legislation, Marine Planning, Monitoring & Assessment and Strategy & Licensing. In 2015-16, key priorities for the Division included continuing to develop the first Marine Plan for Northern Ireland, contributing to the UK's commitment to implement the Marine Strategy Framework Directive and progressing the designation of Marine Conservation Zones (MCZ).
- 2.082 The Marine Strategy Framework Directive was transposed into UK-wide legislation by the deadline of 15 July 2010. The Department, in conjunction with counterparts in the rest of the UK has completed an Initial Assessment of UK Marine Waters, which is part of Phase I of implementation. Phase II, which entails putting in place monitoring programmes to measure progress towards 'Good Environmental Status' by 2020, was completed in July 2014. A public consultation on Phase III, the development of Programmes of Measures (POM) to contribute to achievement of Good Environmental Status, was carried out between 30 January and 24 April 2015. The UK POM, which incorporates Northern Ireland measures was sent to the European Commission in March 2016. The POM is to be fully implemented by December 2016.
- 2.083 Work is continuing on the preparation of the first Marine Plan for Northern Ireland. The Plan will provide an overall framework for the future of the marine area, aimed at contributing to the effective management of marine activities and the sustainable use of marine and coastal resources. It will play a statutory role in the decision making process of public authorities on any proposals capable of affecting the Northern Ireland marine area. The draft Marine Plan is being prepared in collaboration with Northern Ireland and UK departments and agencies with responsibilities in its marine area and through wider stakeholder engagement as outlined in the Statement of Public Participation. The Draft Marine Plan was



submitted to Aecom to enable them to carry out the Sustainability Appraisal, the result of which will indicate if the Plan can proceed to the next stages: approvals and public consultation. A Marine Spatial Data Infrastructure is also being developed and work is underway to create a map-viewer, which will ultimately help improve the effectiveness of decision-making in the NI marine area.

- 2.084 Under the Northern Ireland Marine Litter Strategy, published in July 2013, the Department is funding a 'Fishing for Litter' scheme, which launched on 20 February 2014. The scheme is being managed by the Northern Ireland Fishery Harbour Authority, and encourages boats to land litter which they have caught during fishing operations.
- 2.085 A consultation on four proposed Marine Conservation Zones (MCZ) was launched in December 2016. These are located at Rathlin, Waterfoot, Outer Belfast Lough and Carlingford Lough and once designated will contribute to the development of an ecologically coherent network of Marine Protected Areas, Marine Strategy Framework Directive targets and wider biodiversity commitments at European and global level.
- 2.086 Good progress has been made in implementing the Revised Restoration Plan drawn up to restore the *Modiolus* biogenic reef in Strangford Lough Special Area of Conservation (SAC). A second revision of the Restoration Plan was agreed by the Modiolus Restoration Plan Working Group in July 2016.
- 2.087 Marine Division is responsible for processing licence applications under the Marine and Coastal Access Act 2009, in the Northern Ireland marine area. The licensing function covers a wide range of activities including dredging, construction, deposits in and removal of material from the sea.
- 2.088 Marine Division has also been involved in extensive pre-application discussions with developers on a number of major projects including those concerned with renewable energy. In December 2011, the Crown Estate put out a leasing call for such projects in Northern Ireland waters. The outcome of this process was the granting of exclusivity agreements for the lease of the seabed, enabling

developers to draft a plan as to how specific renewable projects could be developed in those areas. The main projects were:

- First Flight Wind – up to 600MW offshore wind off County Down coast;
- Fair Head Tidal – up to 100 MW tidal power off Fair Head, County Antrim; and
- Tidal Ventures Limited (Torr Head) - up to 100 MW tidal power off Torr Head, County Antrim.

2.089 On 2 December 2014, First Flight Wind announced that they were ceasing the offshore wind application forthwith. The primary reason for this decision was the uncertainty around Electricity Market Reform. A formal licence applications for the Tidal Ventures proposal was received in 2015-16 and is currently being determined. An application from Fair Head Tidal is expected in 2016-17.

2.090 On 29 January 2015, Siemens announced its intention to divest of the Marine Current Turbine (MCT) part of the business, and to decommission the Seagen device from Strangford Lough. The decommissioning of Seagen, which is subject to a marine licence, is anticipated in 2016-17. In 2013, the Crown Estate offered further opportunities for exclusivity agreements for additional tidal demonstration projects of up to 30MW (for scale, the MCT project in Strangford Lough is 1MW).

2.091 Marine Division deals with other strategic projects such as:

- VT4 land reclamation in Belfast Harbour;
- Greencastle – Greenore Ferry and 3 strategic energy projects;
- Islandmagee Gas Storage;
- Gaelectric Renewable Energy Storage; and
- Moyle Interconnector.

2.092 Stakeholder engagement has been a core element of the Marine Division's work and successful stakeholder workshops, meetings and bilateral meetings have been part of the MCZ designation process, Modiolus restoration, the Rathlin Island European Marine Site Management Scheme, the marine planning and licensing process, and the implementation of the Marine Strategy Framework Directive.

Northern Ireland Environment Agency (NIEA)

- 2.093 NIEA property managers facilitated a number of national and locally organised family events such as the Tall Ships event and 12 nature walks. In Spring 2015, NIEA took part in the Balmoral Show.
- 2.094 NIEA has continued to work with stakeholders bilaterally and through the Northern Ireland Water Framework Directive Stakeholder Forum and nine Catchment Stakeholder Groups to develop focused Local Management Area (LMA) action plans. A total of 26 action plans, covering all of Northern Ireland, are operational and details of these are available on the NIEA website.
- 2.095 NIEA manages or contributes to the management of 60 sites as nature reserves, 7 country parks, and 7 visitor centres. Most are open to the public throughout the year. NIEA continues to maintain its properties; ensuring visitors are fully informed whilst enjoying the facilities available. Management of visitors to historic monuments in state care transferred from NIEA management to DOE Historic Environment Division in June 2015.
- 2.096 In the 2015 calendar year, the number of visits to the 8 NIEA Country Parks was estimated at 1.4 million based on automated visitor counters, down on the previous year by 22% and the lowest total since 2003. The very poor summer and lack of resources to run events contributed to the disappointing visitor numbers. The reopening of the RSPB Seabird Centre at the West Light on Rathlin Island helped curtail the fall in visitor numbers at Nature Reserves and Visitors Centres. This proved to be a popular attraction, drawing 12,500 visits through the Department's Kebble Nature Reserve. The passage of the Tall Ships out of Belfast Lough attracted large crowds to the coastal path within Crawfordsburn Country Park.
- 2.097 At Roe Valley Country Park, progress towards reinstating the generation of hydro-electricity was limited pending the upgrading of the electricity grid to accommodate the power generated. Generation should commence in 2016-17.

- 2.098 In 2015 the management of NIEA Country Park and Nature Reserve properties generated income in respect of rents, livestock sales and the licensing of concessions.
- 2.099 NIEA has proposed and consulted on a new East Coast (NI) SPA and a boundary extension for Carlingford Lough SPA, while two other SPAs have been modified to include additional species. A further two Areas of Special Scientific Interest (ASSIs) were declared, bringing the total number of ASSIs in Northern Ireland to 387.
- 2.100 NIEA is working closely with Department of Agriculture & Rural Development on better management of farmland for the protection of habitats and species, and in particular, the provision of evidence & advice products to inform the design and delivery of the Rural Development Programme and Environmental Farming Scheme.
- 2.101 Chalara dieback of ash, also known as Chalara or ash dieback, is a disease of ash trees caused by a fungus called *Hymenoscyphus fraxineus*, which is not native to Europe. It was first detected in young planted ash in both jurisdictions of Ireland in autumn 2012. There have been 110 detections in Northern Ireland to date, all in recently planted ash, as well as three nursery/trade findings. The infected plants are all linked to imports. All infected plants have been immediately removed and disposed of by deep burial or burning. Despite extensive surveys in and around positive sites and further afield, there have been no confirmed detections in mature ash trees in the wider countryside in Northern Ireland to date. There were, however, 52 individual positive disease detections in ash trees in native hedgerows in the Republic of Ireland in 2015, and there is a risk that the disease might reach Northern Ireland by spread of aerial spores from adjacent counties. There is also a risk of aerial spores reaching Northern Ireland from Great Britain where the disease is now widely established in both woodland and hedgerow ash trees. NIEA continues to work closely with DARD in disease surveys, disease control and policy development.

- 2.102 NIEA sits on the Giants Causeway and Causeway Coast World Heritage Site Steering Group. NIEA aids the better management of the World Heritage Site through a project officer funded under the Natural Heritage Grants Programme.
- 2.103 The Natural Environment Division oversaw the delivery of the Challenge Fund for community led environmental projects, and Natural Environment Fund programmes to support projects and initiatives that contributed to the conservation of biodiversity and special landscapes and to the enjoyment of the countryside. NIEA provided £2.2million in grant aid, supporting the work of many of the key environmental non-Government Organisations in Northern Ireland, councils, schools and local communities who help to achieve our objectives. The Agency supported a total of 149 projects delivered by 107 organisations. The team also oversaw the initiation of a new Environment Fund for 2016/17 to protect and improve habitats, the quality of air and water, promote health, wellbeing, resource efficiency and sustainable economic development and access to the natural environment.
- 2.104 The Northern Ireland Regional Landscape Character Assessment (NIRLCA) was published on-line on the DOE(NI) website in February 2016 . This builds on the more detailed Northern Ireland Landscape Character Assessment 1999 (NILCA) and provides the new councils with a regional scale landscape framework which is intended to assist with their Local Development Plans.
- 2.105 NIEA currently regulates 550 installations under the Pollution Prevention and Control (Industrial Emissions) Regulations (Northern Ireland) 2013. These include 405 Part A installations where a single permit covers releases to all environmental media as well as energy efficiency, waste minimisation/recycling, noise and site protection issues. Part A installations include intensive farms, food and drink processors, cement factories, glass manufacturing, waste incineration, non-ferrous metal processing and power stations. There are 145 regulated Part B installations whose permits cover releases to air only. Part B installations include quarries, road stone coating plants and surface treatment of metals. The Industrial Emissions Directive brought a number of new activities into integrated control for the first time for example wood preservation and additional animal feed mills. A

wider range of waste activities is also being controlled including activities such as the pre-treatment of waste for incineration.

- 2.106 NIEA currently regulates 24 European Union Emissions Trading Scheme installations under the Greenhouse Gas Emissions Trading Scheme Regulations 2012. Five of the 24 installations held an 'excluded emissions permit' which included an annual emissions limit for 2014. As a result of failures to comply with these emission limits, IPRI issued three civil penalties totalling circa £25,800, and payment was received by the Department in 2015. The remainder of sites were compliant with their 2015 emissions reporting and allowances surrender requirements.
- 2.107 The Carbon Reduction Commitment Energy Efficiency Scheme Order 2013 (CRC) is a UK wide scheme, with 48 Northern Ireland based registered participants in the scheme, including the 13 mandated government departments. April 2014 to March 2015 was the first compliance year for phase 2. The deadline for 2014/15 allowance surrender was 31 October 2015 following submission of the annual reports in July 2015. NIEA issued seven enforcement notices to participants for failure to surrender by the deadline, and these were subsequently complied with. The fifth Annual Reporting Information (ARI) has not yet been published. NIEA audited 8 participants during the compliance year.
- 2.108 The Energy Savings Opportunity Scheme Regulations 2014 (ESOS), is a UK wide statutory instrument, and is a mandatory scheme for large organisations in the UK. It requires organisations to undertake regular assessments to identify cost effective energy savings measures. Enterprises within ESOS must measure their total energy consumption, undertake an audit of their energy efficiency and identify areas where energy savings can be made. The ESOS assessment must be reviewed by an 'ESOS lead assessor' who is registered with a professional body and be signed off by one or more board level directors. Notification of compliance had to be submitted by the 5 December 2015. By the January 2016, 107 participants had notified their compliance with the scheme. NIEA are currently pursuing enforcement action with a number of companies that have not notified compliance.

2.109 Prosperity Agreements are voluntary agreements through which the NIEA and an organisation can explore new creative ways of reducing environment and heritage impacts whilst simultaneously creating prosperity and well-being. A Prosperity Agreement is about economic prosperity and is a tool for NIEA to help key partners see the environment as a way to achieve this. One of the key benefits of a Prosperity Agreement is to facilitate interaction with an organisation in a more strategic way. To address critical issues like climate change and resource efficiency, and to generate the step change needed to deliver prosperity and well-being, requires companies to go beyond simple compliance. Prosperity Agreements create a framework for this dialogue, and makes the results visible and measureable. It links the environmental performance of an organisation very clearly with its commercial success. Other benefits include reducing red tape and improving our customer service with a focus on achieving good environmental and economic outcomes.

2.110 Six Prosperity Agreements have been signed by Minister Durkan to date, with:

- Linden Foods & Linergy in August 2014;
- Lafarge Tarmac in March 2015;
- Thompsons Feeds in July 2015;
- Londonderry Inner City Trust in December 2015;
- Coca Cola HBC in Feb 2016; and
- Transport NI in March 2016.

2.111 The NIEA Waste Licensing Team continued to monitor, audit and regulate licensed and exempt waste facilities and activities in order to protect and minimise impacts to the environment and human health. There are currently 329 licensed waste facilities, 451 exempted waste facilities and 9 permitted waste facilities regulated by this team. This work covers a wide range of facilities, such as waste transfer stations and recycling plants, Authorised Treatment Facilities for end-of-life vehicles and Material Recovery Facilities. The Agency has processed over 217 applications for exemptions and exemption renewals. 29 waste management licence applications, 12 modification applications and 8 surrender applications were processed during this period. The team conducted over 1080 site visits during this period, comprising scheduled monitoring site inspections, unscheduled visits and visits to exempted sites.

- 2.112 NIEA has responsibility for the registration of waste carriers to ensure the legitimate transportation of controlled wastes. This year 1308 applications were processed (436 new applications and 872 renewal applications). There are currently 447 low risk Lower Tier registered waste carriers, and 3454 Upper Tier Waste Carriers in Northern Ireland. Lower tier waste carriers are primarily government organisations, charities and businesses that carry agricultural or mining wastes; upper tier waste carriers are mainly private businesses carrying a wide range of different waste streams.
- 2.113 NIEA submitted four cases to the Public Prosecution Service and there are a number of other investigations ongoing. In November 2015, an operator was sentenced to a 12 month suspended prison sentence for an Article 4 offence under the Waste Order 1997 for unauthorised waste management activities at an End of Life Vehicles site. Sixteen Fixed Penalty Notices were issued resulting in £4,650 being received in fines. 398 incidents were received for investigation. Several formerly unauthorised sites visited have now obtained waste management authorisations, resulting in greater control of the activities and additional revenue in fees. This demonstrates the success of the enforcement section's approach.
- 2.114 NIEA monitors and regulates nearly 100 permitted waste facilities to ensure protection of the environment and human health. This work covers operational landfills, anaerobic digesters, sludge treatment at waste water treatment works, materials recycling facilities producing refuse derived fuel, and large metal processing and hazardous waste installations. The waste permitting team also monitors the closure and aftercare of closed landfills to ensure compliance with the Landfill Directive. The team conducted over 330 site inspections to check compliance at permitted sites and closed landfills. In general, operators are achieving a high level of compliance with their permits. To address non-compliances, NIEA issued six formal enforcement notices, achieved one successful prosecution and submitted another case to the Public Prosecution Service which is still ongoing.
- 2.115 Under the Northern Ireland Packaging Waste Regulations, the number of producers rose to 416 and these businesses were responsible for recycling



168,259 tonnes of packaging waste, an increase of approximately 16,000 tonnes from the previous year. Twelve local businesses were accredited by NIEA to issue evidence of waste packaging reprocessing or export for recovery with 28 audits and spot checks of these businesses being carried out. Sale of evidence by these accredited local businesses generated an income of over £2.55m which was re-invested back into the local recycling sector. Five national Compliance Schemes were visited in a joint audit programme with the Environment Agency (England & Wales) and the Scottish Environmental Protection Agency (SEPA).

- 2.116 NIEA processed five End of Waste (EOW) submissions. Regulatory Position Statements dealing with issues relating to food, anaerobic digestion, tyres and agriculture have been developed and published to assist business and NIEA staff. Changes to the NIEA policy on financial provision for waste management activities has been issued for consultation and the final revised policy will be published in April 2016.
- 2.117 A pilot study to develop operational arrangements on fly tipping commenced in June 2012, and had 21 of the former local councils signed up. In April 2014, the original 26 councils formed 11 new councils under local government reform, and NIEA is continuing to work in partnership with the new councils to deliver prompt clean up of fly tipped wastes. Under the pilot agreement, NIEA is responsible for the removal of certain types and volumes of fly tipped waste. NIEA organised the collection and disposal of fly tipped waste for 153 incidents amounting to over 1035 tonnes of waste. Waste types included asbestos, fuel laundered waste and waste tyres. The total amount spent by the Department for this financial year was £299,100.
- 2.118 NIEA continued with the repatriation of waste programme. Approximately 7,500 tonnes of waste was removed from two sites at Altnamackan in County Armagh and Mayobridge in County Down in 2015-16. Proposals to complete the remaining five sites in the Repatriation programme are being developed and NIEA continues to work in close co-operation with colleagues in the Republic of Ireland on this important project.

- 2.119 Following the discovery of the illegal waste site at Mobuoy Road, the site was further investigated. The estimated volume of controlled waste illegally deposited at the Mobuoy waste site is reported to be a minimum of 913,105m<sup>3</sup> with an additional estimate of 252,050m<sup>3</sup> of controlled waste present in the former licensed landfill area some of which has been illegally disposed. NIEA's environmental monitoring of the site continues and an assessment of the risks is being progressed. The key priority for the Department is to protect the River Faughan and ensure that the site clean-up provides value for money. This ongoing assessment of the risks will inform the remediation strategy to protect water quality of the River Faughan. Also the Department has established a Mobuoy Stakeholder Group composed of over 20 interested parties.
- 2.120 Investigators from NIEA Environmental Crime Unit (ECU) helped oversee 27 successful convictions for waste crime, including one custodial sentence of six months plus six months on licence - after appeal, which generated £43,725 in fines. Under the Proceeds of Crime Act (POCA), 4 confiscation orders were secured to a value of £304,914.
- 2.121 ECU has seen some notable firsts this year, including:
- Collaboration with DOE Marine Environment Division saw the first prosecution in Northern Ireland for marine offences. On 18 November 2015, men from Limavady and Ballymena were given two year suspended sentences for the unauthorised use of approximately 20,000 tyres as sea defences on land at Bellarena near Limavady. Left in situ, the tyres, which were either buried or resting adjacent to the shoreline of Lough Foyle (on a site without the appropriate licence), would have interfered with the natural sea processes in the Lough and, as a result, threatened neighbouring land with erosion.
  - November 2015 saw the first custodial sentence imposed for waste crime in eight years. A Ballynahinch man was sentenced to 18 months imprisonment, later reduced to 12 months on appeal, half of which was to be served on licence. This is the longest sentence imposed, to date, for environmental crime in Northern Ireland. The offender in question had

previously been made the subject of a £108,350 confiscation order under the Proceeds of Crime Act 2002 for depositing and keeping around 2,000 tonnes of mixed waste on his land, in contravention of the Waste and Contaminated Land (Northern Ireland) Order 1997. No waste management licence existed for this site. The waste included construction and demolition wastes, plastics, timber, metals, carpet and textiles. A substantial amount of waste burning also took place on the site.

- ECU, seeking to be proactive in its investigations and gather valuable community information and support, carried out its first operational mail drop. 1,200 leaflets explaining the environmental offending that had been taking place, and appealing for public help, were delivered to households and businesses in the vicinity of four sites in South and East Tyrone. This is an area where around 20,000 tonnes of waste had been discovered by ECU officers in Autumn 2015.

2.122 NIEA continued to work towards improving water quality to ensure compliance with national targets and EU legislation. A total of 1,670 water pollution reports were investigated and evidence of pollution was found in 928 of these investigations. Where appropriate, clean up and enforcement measures were taken.

2.123 A total of 44 files of evidence relating to water pollution incidents were prepared and submitted to the Public Prosecution Service (PPS) with a recommendation for prosecution. In addition, a total of 45 water pollution prosecution cases were heard in court, of which 42 (93.3%) resulted in a successful conviction. The remaining three cases were resolved by way of a caution.

2.124 The number of active trade discharge consents under the Water (Northern Ireland) Order 1999 increased during the year to 3,649 from 3,358 in 2014. NIEA has 862 trade discharges sites which are monitored in its monitoring programme. 90.98% of the discharges, which were sampled under the 2015 monitoring programme, complied with the conditions of their Water Order Consent, up from 89% in 2014.

- 2.125 NIEA carried out 313 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. 76 further farm premises were visited to investigate alleged pollution incidents and breaches of the Nitrates Action Programme Regulations. In addition, NIEA processed 119 notifications from farmers in relation to new or improved slurry stores, qualifying nitrates derogation applications for 2016 and 218 nitrates derogation fertilisation accounts relating to those farmers who had derogation in 2015.
- 2.126 Northern Ireland Water (NIW) was given responsibility for the delivery of water and sewerage services on 1 April 2007, and 2008 was its first full year of operation. NIW does not have crown immunity and is subject to enforcement action under the Water Order in the same way as any other discharger. From 2008 to the end of March 2016, Northern Ireland Water has been convicted in the Magistrate's Court on 53 occasions for water pollution offences under the Water (NI) Order 1999. The fines applied upon conviction totalled £95,150, with a conditional discharge being applied in respect of one conviction. It should be noted that a significant number of water pollution incidents attributed to NIW each year relate to blockages within the sewerage system, the majority caused by inappropriate materials such as baby wipes and sanitary items that people flush down their toilet, rather than put in the bin. NIW spends in the region of £1.7m annually clearing blocked sewers and to minimise the number of incidents runs a variety of education and awareness raising campaigns. All discharge standards for NIW Waste Water Treatment Works (WWTW) have been reviewed for future population growth and are now being reviewed against the requirements of the Water Framework Directive.
- 2.127 NIEA has worked closely with NIW and the Northern Ireland Authority for Utility Regulation to identify priorities for investment to deliver environmental improvements. This has involved, through the Price Control Process, the establishment of environmental investment priorities for NIW for the period 2015-21 (PC15). A priority list has been agreed to include the upgrade of 19 large and 45 small WWTW and 56 unsatisfactory intermittent discharges during the PC15

process. Compliance with numeric consents was 93% for 2015, up from 92% in 2014.

- 2.128 NIEA's Water Chemistry Group (WCG) and Industrial Pollution & Radiochemical Inspectorate laboratories were assessed under annual audit over 3 days at the end of March 2016 by the United Kingdom Accreditation Service (UKAS). UKAS recognised that the laboratories' quality management system continued to conform with the international standard ISO 17025 and therefore comply with the EU QA/QC, Quality Assurance Directive. The accreditation demonstrates that the evidence base provided is fit for purpose in underpinning compliance and enforcement programmes across NIEA. The Water Chemistry Team working with the Environmental Crime Unit, provided analysis and expert witness statements for a number of criminal investigations. This has negated the need to sub-contract the work to laboratories in England. The approach has also improved the practicalities of sample 'chain of custody' logistics.
- 2.129 Biological surveying in rivers and lakes is implicit in the Habitats and Water Framework Directives monitoring requirements. Using data to the end of 2014, 32% of river water bodies and 24% of lakes classified under the Water Framework Directive (WFD) were classified as good ecological status or better. This includes cross-border water bodies not wholly within Northern Ireland.
- 2.130 NIEA continues to supplement its knowledge in the use of hydraulic fracturing (Fracking) through reviewing and engaging with emerging research, studying case studies from other parts of the world and liaising with counterparts in other Environment Agencies in Britain and Ireland, and other countries where fracking is currently proposed or taking place. NIEA is also co-funding an extensive research programme on this issue along with the authorities in the Republic of Ireland. The research programme is expected to last for 24 months and will report in late 2016.
- 2.131 NIEA Drinking Water Inspectorate (DWI) continues to work closely with district councils in implementing the Private Water Supplies Regulations through the provision of training and guidance. To support a competency framework, DWI issue warrant cards to environmental health staff carrying out sampling and risk

assessments on its behalf. DWI currently holds a register of commercial and domestic private supplies which it monitors under the Regulations (the Regulations do not require monitoring of domestic supplies at single private dwellings). It also continues to provide advice and guidance on private water supplies to owners and users of all private supplies, including those to single private dwellings, and published a new Private Water Supplies Bulletin.

2.132 The carrier bag levy scheme was introduced on 8 April 2013. The scheme is managed, administered and reported on by the DOE Regulatory and Natural Resources Policy Division. The purchase of carrier bags during 2015-16 generated proceeds totalling some £5.1m (2014-15: £4.7m). The Minister was committed to ensuring that these proceeds were returned to local community environmental projects. Most of the proceeds were therefore channelled through the Challenge Fund and the Natural Heritage Fund.

2.133 NIEA was consulted and provided advice on 18 plans and programmes developed by Government Departments and public bodies, from a wide variety of sectors such as waste management, energy, water management, marine, and spatial planning. Formal requests were received at a number of different stages of these plans including determinations, scoping and environmental reporting.

#### Road Safety and Vehicle Regulation Division (RSVRD)

2.134 The Road Safety Strategy for Northern Ireland to 2020, published in March 2011, includes a vision that a journey on Northern Ireland's roads will be as safe for all road users as anywhere in the world. It identifies the key challenges to be addressed, 199 action measures, a range of casualty reduction targets and performance indicators to support delivery of this vision. Following the completion of a number of research projects carried out under the Department's Road Safety Research Programme, an additional 25 action measures have been added to the Strategy, taking the total number to 224. These additional action measures will help to address further road safety issues identified in relation to motorcyclists, children and older people. The latest NISRA Annual Statistical Report on implementation of the Strategy was published in September 2015 and covered

progress during the period 1 January 2014 to 31 December 2014. It can be viewed at the following link:-

<https://www.infrastructure-ni.gov.uk/publications/northern-ireland-road-safety-strategy-2020-annual-statistical-report-2015>

2.135 The casualty reduction targets for achievement by 2020 are to reduce road deaths by 60%, serious injuries by 45%, child deaths and serious injuries by 55% and young people deaths and serious injuries by 55%. The 2015 Annual Statistical Report showed that reductions of 37%, 36%, 45% and 43% were recorded in 2014 against the respective baseline figure. Fatality figures for 2015 indicate that the number of road deaths was 74. The 74 deaths recorded in 2015 is five fewer deaths than 2014, 52 fewer than ten years ago in 2006 and 298 fewer than in 1972; the highest annual total on record. The number of people seriously injured on our roads during 2014, at 711, is one more than recorded in 2014 and the second lowest yearly total recorded since records began being collated on this figure in 1971; the highest total recorded being 2,905 in 1977. There were 72 children (under 16) killed or seriously injured in 2015 which is two more than recorded in 2014. A total of 197 young people (aged between 16 and 24) were killed or seriously injured in 2015 which is 11 less than in 2014 but 21 more than in 2013. The number of deaths among pedestrians (19), drivers (34) and passengers (17) recorded in 2015 are the highest for each category in a calendar year since 2009. However, there was a large reduction in motorcyclist deaths recorded in 2015 falling by nine from 13 recorded in 2014 to 4 this year. No pedal cyclists were killed in 2015 which is the first time there have been no deaths in this category since 2010.

2.136 The Department hosts a Road Safety Forum, established to bring together road safety stakeholders to discuss matters of mutual interest direct with the Minister, which includes representatives from the Departments for Justice and Regional Development, the Police Service for Northern Ireland (PSNI), the Fire and Rescue and Ambulance Services, along with a range of other interested parties. There were two meetings of the Forum during 2015-16. The Department has worked closely with other organisations to help deliver the road safety message. The Gaelic Athletic Association (GAA), the Ministry of Defence (MoD), Allstate, Coca-

Cola and Young Farmers' Clubs of Ulster (YFCU), to name a few, have been hugely supportive.

- 2.137 The final recommendation of the independent review of the Road Safety Education Officer Service has been implemented and the modernisation programme is now complete. The Road Safety Education Officer Service and the Publicity and Advertising Unit have now amalgamated into one team under the banner of Road Safety Promotion and Outreach. Work continues to update and revise many of the road safety teaching resources to ensure they remain up-to-date and fit for purpose in today's modern school environment. This included collaboration with the Education Authority TV (EA/TV) and the Department of Education C2K team to produce virtual classroom learning session for primary school children. All road safety resources remain available on line through the Department of Education computer system C2K, in hard copy format (where appropriate) and via NI Direct for those independent schools and organisations who do not have access to C2K.
- 2.138 The new enhanced Cycling Proficiency Scheme commenced in February 2015; 420 schools participated in the scheme and approximately 7000 pupils were trained. This is slightly down on the number of schools participating under the old scheme but the dip in numbers is expected to be temporary and numbers are expected to rise for year two of the new scheme.
- 2.139 In the 2015-16 year, the Department developed three new road safety campaigns.
- 2.140 The first campaign, launched by Minister Mark H Durkan on 11 December 2015, is a social media campaign designed to reinforce the message that the only safe level of alcohol when driving is no alcohol. The campaign is aimed at all drivers but particularly at young male drivers who are statistically at the core of this problem as they are more likely to be involved in a serious crash where alcohol is a factor. The new campaign stresses the impairing effects of alcohol on driving, even from the first drink. The message is designed to increase further the unacceptability of driving even after one drink, especially for young males.



- 2.141 A second social media campaign specifically addressing the various issues in relation to mobile phone use while driving was launched by Minister Mark H Durkan on 11 March 2016. The campaign aims to educate all drivers on the risks and consequences on using a mobile phone when driving by emotionally dramatising the dangers, which will influence their attitude by disrupting the compulsive desire to stay connected; and ultimately lead to better choices and better behaviour on the road. The core message is that glancing at your phone, for just two seconds, doubles your risk of crashing and urges that 'Everything Else Can Wait'.
- 2.142 A third campaign using TV and social media as the main communication channels addressing young driver and peer group passenger distraction was also launched on 11 March 2016. This campaign highlights some of the riskiest and most widespread behaviours young drivers and their young passengers engage in. It also informs them of the potential serious consequences of such behaviours. The core message is the 'Young passengers and young drivers are a lethal combination'. And the strapline urges 'Don't Distract Your Friends When They Are Driving'.
- 2.143 Road Safety and Vehicle Regulation Division will continue to deliver the many road safety messages to various audiences through a mix of media in order to further reduce road casualties.
- 2.144 During 2015-16 the Department provided funding to projects addressing road safety issues such as:
- road safety awareness and driving skills for those living in the rural and farming community;
  - pedestrian safety;
  - driver safety, awareness of the impact of speeding and reckless driving;
  - children's awareness of traffic danger;
  - driving and road safety guidance for older drivers;
  - managing occupational road risk;
  - the importance of being fit to drive;

- the impact of health and medications on driving;
- information about alternative transport options;
- independent travel and road safety awareness for people with learning disabilities;
- anti-social use of the roads;
- driver inattention and mobile phone usage;
- road safety for cyclists; and
- promotion of road safety through theatre in education.

2.145 Information and advice for anyone interested in road safety is available on NI Direct. Elements include interactive activities for children and teenagers, guidance and advice for teachers, pupils and parents, and information on road safety resources the Department provides for schools.

2.146 The Taxis (Northern Ireland) Act 2008 - which gives the Department the powers to modernise the way taxi services are delivered in Northern Ireland - received Royal Assent on 21 April 2008. Since then the Department has developed a project plan which is designed to see the Taxis Act fully implemented by 2015. Subordinate legislation was made in September 2012 which saw the introduction of Taxi Operator Licensing, a key element of ensuring that the public is provided with a modern and fit for purpose taxi service. A further piece of legislation was introduced in October 2014, which requires all new taxi drivers to pass a theory and practical driving test and which requires all taxi drivers to undertake periodic training. In December 2014, the Department made legislation to update the taxi licensing regime (defining classes of taxis, arrangements for the display of plates, and vehicle specifications), however the Assembly voted to annul the regulations. Following further engagement with the Assembly and particularly the Environment Committee, revised Regulations were made in December 2015 and passed successfully through the Assembly. The Regulations will come into operation on 31 May 2016, when four new classes of taxi licence will replace the existing PSV system for taxis. For the taxi user the most visible changes will be the requirement for most taxis to fit a taximeter, and new style roofsigns on which revised taxi plates will be displayed.

2.147 The Road Traffic (Amendment) Bill, which makes changes to the drink driving and driver training and testing regimes completed its passage through the Assembly on 12 January and received Royal Assent on 23 March 2016. It will be known as the Road Traffic (Amendment) Act 2016.

2.148 The Act provides the necessary powers to:

- Reduce the drink drive limits;
- Introduce other measures to tackle drink driving;
- Introduce a system of Graduated Driver Licensing (GDL); and
- Require quad users to wear helmets when using/riding a quad on a public road.

2.149 The current drink drive limit in Northern Ireland is 80mg of alcohol per 100ml of blood. This is applicable to all drivers, regardless of licence status. The Act will introduce two new limits – 50mg/100mls for most drivers and 20mg/100mls for learner, novice and professional drivers. The new lower limits will be complemented by additional breath testing powers, a new graduated penalty regime including fixed penalties and automatic referral of offenders to an approved drink drive rehabilitation course. The right to replace a breath sample – where the breath reading is marginally above the limit - with a blood or urine sample will be removed from law.

2.150 Consultation on the secondary legislation needed to enable the drink driving provisions of the new Act to be fully implemented opened on 21 March 2016. It will close on 27 May 2016.

2.151 GDL is a package of measures designed to provide new drivers with experience and skills, over time, in lower-risk environments. It includes a mandatory learning period during which time a Programme of Training will be followed and evidenced via a logbook. This will provide a more structured approach to learning to drive and will guide the learner through the skills and experience required to become a safe driver.

- 2.152 The RTA Act introduces a time bound passenger restriction which means that new drivers under the age of 24 will be restricted from carrying more than one passenger (excluding immediate family) who is aged 14 to 20 for the first 6 months post test between the hours of 11pm and 6am.
- 2.153 The Act also removes the current 45mph speed restriction for learner and new drivers and replaces the R plate with a post-test plate to be displayed for two years, in line with the existing New Driver probationary period.
- 2.154 Making young drivers safer through the introduction of GDL is also expected to contribute to lower car insurance costs as claims fall.
- 2.155 A total of 18 statutory rules and statutory documents were made this year. These included 10 relating to the modernisation of the way taxi services are delivered in Northern Ireland. Other statutory rules made include an order that provides for the extension of the Driver and Vehicle Testing Agency (DVTA) Trading Fund to include all operations of the Driver and Vehicle Agency (DVA) which was created in 2007 when DVTA merged with Driver and Vehicle Licensing Northern Ireland (DVLNI). The Trading Fund as extended will be known as the Driver and Vehicle Agency Trading Fund. Another set of regulations increased the maximum permitted speed for wheeled agricultural tractors (“category T tractors”) from 20 mph to 40 km/h (approximately 25 mph) and also the maximum laden weight for certain category T tractor and wheeled agricultural trailer combinations from 24,390 kg to 31,000kg. These changes will have a positive impact for the farming community.
- 2.156 The 13<sup>th</sup> and 14<sup>th</sup> impressions of the Official Highway Code for Northern Ireland were published in September 2015 and March 2016 respectively. Each contained a number of minor adjustments and revisions to public information.

#### Driver & Vehicle Agency (DVA)

- 2.157 This year the Agency conducted over a million (1,075,386) vehicle tests, slightly more than last year (1,033,259), with just over 80% of full tests resulting in a pass. The waiting time target for vehicle test appointments was 92% of appointments to

be made within 21 days or on request at a later date. The Agency achieved a rate of 88.21%.

- 2.158 280,738 ordinary and 14,543 vocational driving licences were issued during the year, with over 96% issued within 10 working days compared with a target of 95%.
- 2.159 58,574 practical driving test appointments were made during 2015-16, an increase of 8.1% on the previous year. The waiting time target for driving test appointments was 92% of appointments to be made within 28 days or on request at a later date. The Agency achieved a rate of 81.41%.
- 2.160 The Agency continued to support Road Safety and Vehicle Regulation Division (RSVRD) on the implementation of The Taxis Act 2008, and the provision of a new regulatory regime affecting the construction, testing and licensing of taxis. DVA has assisted in the development of new taxi vehicle legislation, and related construction and test criteria affecting standard taxis, accessible taxis and those identified for use in the future as special occasion and novelty vehicles. This legislation will also help provide disabled people with an enhanced opportunity to access public transport. In addition, the Agency is preparing for the introduction of a taximeter approval and testing scheme.
- 2.161 Providing excellent customer service has continued to be a priority for the Agency. In March 2016 the Agency was assessed against the rigorous standards of Customer Service Excellence®, and for the sixth consecutive year retained the accreditation. This was a very pleasing result and illustrated that DVA staff work very hard to deliver first class services to Northern Ireland's citizens. In addition, the 'DOE Driver Vehicle, Operator and Enforcement Statistics' publication, which covers all of the Agency's key activities, retains National Statistics status – an indication of the quality and breadth of the statistical information which the Agency routinely releases into the public domain.
- 2.162 During 2015-16 the Agency continued to progress development of a new driver licensing IT system. The new system will improve the customer experience and will enable the DVA to phase in a range of online services. The delivery of the

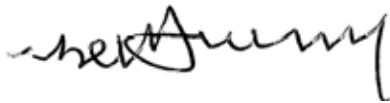
core system is planned for the end of May 2016 with a limited number of online services being available shortly thereafter. Further online services will be made available during 2017 and 2018.

2.163 The DVA Business Transformation Programme continued the detailed planning, analysis and design stages required prior to the implementation of a major change programme. The Programme team held meetings and workshops with stakeholders from across the industry, all of whom were very positive about DVA's ideas for new test centres and the future use of technology. DVA staff and Trade Union Side have been kept informed on the impacts of Transformation through involvement in workshops and regular newsletters and updates from management. Progress on each of the individual strands was as follows:

- In addition to the development of the new driver licensing system, the ICT strand of the programme completed an analysis of the current DVA enforcement, commercial licensing and booking services, involving an examination of how the current systems work, with DVA staff and stakeholders sharing ideas and suggesting business improvements.
- Following completion of an initial HR Scoping Study, the People strand continued to engage with other public service bodies which have undertaken transformation programmes to understand their experiences. The People strand will influence how other areas of the programme will be taken forward, including a resource management plan which will be required for the new test centre network.
- The Infrastructure strand continued to progress the design and build of a new test centre network. Significant internal engagement has taken place to define the needs from a new network of test centres, and staff have provided useful feedback on requirements. An Integrated Design Team was appointed in March 2016 to draw up plans for the new test centres, and work continued on securing new sites to accommodate the growing demand for DVA services.

2.164 DVA Compliance & Roadside Enforcement has continued to concentrate on reducing the levels of non compliance within the road transport industries with the focus on key operational activities that include roadside enforcement checks,

operator centre compliance audits and special investigations. The outcomes of these compliance and enforcement activities are reported to the Transport Regulation Unit and the Passenger Transport Licensing Division to support the licensing and regulatory functions they deliver for the goods vehicle and passenger transport industries respectively. In addition, Enforcement has liaised closely with the Road Safety Authority and the Driver and Vehicle Standards Agency to carry out a number of co-ordinated checks throughout Ireland and the UK.



**Accounting Officer**

**23 June 2016**

## **ACCOUNTABILITY REPORT**

### **CORPORATE GOVERNANCE REPORT**

#### **3. DIRECTORS' REPORT**

3.01 The Department of the Environment was one of twelve Northern Ireland Departments and was created in December 1999 under the Northern Ireland Act 1998 and the Departments (Northern Ireland) Order 1999.

##### **The Minister**

3.02 The Minister, Mark H Durkan MLA, had overall political responsibility and accountability for all the Department's activities from 16 July 2013.

##### **The Permanent Secretary**

3.03 The Permanent Secretary of the Department is the Minister's principal advisor on all aspects of the Department's responsibilities and the Accounting Officer for all Departmental expenditure. The Permanent Secretary was appointed by the Civil Service Commission following public advertisement and competition. The appointment is for an indefinite term under the terms of the Senior Civil Service contract. The rules of termination are set out in Chapter 11 of the Senior Civil Service Management Code.

##### **The Departmental Board**

3.04 The work of the Department is co-ordinated and monitored by the Departmental Board. From 1 April 2015 to 31 August 2015 the Departmental Board comprised: The Permanent Secretary, the Deputy Secretary/Chief Executive for the Environment and Marine Group, the Deputy Secretary for Local Government, Historic Environment & Corporate Services Group, the Deputy Secretary for Planning and Road Safety Group, the Chief Executive of the DVA and the Director of Finance and Business Planning Division. From 1 September 2015 following the departure of the Deputy Secretary of Local Government, Road Safety and



Corporate Services Group, the Directors of Human Resources and Organisational Change Division, the Director of the Historic Environment Division and the Director of the Local Government Policy Division joined the Departmental Board. The role of the Departmental Board is to provide corporate leadership within policies determined by the Minister.

The members of the Departmental Board during the year were:

Leo O'Reilly	Permanent Secretary
Ian Maye	Deputy Secretary, Local Government, Historic Environment and Corporate Services Group (to 31 August 2015)
Wesley Shannon	Acting Chief Executive of Northern Ireland Environment Agency and Deputy Secretary of the Environment and Marine Group from 1 April 2015 to 22 November 2015
Helen Anderson	Acting Chief Executive of Northern Ireland Environment Agency and Deputy Secretary of the Environment and Marine Group from 23 November 2015 to 29 February 2016
David Small	Chief Executive of Northern Ireland Environment Agency and Deputy Secretary of the Environment and Marine Group from 1 March 2016
Paul Duffy	Chief Executive of Driver & Vehicle Agency
Fiona McCandless	Chief Planner and Deputy Secretary for Planning and Road Safety Group
Anthony Carleton	Director of Finance and Business Planning Division
Iain Greenway	Director of the Historic Environment Division from 1 September 2015
Steve Hare	Director of Human Resources and Organisational Change Division from 1 September 2015 to 30 September 2015
John Napier	Acting Director of Human Resources and Organisational Change Division from 1 October 2015
Nichola Creagh	Acting Director of Local Government Policy Division from 1 September 2015
Jim Brooks	Independent Board Member
Shannon Caldwell	Independent Board Member

### **Independent Board Members**

3.05 The Independent Board Members, Mr Jim Brooks and Ms Shannon Caldwell, provided external expertise and advice to aid the Board in its decision-making processes and in this way contributed to the corporate management of the Department.

### **Company Directorships**

3.06 There are no company directorships or other significant interests held by Departmental Board members which conflict with their management responsibilities.

### **Non-Executive Advisory Bodies**

3.07 The Department is advised in the exercise of its functions by three statutory advisory bodies: the Council for Nature Conservation and the Countryside (CNCC); the Historic Monuments Council; and the Historic Buildings Council. The positions of Chairman and Deputy Chairman of the CNCC are remunerated as determined by the Department and approved by the Department of Finance and Personnel. All other members of the councils are entitled to travel allowances and other out of pocket expenses incurred in connection with the business of the council. These costs, together with Secretariat and running costs are included in the Department's administration costs as appropriate.

### **Financial Instruments**

3.08 In accordance with International Financial Reporting Standard (IFRS) 7, "Financial Instruments", details of the impact of financial instruments on the Department's risk profile are disclosed at note 10 to the Financial Statements.

### **Pension Liabilities**

3.09 Details on pension liabilities can be found in the Remuneration Report and on the Civil Service website [www.civilservicepensions-ni.gov.uk](http://www.civilservicepensions-ni.gov.uk).

## **Auditor**

- 3.10 The Department's Accounts are audited by the Comptroller and Auditor General for Northern Ireland (C&AG) in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001. The C&AG is head of the Northern Ireland Audit Office and he and his staff are wholly independent of the Department and he reports his findings to the NI Assembly. The charge for these audit services for the financial year, which is included as a notional cost in the Consolidated Statement of Comprehensive Net Expenditure of the accounts, was £85k (2014-15 £97k).
- 3.11 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.

## **Equal Opportunities**

- 3.12 The Department is an Equal Opportunity employer. The Equal Opportunities policy of the Northern Ireland Civil Service (NICS) is that all eligible persons shall have equal opportunity for employment and advancement on the basis of their ability, qualifications and aptitude for the work. The Department is fully committed to the elimination of all forms of discrimination, harassment and victimisation, not only because of the legal requirements under which it operates, but because it makes sound business sense and ensures that working relationships are based on mutual trust, respect and understanding. This allows the best use to be made of the wide variety of skills, abilities and attributes available in the Department and promotes a harmonious working environment.
- 3.13 Under this policy, no person must be treated less favourably, in any aspect of his or her employment, for a reason related to gender, marital status, religious belief, political opinion, disability, colour, race, ethnic or national origin, age, sexual orientation, or whether or not he/she has dependants, which should be irrelevant to the treatment or assessment of that individual.

## **People with Disabilities**

3.14 Both the NICS Equal Opportunities policy, and the Code of Practice on the Employment of People with Disabilities, provides the framework used by the Department to achieve equality of opportunity for people with disabilities. The Department is committed to ensuring that its policies and practices comply with the requirements of the Disability Discrimination Act 1995, and that, through the consideration and implementation of reasonable adjustments, disabled staff can make full use of their skills and abilities. The Department is also committed to complying with the two Statutory Disability Duties as provided in the Disability Discrimination (NI) Order 2006 by producing a Departmental Disability Action Plan. The Department, will within the existing resourcing arrangements continue to provide support and employment opportunities for disabled people through the Employment Support Programme.

## **Equality**

3.15 The Department is committed to fulfilling its obligations under Section 75 of, and Schedule 9 to, the Northern Ireland Act 1998. In carrying out their functions, powers and duties relating to Northern Ireland, all departments must have due regard to the need to promote equality of opportunity between certain specified groups, and also have regard to the desirability of promoting good relations between persons of different religious belief, political opinion or racial group. The Department has drawn up a new five year Equality Scheme which sets out how the Department proposes to fulfil the Section 75 statutory duties. This Scheme and its Action Plan were approved by the Equality Commission for Northern Ireland in January 2012.

## **Freedom of Information**

3.16 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 401 'Requests for Information' (2014-

15: 526), falling within the terms of this legislation, were received within the period of this report.

### **Staff Training and Development**

3.17 The Department is committed to providing all staff with the development and training necessary for effective performance in their jobs and for the development of their potential in accordance with the business needs of the Department and the agreed training priorities for the NICS. The Department utilises the DFP Centre for Applied Learning shared service which provides a wide range of programmes, many of which are externally accredited, for all generic learning and development needs. In addition the Department arranges external training to ensure non-generic training needs are met, particularly those working in specialist areas. In addition, DVA provides in house specialist technical training for its Test Centre staff. The Department provides support is available for staff who are required to undertake a formal qualification essential to a particular post. In addition the Department provides 'Assistance to Study' which supports staff to achieve a recognised qualification in their own time.

### **Employee Involvement**

3.18 The Department places considerable reliance on the involvement of its employees. It makes every effort to ensure that all staff are kept informed of plans and developments. This is affected through meetings, team briefings, circulars and the publication of business and training plans. In addition, regular information updates for staff are posted on a timely basis to the Department's intranet site.

3.19 Staff have access to trade union membership and welfare services. Carecall, for example, the Employee Assistance Programme, offers an independent and confidential counselling support service and information/advisory service for all staff and their immediate family members.

3.20 The Department uses the established Whitley process of staff consultation. The Whitley Council and Committees provide agreed meetings for discussion which

are attended by both employer and trade union representatives. For Industrial Staff consultation the Department engages through the Departmental and Local Joint Consultative Committees with the recognised trade union representatives. In this way staff views are represented and information for employees is promulgated.

- 3.21 The Department attained formal recognition as an Investor in People in May 2014. A significant achievement made by all Divisions to improve leadership and management practices to a standard that can be publicly recognised by Investors in People NI.

### **Health and Safety**

- 3.22 The health, safety and welfare of staff and customers remains paramount and the Department continues to ensure that high standards of health and safety are integrated with improved business performance. The Department considers health and safety legislation as a minimum standard and has established processes in line with the Health and Safety Executive's "Leading Health & Safety at Work" (INDG417) and "Successful Health & Safety Management" (HSG65) to ensure the continual improvement of its health and safety management system.
- 3.23 The Department continues to ensure the ongoing delivery of a range of health and safety training courses, the provision of guidance to assist local management, the investigation of incidents (including accidents and "near misses") and the audit and review of overall health and safety performance. During 2015-16 the Department delivered its planned Health and Safety Programme of reviews and draft policy initiatives.

### **Charitable Donations**

- 3.24 The Department has made no charitable donations in the year 2015-16 (2014-15: nil).

### **Prompt Payment**

3.25 The Department is committed to the prompt payment of bills for goods and services received, in accordance with the Late Payment of Commercial Debts (Interest) Act 1998, Late Payment of Commercial Debts Regulations 2002 and British Standard 7890 - Achieving Good Payment Performance in Commercial Transactions. Unless otherwise stated in the contract, payment is due within 30 days of the receipt of the goods or services, or on presentation of a valid invoice or similar demand, whichever is the later. In November 2008, the Executive sought to have payments made within 10 days to help local businesses in the current economic climate.

3.26 In 2015-16, 84.2% (88.2% in 2014-15) of invoices for goods or services were paid within 10 days while 94.3% (96.5% in 2014-15) were paid within 30 days.

### **Sickness Absence**

3.27 The sickness absence target for the 2015-16 year was 7.5 days (2014-15: 7.5 days). NISRA has now reported that the Department has achieved 9.7 (estimated) days (2014-15 10.5 days) sickness absence per person.

### **Charging Regime**

3.28 The Department has complied with HM Treasury guidance on setting fees and charges and the associated allocation of costs.

### **Annual Report and Accounts**

3.29 I am content that the annual report and accounts as a whole is fair, balanced and understandable and I take personal responsibility for the Annual report and Account and the judgments required for determining that it is fair, balanced and understandable.

### **Reduction in the number of Departments**

3.30 The Stormont House Agreement contained a commitment to reduce the number of Northern Ireland Civil Service Departments from 12 to 9 immediately following the

2016 Assembly Election. DOE will be transformed and functions from the Department will be incorporated into three new departments: the Department for Agriculture, Environment and Rural Affairs; the Department for Infrastructure and the Department for Communities. As part of the transformation, project boards were established with DOE representation on the project boards for the Department for Communities, the Department for Infrastructure and the Department of Agriculture, Environment and Rural Affairs. The Department also initiated a project, to manage the transformation of the DOE, which provided regular updates to the Departmental Board. In addition regular newsletters/updates have been placed on the NICS Intranet and a series of roadshows and seminars have been held to keep staff apprised of the changes.

### **Information Management**

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



## STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

Under the Government Resources and Accounts Act (Northern Ireland) 2001 the Department of Finance and Personnel has directed the Department of the Environment to prepare, for each financial year, resource accounts detailing the resources acquired, held, or disposed of during the year and the use of resources by the Department during the year.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department and of its net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.

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

- a. observe the accounts direction issued by the Department of Finance and Personnel including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- b. make judgements and estimates on a reasonable basis;
- c. 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;
- d. prepare the accounts on a going-concern basis.

DFP has appointed the Permanent Secretary of the Department as Accounting Officer of the Department.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding the Department's assets, are set out in the Accounting Officers' Memorandum issued by DFP and published in *Managing Public Money Northern Ireland*.

## **GOVERNANCE STATEMENT**

### **Governance Structures**

The functions of the Department of the Environment during the 2015-16 financial year were exercised subject to the direction and control of the Minister for the Environment, Mark H Durkan MLA. The Minister determined the Department's policies, programmes and priorities in the context of the Executive's Programmes and Budgetary allocations. This role included making decisions on strategy, business objectives and the policy and legislative programme for the Department.

The Departmental Accounting Officer had overall personal responsibility and accountability for all Departmental expenditure and was assisted by Deputy Secretaries and Directors who managed the Groups, Agencies and Divisions within the Department. The Deputy Secretary for the Environment and Marine Group, the Deputy Secretary for Local Government, Historic Environment & Corporate Services Group, the Deputy Secretary for Planning and Road Safety Group, and the Chief Executive of the DVA:

- advised the Minister on operational matters for his/her area of responsibility, subject to my overall direction;
- contributed to assessment of implications and effectiveness of policy proposals impacting upon their area of responsibility, subject to my views;
- supported high-level corporate decision-making process as a member of the Departmental Board;
- contributed to corporate governance arrangements within the Department; and provided the Departmental Accounting Officer with support.

From the 1 September, following departure of the Deputy Secretary of the Local Government, Historic Environment and Corporate Services Group the Directors of Human Resources & Organisational Change, Historic Environment Division and Local Government Division, joined the Departmental Board.

## The Departmental Board

The work of the Department was co-ordinated and monitored by the Departmental Board. The Board operated within guidelines set out in the Department of Finance and Personnel's *Corporate Governance in Central Government Departments: Code of Good Practice (NI) 2013*. The Board provided the collective strategic and corporate leadership to the Department as a whole, with its senior officials supported by non – executives from outside government, helping the department to operate in a business-like manner.

At March 2016, the Departmental Board membership comprised the following executive members: the Permanent Secretary, the Deputy Secretary/Chief Executive for the Environment and Marine Group, the Deputy Secretary for Planning and Road Safety Group, the Chief Executive of DVA, the Director of Finance and Business Planning, the Director of Human Resources and Organisational Change, the Director of Local Government and the Director of Historic Environment Division. There were also two Independent Board Members (IBMs). The Board operated as a collegiate forum, under the leadership of the Permanent Secretary to manage the running of the Department. The Board advised the Minister, through the Permanent Secretary, on the operational implications and effectiveness of the Department's operations. The Board did not determine policy or exercise any of the powers of the Minister.

Day-to-day operational matters were the responsibility of the executive members of the Board who were civil servants in the Department, operating within policy frameworks determined by the Minister and under the Permanent Secretary's general oversight and control. In addition to monthly meetings of the full Departmental Board weekly stock take meetings with executive members were held to review key current issues. A Departmental Downsizing and Restructuring Sub-Group was also established to support departmental restructuring and the management of staff implications of the civil service wide, voluntary exit scheme. The Permanent Secretary also met the Minister regularly to review current and ongoing issues. The two Independent Board Members provided external expertise and advice to aid the Board in its decision making processes; and contributed to the corporate management of the Department. Attendance during the year at the Board meetings was as follows:

<b>Board Member</b>	<b>Meetings Attended</b>	<b>Out of a Possible</b>
<b>Independent Board Members</b>		
Jim Brooks	9	11
Shannon Caldwell	10	11
<b>Executive Members</b>		
Leo O'Reilly	11	11
Ian Maye	4	5
Steve Hare	1	1
John Napier	5	5
Wesley Shannon	7	8
Helen Anderson	3	3
Paul Duffy	10	11
Anthony Carleton	10	11
Fiona McCandless	9	11
Angus Kerr*	1	1
Nichola Creagh	6	6
Iain Greenway	6	6
David Small	1	1

\*Angus Kerr attended the Departmental Board on behalf of F McCandless

### **The Performance of the Board**

Supplementing the outcome of previous assessments of board effectiveness which addressed roles and responsibilities, working together, decision making and strategic approach, in preparation for 2015-16 the Departmental Board was restructured to facilitate the transfer of responsibilities to new departments expected in May 2016. The Board continued to keep under review all of its information needs during 2015-16 and received additional information to facilitate monitoring and oversight of restructuring preparations. Consequently, the Board was content with the quality of information it was receiving.

### **The Departmental Audit Committee**

The Board was supported in its role by the Departmental Audit Committee (DAC), which was a sub-committee of the Board with no executive powers. The role of the Audit Committee was to support the Board in its responsibilities for issues of Corporate Governance and Risk Management. This was achieved by reviewing the levels of assurances given to meet the Board and Accounting Officer's assurance needs. It also reviewed the timeliness, reliability and integrity of these assurances. The Departmental

Audit Committee, which was chaired by one of the two Independent Board Members (IBMs) was attended by representatives from all the Department's business areas, Internal Audit and the Northern Ireland Audit Office (NIAO). The Chair of the Audit provided the Permanent Secretary with an Annual Report on the work of the DAC. Some of the key issues discussed at the Audit Committee meetings during the 2015-16 financial year included: review of the internal audit strategy; departmental corporate governance issues; including risk management and assurance reporting; and the NIAO report to those charged with governance and audit strategy. The Audit Committee has received a presentation of the DOE Annual Report and Resource Accounts and DVA Trading Fund Accounts.

Each of the Department's two executive agencies (NIEA and DVA) had their own Audit Committees which met up to four times per year and also included representation from the NIAO and Internal Audit.

Attendance during the year at the Audit Committee meetings was as follows

<b>Board Member</b>	<b>Meetings Attended</b>	<b>Out of a Possible</b>
<b>Non-executive Board Members</b>		
Jim Brooks	4	4
Shannon Caldwell	3	4
<b>External Members</b>		
John Smith - DE	3	4

## **RISK MANAGEMENT AND CONTROL FRAMEWORK**

### **Departmental Position on Risk**

The Department accepting that risk was inherent in all its activities had developed its risk management strategy to minimise the adverse impact of risks while maximising the benefits to the Department. This allowed the Department to meet its objectives, use its resources effectively and take advantage of positive opportunities. The system of risk management in DOE was based on an on-going process, which identified the principal risks associated with the achievement of Departmental policies, aims and objectives. It evaluated the nature and extent of those risks and managed them efficiently, effectively and economically through implementing controls and actions to reduce their likelihood and impact.

In exercising its responsibility in relation to risk management, the Department established a framework of responsibilities which was consistent with following generally recognised principles of sound risk management practice:

- Appropriate oversight by senior management;
- Adequate risk management processes that provide for continuous risk monitoring by management;
- The embedding of risk management into the activities of each business area as an integral part of the overall organisation; and
- Comprehensive internal controls and assurance processes linked to key organisational risks.

This framework was underpinned with a risk management policy document.

The risk management cycle adopted a “top-down” and “bottom-up” approach that allowed risks to be identified and managed at Departmental, Agency and Division levels and to be escalated as appropriate. Each business area prioritised risk against standardised risk impact/likelihood descriptors to reduce subjectivity in assessing risk. Key risks identified at corporate, group and divisional level were documented in risk registers and reviewed formally four times during the year. Another important part of risk management in the Department was the quarterly Senior Managers Forum. Senior managers reviewed key risks facing the Department during 2015-16 which resulted in new corporate risks, being identified relating to the implementation of a new IT system for Driver Licences, loss of key personnel arising from Voluntary Exit Scheme and departmental restructuring. Other key risks in relation business critical IT requirements, financial resources, health & safety, corporate governance and the delivery of regulation were closely monitored by the Departmental Board. The Corporate Risk Register was updated and reviewed quarterly by the Departmental Board and divisional/agency risk summaries were a standing agenda item at its monthly meetings between the quarterly reviews.

The Department faced a number of challenges in 2015-16 arising from further reductions in funding as a consequence of Executive budget reductions, the loss of 261 staff who left through a voluntary exit scheme and preparations for the transition of Departmental responsibilities to new departments in May 2016. Appropriate oversight

and governance arrangements were put in place to ensure these challenges were successfully managed during 2015-16. Following the transfer of responsibility for local planning to the new eleven councils in April 2015, the Department continued to support and consolidate the new planning system.

Following the identification of the illegal waste site in Mobuoy near Londonderry in June 2013, an independent review of the illegal site was immediately commissioned. This review was completed by December 2013, and one of the key objectives was to deliver the actions that were scheduled to be delivered in 2015-16. These were highlighted in the Minister's Implementation Response to the 'Mills Report' which identified a number of key recommendations to help create a waste sector that complies with the law, protects the environment and underpins resource efficiency. The actions undertaken so far are helping to move the waste industry toward achieving these goals. I note that the NIEA delivered all actions that were scheduled to be delivered in 2015-16.

### **Controls and Assurance Framework**

The Accounting Officer is responsible for maintaining a sound system of internal control that supported the achievement of the Department's policies, aims and objectives. He was also personally responsible for safeguarding public funds and the Department's assets, in accordance with the responsibilities assigned to me in Managing Public Money Northern Ireland. The Chief Executives of the NIEA and the DVA were appointed as Agency Accounting Officers.

In preparing Governance Statements and reviewing the effectiveness of the system of internal control, the Accounting Officer(s) will seek to place reliance on information and assurances. The approach taken in the Department is similar to the 'Three Lines of Defence' model which illustrated that assurance can come from both within and outside the Department and can be derived from a variety of sources, with differing levels of objectivity and independence. All assurances contribute to the overall picture on how well the Department is managing the delivery of its objectives and the risks that could put those objectives in jeopardy. Assurance was obtained using different sources including management assurance statements, risk management framework, Audit Committee and Internal Audit.

The DAC, which is chaired by an Independent Board Member, assists the Departmental Accounting Officer by drawing to his attention matters of governance, risk, control and assurance. Audit Committees were also in place in each Agency. The Chair of the DAC will provide the Departmental Accounting Officer with an annual report on the work of the DAC. I am currently unaware of any issues which may have implications on the overall management of risk and that all significant internal control issues have been discussed with adequate assurances provided to meet the needs of the Accounting Officer.

The Department shared the services of the Internal Audit Unit with the Department for Regional Development. The Internal Audit Unit operated in compliance with Public Sector Internal Audit Standards. The Accounting Officer received annual and interim reports from the Internal Audit Unit that include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the Department's systems of internal control, together with recommendations for improvement. Complementary to this, Assurance Statements were received from all Executive Board members and observations by the external auditors in their reports.

### **Compliance with the Corporate Governance Code**

Within Northern Ireland, Departments are required to operate under the "*Corporate Governance in Central Government Departments: Code of Good Practice (NI) 2013*". During 2015-16, the Department complied with the principles and supporting provisions set out in the 2013 code. The code outlines the requirement for the head of the Department to hold meetings periodically with the independent non-executive members as a group, without the executives present. During the current financial year, the Accounting Officer met with each non-executive director individually. The agencies operated under agency management boards which provided advice and support in the exercise of functions of the agencies as set out in the Department's Agency Framework documents. The exercise of the functions of the agencies were also overseen by the Departmental Board which included two independent board members. I note the following departure from the code: following consultation with the Minister of the Environment, it was confirmed that existing arrangements for the corporate governance of the Department did not require the appointment of further independent board members to the board of the agencies within the Department.



## **STEWARDSHIP OF RESOURCES**

### **Financial Management**

The Department's expenditure and income was monitored throughout the year and reported to the monthly Departmental Board in the form of a stewardship report. This report included spend to date and estimated outturn against the approved monitoring position, which facilitated the Board in monitoring expenditure at Departmental Group level for both current expenditure and capital investment. During 2015-16 and in the context of significant in year budgetary pressures, measures to enhance oversight and budgetary control continued across the wider department

### **Information Management**

Effective information security is a key priority for the Department and the Department recognised that stringent principles of information security must be applied to all information it holds. The Departmental Information Security Committee (DISC) established under the Information Assurance Framework strengthened the Department's approach to the management and security of information and supporting technology and assisted the Accounting Officer and Departmental Board in overseeing and carrying out their responsibilities in relation to information assurance. The Committee was chaired by Senior Information Risk Owner (SIRO) and reported quarterly to the Departmental Board. In relation to data security, the Department followed departmental guidance to ensure that all information used for operational and financial reporting purposes was 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.

### **Assurance Reporting**

A key source of assurance when drafting this Governance Statement are the end of year assurance statements obtained from the Deputy Secretaries and members of the Board. These statements provide important assurances around the internal controls in operation within the Department/ALBs, the drafting and monitoring of business plan objectives, and the monitoring and reporting of fraud. These assurance statements

also required business areas to report any significant issues or control weaknesses identified during the year.

### **Fraud Arrangements**

The anti-fraud policy set out the definition of fraud, detailed the responsibilities regarding the prevention of fraud and highlighted the procedures to be followed in the event of a fraud being detected or suspected. The fraud response plan was a procedural guide and provided a checklist of the required actions which must be followed in the event of a fraud, attempted fraud or irregular activity being suspected.

### **Conflicts of Interest**

Guidance on Conflicts of Interest was available to all staff, including a mandatory requirement for all senior staff down to Grade 7 and including Independent Board Members to complete an annual declaration of interests. On appointment, Board Members were required to provide a list of all interests which might be thought to give rise to a conflict of interest. At every Board meeting a standing agenda item on declarations of interest was included and brought to the attention of Board Members by the Chair to ensure efficient management of potential conflicts. No conflicts of interest were identified during 2015-16 in line with this agreed procedure.

### **Whistle Blowing Policy**

The Department has published a Whistle Blowing Policy and procedures to encourage and enable individual members of staff and the general public to raise concerns about potential malpractice, abuse or wrong doing in relation to any activity of the Department. The procedures ensure that staff can raise concerns quickly, in confidence and that managers are aware of how to handle such concerns. The arrangements also provide mechanisms for members of the public to raise concerns in relation to any aspect of the Department's work.

### **Agency Frameworks**

Agency Framework documents were in place for the NIEA and DVA. These documents described how the Agencies operate within the Department. They also set in context the governance and accountability arrangements and define how personnel and financial arrangements operate along with appropriate control mechanisms.

## **Oversight Arrangements for Arms Length Bodies (ALBs)**

The Department's Local Government Policy Division was sponsor for two arms length bodies (ALBs), the Northern Ireland Local Government Officer's Superannuation Committee (NILGOSC) and the Local Government Staff Commission for Northern Ireland (LGSC). The Department has various oversight arrangements in place which include; a formal Management Statement and Financial Memorandum; formal appointment of the Chief Executive of LGSC and the Secretary of NILGOSC as Accounting Officers, with associated responsibilities; periodic assurance reporting; and periodic reporting of oversight arrangements to the Departmental Audit Committee and Departmental Board.

## **Ministerial Directions**

There were no Ministerial directions given during the 2015-16 financial year.

## **SIGNIFICANT ISSUES**

I have noted that for 2015-16, Internal Audit have provided me with an Annual Report and Opinion which has concluded that the system of risk management, control and governance was **satisfactory**, in overall terms, for the Department and the two executive agencies; DVA and NIEA.

I note that in relation to 16 internal audit reports produced during 2015-16, six reports received Substantial assurance ratings and seven received Satisfactory assurance ratings (including two reports from 2014-15, Asset management (small value assets) and financial management (AccountNI processing) which had been upgraded to satisfactory in light of the action taken in response to the previous review.). There were 3 reports remaining at end of the period with limited (risk that the system will fail to meet its objectives) assurance ratings in relation to Historic Buildings Listing and Delisting, Historic Environment Enforcement and Emergency Planning & Business Continuity. Action has already commenced to address the recommendations contained in these reports.

As part of the preparations for transfer to the new departments in May 2016, I note that another 8 internal audit reviews, primarily "follow-up" reviews had also been undertaken

during 2015-16 to provide further assurance of progress in implementing previous audit recommendations.

I note that in NIEA, 13 out of 14 reviews achieved Satisfactory assurance ratings and one limited assurance report in respect of enforcement was noted.

I am pleased to note that there were no overall limited opinion Internal Audit reports in respect of the audits undertaken in the DVA.



**Accounting Officer**

**23 June 2016**

## **4. REMUNERATION AND STAFF REPORT**

### **a. Remuneration Report**

#### **Remuneration Policy**

4.01 The Minister of Finance approves the pay remit for Senior Civil Service (SCS) staff. The 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. This was subsequently reduced to 10 points in 2014 and 9 points in 2015 to allow progression through the pay scales within a reasonable period of time.

#### **Service Contracts**

4.02 Civil service appointments are made in accordance with the Civil Service Commissioners' 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.

4.03 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.

4.04 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

4.05 The following sections provide details of the remuneration and pension interests of the Ministers and most Senior Management of the Department.

### Minister's Remuneration [audited information]

	2015-16				2014-15			
Ministers	Salary £	Benefits in kind (to nearest £100)	Pension Benefits * (to nearest £1000)	Total (to nearest £1000)	Salary £	Benefits in kind (to nearest £100)	Pension Benefits * (to nearest £1000)	Total (to nearest £1000)
Mark H Durkan	38,000	Nil	14,000	52,000	38,000	Nil	14,000	52,000

### Senior Management Remuneration [audited information]

	2015-16					2014-15				
Officials	Salary £'000	Bonus Payments £'000	Benefits in kind (to nearest £100)	Pension Benefits * £'000	Total £'000	Salary £'000	Bonus Payments £'000	Benefits in kind (to nearest £100)	Pension Benefits * £'000	Total £'000
Leo O'Reilly Permanent Secretary	110-115	Nil	Nil	54	165-170	110-115	Nil	Nil	43	155-160
Ian Maye Deputy Secretary, Local Government, Historic Environment & Corporate Services Group (until 31/08/15)	35-40 (85-90 full year equivalent)	Nil	Nil	17	50-55	85-90	Nil	Nil	27	110-115
Wesley Shannon Acting Chief Executive / Acting Deputy Secretary, Northern Ireland Environment Agency and Environment & Marine Group (until 22/11/15)	55-60 (80-85 full year equivalent)	Nil	Nil	126	180-185	N/A	N/A	N/A	N/A	N/A

Department of the Environment  
Annual Report and Accounts for the year ended 31 March 2016

Officials	2015-16					2014-15				
	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
Helen Anderson Acting Chief Executive / Acting Deputy Secretary, Northern Ireland Environment Agency and Environment & Marine Group (from 23/11/15 until 29/02/16)	20-25 (85-90 full year equivalent)	Nil	Nil	50	70-75	N/A	N/A	N/A	N/A	N/A
David Small Chief Executive / Deputy Secretary, Northern Ireland Environment Agency and Environment & Marine Group (from 01/03/16)	5-10 (85-90 full year equivalent)	Nil	Nil	3	10-15	N/A	N/A	N/A	N/A	N/A
Paul Duffy Chief Executive, Driver and Vehicle Agency	65-70	Nil	Nil	38	105-110	65-70	Nil	Nil	21	85-90
Fiona McCandless Chief Planner/ Deputy Secretary, Planning & Road Safety Group	85-90	Nil	Nil	48	130-135	75-80 (80-85 full year equivalent)	Nil	Nil	92	165-170
Anthony Carleton Director of Finance and Business Planning Division	70-75	Nil	Nil	28	95-100	40-45 (65-70 full year equivalent)	Nil	Nil	12	50-55
Nichola Creagh Acting Director of Local Government Policy Division (from 01/09/15)	35-40 (65-70 full year equivalent)	Nil	Nil	71	105-110	N/A	N/A	N/A	N/A	N/A

Department of the Environment  
Annual Report and Accounts for the year ended 31 March 2016

	2015-16					2014-15				
Officials	Salary £'000	Bonus Payments £'000	Benefits in kind (to nearest £100)	Pension Benefits * £'000	Total £'000	Salary £'000	Bonus Payments £'000	Benefits in kind (to nearest £100)	Pension Benefits * £'000	Total £'000
Iain Greenway Director of Historic Environment Division (from 01/09/15)	45-50 (80-85 full year equivalent)	Nil	Nil	5	50-55	N/A	N/A	N/A	N/A	N/A
Steve Hare Director of HR & Organisational Change Division (from 01/09/15 until 30/09/15)	5-10 (65-70 full year equivalent)	Nil	Nil	(38)	(30-35)	N/A	N/A	N/A	N/A	N/A
John Napier Acting Director of HR & Organisational Change Division (from 01/10/15)	30-35 (65-70 full year equivalent)	Nil	Nil	2	30-35	N/A	N/A	N/A	N/A	N/A
Jim Brooks – Independent Board Member	5-10	Nil	Nil	-	5-10	5-10	Nil	Nil	-	5-10
Shannon Caldwell Independent Board Member	10-15	Nil	Nil	-	10-15	10-15	Nil	Nil	-	10-15

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

	2015-16 £000	2014-15 £000
Band of Highest Paid Director's Total Remuneration	115 – 120	110 - 115
Median Total Remuneration	29,027	27,317
Ratio	4.0	4.1

4.06 The Department of the Environment is required to disclose the relationship between the remuneration of the highest-paid director in the Department and the median remuneration of the Department's workforce.



- 4.07 The banded remuneration of the highest-paid director in the Department of the Environment in the financial year 2015-16 was £115k-£120k (2014-15: £110k-£115k). This was 4.0 times (2014-15: 4.1) the median remuneration of the workforce, which was £29,027 (2014-15: £27,317).
- 4.08 In 2015-16, nil (2014-15, nil) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £15k to £113k (2014-15: £15k to £113k).
- 4.09 Total remuneration includes salary, non-consolidated performance-related pay, and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

### **Salary**

- 4.10 '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.
- 4.11 The Department of the Environment was under the direction and control of Mark H Durkan during the financial year. His salary and allowances were paid by the Northern Ireland Assembly and have been included as a notional cost in this account. These amounts do not include costs relating to the Ministers' role as MLA which are disclosed elsewhere.

### **Benefits in kind**

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

### **Bonuses**

- 4.13 Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2015-16 relate to

performance in 2015-16 and the comparative bonuses reported for 2014-15 relate to the performance in 2014-15. No bonuses were paid in the current year.

**Pension Benefits [audited information]**

<b>Ministers</b>	<b>Accrued pension at pension age as at 31/03/16</b>	<b>Real increase in pension at pension age</b>	<b>CETV at 31/03/16</b>	<b>CETV at 31/03/15</b>	<b>Real increase in CETV</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Mark H Durkan	2.5-5	0-2.5	20	12	3

**Ministerial pensions**

4.14 Pension benefits for Ministers are provided by the Assembly Members' Pension Scheme (Northern Ireland) 2012 (AMPS). The scheme is made under s48 of the Northern Ireland Act 1998. As Ministers will be members of the Legislative Assembly they may also accrue an MLA's pension under the AMPS (details of which are not included in this report). The pension arrangements for Ministers provide benefits on a "contribution factor" basis which takes account of service as a Minister. The contribution factor is the relationship between salary as a Minister and salary as a member for each year of service as a Minister. Pension benefits as a Minister are based on the accrual rate (1/50<sup>th</sup> or 1/40<sup>th</sup>) multiplied by the cumulative contribution factors and the relevant final salary as a Member.

4.15 Benefits for Ministers are payable at the same time as MLA's benefits become payable under the AMPS. Pensions are increased annually in line with changes in the Consumer Prices Index. Ministers pay contributions of either 7% or 12.5% of their Ministerial salary, depending on the accrual rate. There is also an employer contribution paid by the Consolidated Fund out of money appropriated by Act of Assembly for that purpose representing the balance of cost. This is currently 20.6% of the Ministerial salary.

- 4.16 The accrued pension quoted is the pension the Minister are entitled to receive when they reach 65 or immediately on ceasing to be an active member of the scheme if they are already 65.

### **The Cash Equivalent Transfer Value (CETV)**

- 4.17 This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total ministerial service, not just their current appointment as a Minister. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance tax which may be due when pension benefits are taken.

### **The real increase in the value of the CETV**

- 4.18 This is the increase in accrued pension due to the Department's contributions to the AMPS, and excludes increases due to inflation and contributions paid by the Minister and is calculated using valuation factors for the start and end of the period. Prior to October 2015, the CETV factors were calculated using a net discount rate of 3%, which was the rate set by HM Treasury for the major public service pension schemes. Following the completion of the 2014 funding valuation of the AMPS the assumptions used to calculate the scheme's factors were reviewed. The AMPS is not covered directly by the financial assumptions set by HM Treasury for other public service pension schemes, and the Trustees instead decided to adopt the financial assumptions used in the scheme's funding valuation to calculate CETVs (a net discount rate of 3.5%) rather than the HM Treasury rate. This has led to a reduction in CETVs in general and a difference between the closing CETVs reported in 2014-15, and the opening CETVs reported in 2015-16.

**Pension Entitlements [audited information]**

Officials	Accrued pension at pension age as at 31/03/16 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/16	CETV at 31/03/15	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Leo O'Reilly Permanent Secretary	55-60 plus 165-170 lump sum	2.5-5 pension plus 7.5-10 lump sum	1,261	1,192	54	Nil
Ian Maye Deputy Secretary, Local Government, Historic Environment and Corporate Services Group ( <i>until 31/08/15</i> )	30-35 plus 95-100 lump sum	0-2.5 pension plus 2.5-5 lump sum	613	597	13	Nil
Wesley Shannon Acting Chief Executive / Acting Deputy Secretary, Northern Ireland Environment Agency and Environment & Marine Group ( <i>until 22/11/15</i> )	40-45 plus 120-125 lump sum	5-7.5 pension plus 15-17.5 lump sum	920	786	125	Nil
Helen Anderson Acting Chief Executive / Acting Deputy Secretary, Northern Ireland Environment Agency and Environment & Marine Group ( <i>from 23/11/15 until 29/02/16</i> )	25-30 plus 85-90 lump sum	0-2.5 pension plus 5-7.5 lump sum	531	476	40	Nil
David Small Chief Executive / Deputy Secretary, Northern Ireland Environment Agency and Environment & Marine Group ( <i>from 01/03/16</i> )	40-45 plus 120-125 lump sum	0-2.5 pension plus 0-2.5 lump sum	812	786	3	Nil

Officials	Accrued pension at pension age as at 31/03/16 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/16	CETV at 31/03/15	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Paul Duffy Chief Executive, Driver & Vehicle Agency	20-25 plus 65-70 lump sum	0-2.5 pension plus 0-2.5 lump sum	402	345	19	Nil
Fiona McCandless Chief Planner / Deputy Secretary, Planning & Road Safety Group	15-20 plus 50-55 lump sum	2.5-5 pension plus 0-2.5 lump sum	324	274	26	Nil
Anthony Carleton Director of Finance and Business Planning	25-30 plus 85-90 lump sum	0-2.5 pension plus 2.5-5 lump sum	574	514	24	Nil
Nichola Creagh Acting Director of Local Government Policy Division (from 01/09/15)	20-25 plus 60-65 lump sum	2.5-5 pension plus 7.5-10 lump sum	356	279	56	Nil
Iain Greenway Director of Historic Environment Division (from 01/09/15)	35-40 no lump sum	0-2.5 pension no lump sum	556	531	Nil	Nil
Steve Hare Director of HR & Organisational Change Division (from 01/09/15 until 30/09/15)	30-35 plus 170-175 lump sum	(2.5-5) pension plus 50-60 lump sum	819	846	(27)	Nil
John Napier Acting Director of HR & Organisational Change Division (from 01/10/15)	10-15 no lump sum	0-2.5 pension no lump sum	124	106	7	Nil

### **Northern Ireland Civil Service (NICS) Pension arrangements**

- 4.19 Pension benefits are provided through the Northern Ireland Civil Service pension arrangements which are administered by Civil Service Pensions (CSP). 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). These arrangements are unfunded with the cost of benefits met by monies voted by the Assembly each year. From April 2011 pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Consumer Prices Index (CPI). Prior to 2011, pensions were increased in line with changes in the Retail Prices Index (RPI). New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium 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 are eligible for membership of the nuvos arrangement or they can opt for a partnership pension account. Nuvos is a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%. CARE pension benefits are increased annually in line with increases in the CPI.
- 4.20 A new pension scheme, alpha, was introduced for new entrants from 1 April 2015. The majority of existing members of the NICS pension arrangements have also moved to alpha from that date. Members who on 1 April 2012 were within 10 years of their normal pension age will 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 also 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 the scheme membership. The rate will be 2.32%. CARE pension benefits are increased annually in line with increases in the CPI.
- 4.21 Increase in public service pension are the responsibility of HM Treasury. Pensions are reviewed each year in line with the cost of living. Increases are applied from April and are determined by the CPI figure for the preceding September. The CPI in September 2015 was negative (-0.1%) and HM Treasury has announced that there

will be no increase to public service pensions from April 2016. Therefore public service pensions will remain at their current level.

- 4.22 Employee contributions rates for all members for the period covering 1 April 2016 to 31 March 2017 are as follows:

**Scheme Year 1 April 2016 to 31 March 2017**

<b>Annualised Rate of Pensionable Earnings (Salary Bands)</b>		<b>Contribution rates – Classic members or classic members who have moved to Alpha</b>	<b>Contribution rates – All other members</b>
<b>From</b>	<b>To</b>	<b>From 1 April 2016 to 31 March 2017</b>	<b>From 1 April 2016 to 31 March 2017</b>
£0	£15,000.99	3.8%	4.6%
£15,001.00	£21,210.99	4.6%	4.6%
£21,211.00	£48,471.99	5.45%	5.45%
£48,472.00	£150,000.99	7.35%	7.35%
£150,001.00 and above		8.05%	8.05%

- 4.23 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.
- 4.24 The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 14.7% (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).

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

### **Cash Equivalent Transfer Values**

4.26 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 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 2008 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**

4.27 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. The actuarial factors used to calculate CETVs changed during the 2015-16 year and, consequently, CETV figures increased even without any further pension accrual. 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**

4.28 Steve Hare and Wesley Shannon left under Voluntary Exit terms on 30 September 2015 and 30 November 2015 respectively. They received compensation of £34k and £42k. No other compensation payments were made or are due to any other of the senior management or Ministers of the Department of the Environment under the Civil Service Compensation Scheme (Northern Ireland) [CSCS(NI)] in the year ending 31st March 2016 (2014-15: £nil).

**b. Staff Report**

Staff costs comprise:

	2015-16			2014-15	
	£000			£000	
	Total	Permanently employed staff*	Others	Ministers	Total
Wages and salaries	40,474	38,360	2,076	38	60,981
Social security costs	2,898	2,894	-	4	4,208
Other pension costs	8,746	8,738	-	8	11,271
Early Departure Costs	9,488	9,488	-	-	1,567
<b>Total net costs</b>	<b>61,606</b>	<b>59,480</b>	<b>2,076</b>	<b>50</b>	<b>78,027</b>
Of which:					
<b>Core department</b>					
Administration costs	19,668				17,148
Programme costs	13,071				23,214
	<b>32,739</b>				<b>40,362</b>
<b>Analysed as:</b>					
Administration costs	19,618				17,098
Minister's costs (notional)	50				50
Per Statement of Comprehensive Net Expenditure	19,668				17,148
Programme costs	41,938				60,879
	<b>61,606</b>				<b>78,027</b>

4.29 \*Permanently employed staff includes the cost of the Department's Special Adviser, who falls within the pay band range £59,627 - £91,809.

4.30 The Northern Ireland Civil Service Pension arrangements are unfunded multi-employer defined benefit schemes but the Department of the Environment 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 2016.

- 4.31 For 2015-16, employers' contributions of £8,724,869 were payable to the NICS pension arrangements (2014-15 £11,255,575) at one of three rates in the range 20.8% to 26.3% (2014-15: 18% to 25%) 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 a new career average earning scheme from April 2015. From 2016-17, the new rates will range from 20.8% to 26.3%. The contribution rates are set to meet the cost of the benefits accruing during 2015-16 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.
- 4.32 Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer's contributions of £13,077 (2014-15: £14,548) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age related and range from 3% to 14.7% (2014-15: 3% to 12.5 %) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £430: 0.5% (2014-15 £865: 0.8%) of pensionable pay, were payable to the NICS Pension Arrangements 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 to date were £nil (2014-15: £nil). Contributions prepaid at that date were £nil (2014-15: £nil).
- 4.33 7 persons (2014-15: 7 persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £14,908 (2014-15: £10,205).

### Average number of persons employed

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

Activity					2015-16	2014-15
	Total	Permanent staff	Others	Ministers	Number Special advisers	Number Total
Environment & Marine Group	661	619	42	-	-	789
Planning and Road Safety Group	296	282	14	-	-	833
Local Government, Historic Environment & Corporate Services Group	405	399	4	1	1	461
<b>Total</b>	<b>1,362</b>	<b>1,300</b>	<b>60</b>	<b>1</b>	<b>1</b>	<b>2,083</b>
Of which:						
<b>Core department</b>	<b>676</b>	<b>670</b>	<b>4</b>	<b>1</b>	<b>1</b>	<b>1,135</b>
<b>Agencies</b>	<b>686</b>	<b>630</b>	<b>56</b>	<b>-</b>	<b>-</b>	<b>948</b>

As part of a re-structuring of functions in the Department during the year, the Road Safety functions (previously part of the Local Government, Road Safety and Corporate Services Group) and the Historic Environment Division (previously part of the Environment and Marine Group) now forms 2 new groups known as the Planning and Road Safety Group and the Local Government, Historic Environment and Corporate Services Group. The prior year comparatives have been re-stated to reflect this change.

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

Exit package cost band	Number of compulsory redundancies	Core Department		Number of compulsory redundancies	Consolidated	
		Number of other departures agreed	Total number of exit packages by cost band		Number of other departures agreed	Total number of exit packages by cost band
<£10,000	-	8 (1)	8 (1)	-	10 (3)	10 (3)
£10,000 - £25,000	-	51 (1)	51 (1)	-	87 (28)	87 (28)
£25,000 - £50,000	-	73 (1)	73 (1)	-	110 (27)	110 (27)
£50,000 - £100,000	-	29 (1)	29 (1)	-	52 (3)	52 (3)
£100,000 - £150,000	-	3 (-)	3 (-)	-	5 (-)	5 (-)
Total number of exit packages by type	-	<b>164 (4)</b>	<b>164 (4)</b>	-	<b>264 (61)</b>	<b>264 (61)</b>
Total resource cost £000	-	<b>5,885 (118)</b>	<b>5,885 (118)</b>	-	<b>9,536 (1,670)</b>	<b>9,536 (1,670)</b>

Comparative data for previous year is shown in brackets.

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme (Northern Ireland), a statutory scheme made under the Superannuation (Northern Ireland) Order 1972. Exit costs are accounted for in full in the year of departure. Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

## Statement of Assembly Supply

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FRM) requires the Department of the Environment to prepare a Statement of Assembly Supply (SOAS) and supporting notes to show resource outturn against the Supply Estimate presented to the Assembly, in respect of each request for resources.

### Summary of Resource Outturn 2015-16

								2015-16	2014-15
								£000	£000
Estimate					Outturn			Net Total outturn compared with Estimate: saving/ (excess)	Outturn
Request for Resources	Note	Gross Expenditure	AR	Net Total	Gross Expenditure	AR	Net Total		Net Total
A	SOAS1	159,682	(17,687)	141,995	152,759	(17,687)	135,072	6,923	154,927
<b>Total resources</b>	SOAS2	159,682	(17,687)	141,995	152,759	(17,687)	135,072	6,923	154,927
Non-operating cost Accruing Resources				-			-	-	-

### Net cash requirement 2015-16

				2015-16	2014-15
				£000	£000
Note	Estimate	Outturn	Net Total outturn compared with Estimate: saving/ (excess)	Outturn	
<b>Net cash requirement</b>	SOAS3	144,336	136,892	7,444	124,539

### Summary of income payable to the Consolidated Fund

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

		Forecast 2015-16		Outturn 2015-16	
		£000		£000	
Note	Income	Receipts	Income	Receipts	
<b>Total</b>	SOAS4	-	-	413	413

Explanations of variances between Estimate and Outturn are given in Note SOAS1 and in the Financial Commentary.

The notes to the Statement of Assembly Supply are on pages 100 - 109 of the financial statements.

## SOAS1 Analysis of net resource outturn by function

							2015-16	2014-15		
							£000	£000		
						Outturn	Estimate			
	Admin	Other current	Grants	Gross resource expenditure	Accruing Resources	Net Total	Net Total	Net Total outturn compared with Estimate	Net Total outturn compared with Estimate, adjusted for virements	Prior-year outturn
<b>Request for Resources A:</b>										
To protect, conserve and enhance the natural environment and built heritage and support the adoption of the principles of sustainable development: to plan and manage development in a sustainable way which will contribute to a better environment and which is modern and responsive to the community; to work with statutory and voluntary partners to reduce road deaths and serious injuries and to support a system of effective local government which meets the needs of residents and ratepayers.										
<b>Departmental Expenditure in DEL</b>										
1: Northern Ireland Environment Agency	2,594	32,536	-	35,130	(10,687)	24,443	25,411	968	14	38,501
2: Marine Division	298	3,219	1,198	4,715	(194)	4,521	4,738	217	217	4,441
3: Environmental & Regulatory Policy Divisions	5,158	536	1,061	6,755	(1,263)	5,492	5,487	(5)	-	9,913
4: Planning Policy & Services	3,498	6,283	195	9,976	(413)	9,563	9,865	302	302	10,126
5: Local Government Services	2,257	95	52,281	54,633	(78)	54,555	53,635	(920)	-	59,451
6: Road Safety Services	8,141	4,941	91	13,173	(3,012)	10,161	10,820	659	319	7,942
7: Driver and Vehicle Agency	614	4,485	3,379	8,478	(920)	7,558	8,241	683	683	2,918
8: EU Community Initiatives	-	-	329	329	(225)	104	75	(29)	-	452
9: Capital Grants to District Councils	-	-	1,709	1,709	-	1,709	1,850	141	141	4,359
10: Historic Environment Division	-	8,888	119	9,007	(895)	8,112	7,772	(340)	-	-
<b>Annually Managed Expenditure (AME)</b>										
11: Provisions	-	472	-	472	-	472	928	456	456	702
12: Revaluations	-	(52)	-	(52)	-	(52)	850	902	902	(53)
13: Settlement of NICS Equal Pay Claims	-	-	-	-	-	-	-	-	-	2
<b>Non-Budget</b>										
14: Notional Charges	8,434	-	-	8,434	-	8,434	12,323	3,889	3,889	16,173
<b>Resource Outturn</b>	<b>30,994</b>	<b>61,403</b>	<b>60,362</b>	<b>152,759</b>	<b>(17,687)</b>	<b>135,072</b>	<b>141,995</b>	<b>6,923</b>	<b>6,923</b>	<b>154,927</b>

Explanation of the significant variances (over £500k or in excess of 10%) between Estimate and outturn (net total resources: note SOAS 1) is detailed below:

<b>Line RfR A</b>	<b>Variance Under/(over) £000</b>	<b>Explanation</b>
1	968	Variance arising from higher than expected receipts from the carrier bag levy, lower staffing costs arising from VES departures and reduced administration costs.
5	(920)	Variance representing a managed overspend in relation to the de-rating grant scheme.
6	659	Variance representing a managed easement, is an outcome of measures that were put in place to reduce administrative costs as a consequence of reduced budget allocations and VES savings.
7	683	Variance arising from higher than expected receipts in DVA Licensing which impacted on the subsidy payable by the Department and VES savings.
11	456	Variance due to lower than anticipated judicial review costs.
12	902	Variance due to lower than anticipated indexation charges.
14	3,889	Large reduction in notional charges as a result of planning functions transferring to the Local Government Sector.

An explanation of the variation between Estimate and Outturn in the reconciliation of net resource outturn to net cash requirement (note: SOAS 3: page 104) is detailed below:

<b>Line RfR A</b>	<b>Variance Under/(over) £000</b>	<b>Explanation</b>
Resource Outturn	6,923	Key explanations noted in the table above by business area.
Non Cash Items: excluding changes in working capital	(4,679)	Forecast of notional and other non-cash costs lower than expected.
Changes in Working Capital	5,132	Forecast for the movement in closing payables were too low however this was offset by an increase in the value of payables.

Explanations of the variances are given in the Performance Analysis paragraph 2.015 of the Annual Report.



### Treatment of Driver and Vehicle Agency within the DOE Resource Accounts

The Secretary of State announced on 21 March 2006 that under the Review of Public Administration Initiative, Driver and Vehicle Licensing Northern Ireland (DVLNI) and Driver and Vehicle Testing Agency (DVTA) would merge to create a new organisation (the Driver and Vehicle Agency (DVA)). In March 2008, ONS requested the completion of a classification pack for DVA, to determine the status of the newly created body. In September 2008, ONS advised that DVA had been classified as a Public Corporation from its inception (1 April 2007).

In relation to the accounting treatment for the 2015-16 financial year DVA must follow the current legislative position, with DVA Licensing functions remaining as an Executive Agency of the Department and DVA Testing a Trading Fund until the required legislative changes have been made.

In relation to the estimates and budgeting treatment, DVA will be treated as a Public Corporation for budget purposes and the net subsidy recorded.

### Amendments required to SOAS 1 – Analysis of resource outturn by section to reflect DVA as a Public Corporation

	Admin £000	Other Current £000	Grants £000	Gross Resource Expenditure £000	Accruing Resources £000	Net Total £000
Analysis of resource outturn by section (prior to ONS classification)	30,994	70,693	57,236	158,923	(26,977)	131,946
Revised analysis of resource outturn by section (per SOAS1)	30,994	61,403	60,362	152,759	(17,687)	135,072
<b>Difference</b>	-	<b>(9,290)</b>	<b>3,126</b>	<b>(6,164)</b>	<b>9,290</b>	<b>3,126</b>
<b>Reconciliation of Difference:</b>						
DVA Licensing accruing resources reclassified as a subsidy	-	(9,290)	-	(9,290)	9,290	-
DVA Licensing capital expenditure reclassified as capital grants	-	-	3,126	3,126	-	3,126
	-	<b>(9,290)</b>	<b>3,126</b>	<b>(6,164)</b>	<b>9,290</b>	<b>3,126</b>

## SOAS 2 Reconciliation of outturn to net operating cost

			2015-16 £000	2014-15 £000	
	Note	Outturn	Supply Estimate	Outturn compared with Estimate	Outturn
<b>Net Resource Outturn</b>	SOAS1	<b>135,072</b>	<b>141,995</b>	<b>6,923</b>	154,927
Non-supply income (CFERs)	SOAS4	(402)	-	402	(863)
DVA Capital (Resource in Estimates, Capital in Accounts)	SOAS1	(3,126)	(3,500)	(374)	(601)
<b>Net operating cost</b>		<b>131,544</b>	<b>138,495</b>	<b>6,951</b>	153,463

### SOAS 3 Reconciliation of net resource outturn to net cash requirement

		Estimate £000	Outturn £000	Net Total outturn compared with Estimate: saving/ (excess) £000
<b>Resource Outturn</b>	<b>Note</b>			
<b>Capital</b>	SOAS 1	<b>141,995</b>	<b>135,072</b>	<b>6,923</b>
Acquisition of property, plant and equipment				
Adjustment in respect of DVA Licensing capital	7, 8	5,478	5,036	442
		(3,500)	(3,126)	(374)
<b>Non-operating Accruing Resources</b>				
Proceeds of asset disposals		-	-	-
<b>Accruals to cash adjustments:</b>				
Depreciation				
New provisions and adjustments to previous provisions	7, 8	(6,262)	(5,981)	(281)
Other non-cash items		(928)	(807)	(121)
Changes in working capital other than cash		(12,323)	(8,376)	(3,947)
Use of provision		19,004	13,872	5,132
	16	872	1,202	(330)
<b>Net cash requirement</b>		<b>144,336</b>	<b>136,892</b>	<b>7,444</b>

## SOAS 4 Income Payable to the Consolidated Fund

### SOAS 4.1 Analysis of income payable to the Consolidated Fund

In addition to Accruing Resources, the following income relates to the department and is payable to the Consolidated Fund (cash receipts being shown in italics):

	Note	Forecast 2015-16 £000		Outturn 2015-16 £000	
		Income	<i>Receipts</i>	Income	<i>Receipts</i>
Operating income and receipts – excess Accruing Resources		-	-	289	289
Other operating income and receipts not classified as Accruing Resources		-	-	113	113
		-	-	<b>402</b>	<b>402</b>
Non operating income and receipts – excess Accruing Resources		-	-	11	11
<b>Total income payable to the Consolidated Fund</b>		-	-	<b>413</b>	<b>413</b>

## SOAS 5 Reconciliation of income recorded within the Statement of Comprehensive Net Expenditure to operating income payable to the Consolidated Fund

	Note	2015-16 £000	2014-15 £000
Operating income	6	27,379	52,643
Adjustments for DVA Licensing accruing resources reclassified as a subsidy	SOAS 1	(9,290)	(19,181)
<b>Gross income</b>		<b>18,089</b>	33,462
Income authorised to be used as Accruing Resources		(17,687)	(32,599)
<b>Operating income payable to the Consolidated Fund</b>	SOAS 4.1	<b>402</b>	863

## SOAS 6 Non-operating income – Excess Accruing Resources

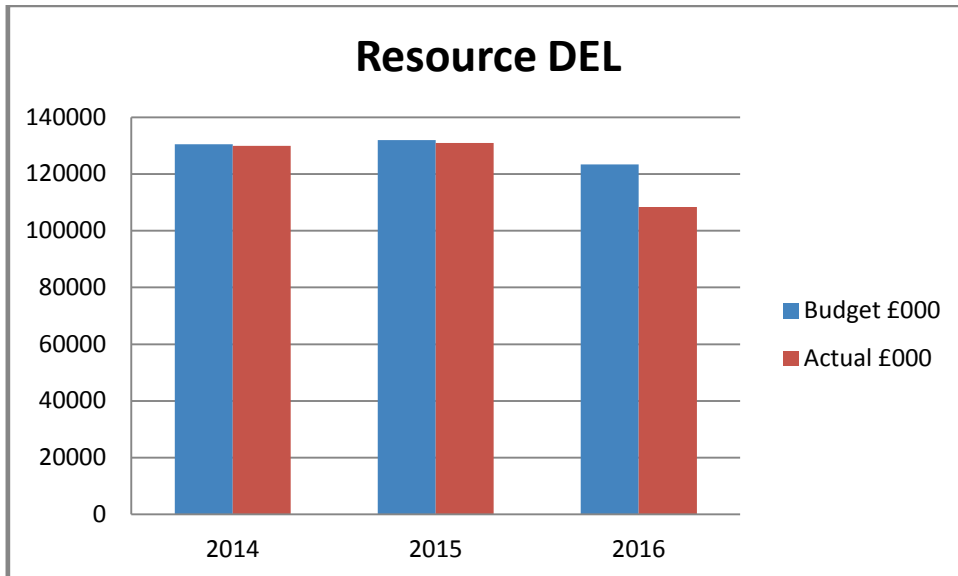
		2015-16 £000	2014-15 £000
Disposal of property, plant and equipment		11	24
Additions to deferred payable		-	-
<b>Non-operating income – excess Accruing Resources</b>	SOAS 4.1	<b>11</b>	24

## Other Assembly Accountability Disclosures

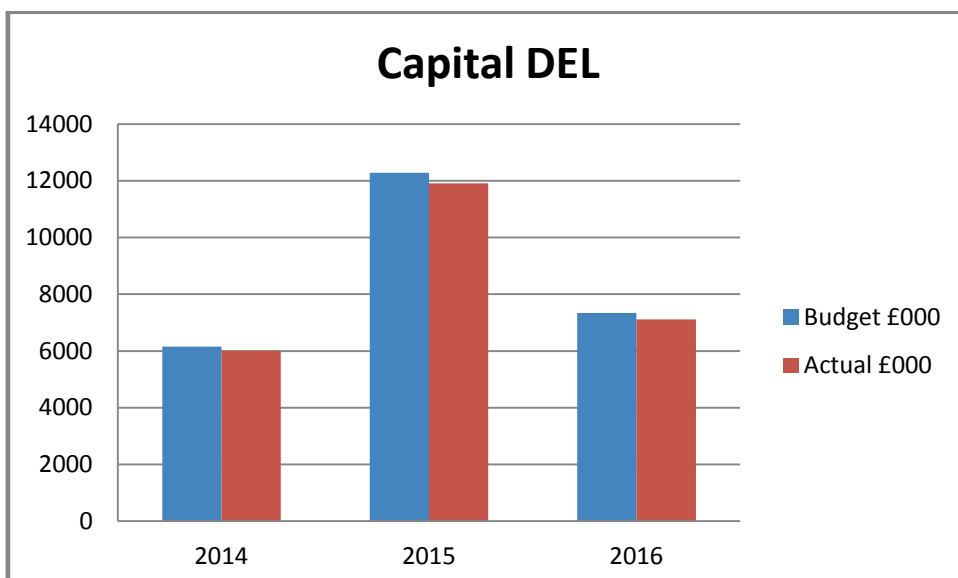
### i. Long Term Expenditure Trends

#### Total Departmental Spend

The following tables show the expenditure trends arising over the last three years in relation to Resource and Capital DEL.



In the current year the Department participated in the NICS wide Voluntary Exit Scheme (VES). This led to the departure of 307 employees during the year which impacted on the total spend in 2016. The amount of funding allocated to the Department to cover the departure costs of staff who left on the VES exceed the actual costs by £600k which contributed to a variance in 2016.



Capital DEL spend in the current year amounted to £7.1m and comprised of capital grants of £5.2m and capital expenditure of £1.9m. Capital DEL spend in 2015 amounted to £11.9m comprised of capital grants of £7.5m and capital expenditure of £4.4m.

## ii. Losses and special payments

### Losses Statement

	2015-16		2014-15	
	Number of cases	£000	Number of cases	£000
Cash losses	16	1	8	-
Other losses	7	3	10	12
Administrative write-offs	57	115	35	19
	<b>80</b>	<b>119</b>	<b>53</b>	<b>31</b>

### Special Payments

	2015-16		2014-15	
	Number of cases	£000	Number of cases	£000
Extra Statutory Payments	1,158	40	371	14
Compensation Schemes	1,090	98	466	27
Employer Liability	1	19	5	8
Public Liability	1	-	-	-
Ex Gratia Pay	28	3	29	3
	<b>2,278</b>	<b>160</b>	<b>871</b>	<b>52</b>

DVA-Testing losses and special payments are included above due to the fact that DVA-Testing is acting on behalf of the Department, even though it is not part of the Consolidated Resource Accounts. There was 1 (2014-15: 7) loss in DVA-Testing totalling £nil (2014-15: £nil). There were 2,250 (2014-15: 842) special payments in DVA-Testing totalling £80k (2014-15: £33k).

The majority of special payments relate to compensation payment to vehicle owners that have had MOT tests cancelled. Cancellations can occur for various reasons such as ICT System breakdowns or staff absences.

### iii. Business Activity Attracting Fees and Charges

				2015-16 £000
	Income	Cost	Annual Surplus/ (Deficit)	
Driver Licensing Fees *	7,223	6,779	444	Full cost recovery
Taxi Licensing Fees	1,357	1,772	(415)	Full cost recovery
Environmental Protection Legislation	7,394	7,258	136	Full cost recovery
	<b>15,974</b>	<b>15,809</b>	<b>165</b>	

				2014-15 £000
	Income	Cost	Annual Surplus/ (Deficit)	Objective
Driver Licensing Fees *	5,253	5,833	(580)	Full cost recovery
Vehicle Licensing Division **	12,278	12,278	-	Full cost recovery
Taxi Licensing Fees	1,441	1,610	(169)	Full cost recovery
Environmental Protection Legislation	7,521	7,483	38	Full cost recovery
Planning Applications ***	13,298	21,743	(8,445)	Full cost recovery
Planning Property Certs ***	1,272	1,323	(51)	Full cost recovery
	<b>41,063</b>	<b>50,270</b>	<b>(9,207)</b>	

The above figures represent services where the full cost of the service is in excess of £1 million.

Driver licensing fees are set at less than full cost recovery as agreed with DOE. This note is provided for fees and charges purposes and not for IFRS 8 purposes.

\* The Department is currently reviewing options on full cost recovery.

\*\* Vehicle Licensing operations within Northern Ireland was discontinued during 2014-15 following the Department for Transport's decision to centralise all vehicle licensing services to Swansea.

\*\*\* From April 2015 operational responsibility for the majority of planning functions, including development management, enforcement and development planning transferred to Councils.

**iv. Contingent liabilities not required to be disclosed under IAS 37 but included for assembly reporting and accountability purposes**

Such contingent liabilities, whether quantifiable or unquantifiable, arise through specific guarantees, indemnities or by the giving of letters of comfort. None of these are contingent liabilities within the meaning of IAS 37 since the likelihood of transfer of economic benefits in settlement is too remote. The Department has no such contingent liabilities.



**Accounting Officer**

**23 June 2016**



## **Department of the Environment**

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

I certify that I have audited the financial statements of the Department of the Environment for the year ended 31 March 2016 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. These financial statements have been prepared under the accounting policies set out within them. I have also audited the Statement of Assembly Supply and the related notes and the information in the Remuneration and Staff Report and the Assembly Accountability Disclosures that is described in that report as having been audited.

#### **Respective responsibilities of the Accounting Officer and auditor**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining 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. This includes an assessment of: whether the accounting policies are appropriate to the Department's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accounting Officer; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

#### **Opinion on regularity**

In my opinion, in all material respects:

- the Statement of Assembly Supply properly presents the outturn against voted Assembly control totals for the year ended 31 March 2016 and shows that those totals have not been exceeded; and
- the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### **Opinion on financial statements**

In my opinion:

- the financial statements give a true and fair view of the state of the Department's affairs as at 31 March 2016 and of its net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance (formerly Department of Finance and Personnel) directions issued thereunder.

### **Opinion on other matters**

In my opinion:

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

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

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 Remuneration Report and 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 Department of Finance's guidance.

### **Report**

I have no observations to make on these financial statements.



*KJ Donnelly*  
*Comptroller and Auditor General*  
*Northern Ireland Audit Office*  
*106 University Street*  
*Belfast*  
*BT7 1EU*

28 June 2016

## FINANCIAL STATEMENTS

### Consolidated Statement of Comprehensive Net Expenditure for the year ended 31 March 2016

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

		2015-16 £000		2014-15 £000	
	Note	Core Department	Consolidated	Core Department	Consolidated
Other operating income	6	(6,870)	(27,379)	(20,380)	(52,643)
<b>Total operating income</b>		<b>(6,870)</b>	<b>(27,379)</b>	<b>(20,380)</b>	<b>(52,643)</b>
Staff costs	3	32,739	61,606	40,362	78,027
Purchase of goods and services	4,5	10,978	20,255	12,328	29,150
Depreciation and impairment charges	4,5	3,775	5,924	2,757	5,181
Provision expense	4,5	243	807	538	1,536
Other operating expenditure	4,5	64,345	70,331	78,703	92,212
<b>Total operating expenditure</b>		<b>112,080</b>	<b>158,923</b>	<b>134,688</b>	<b>206,106</b>
Net expenditure for the year		<b>105,210</b>	<b>131,544</b>	<b>114,308</b>	<b>153,463</b>
<b>Other comprehensive net expenditure</b>					
<b>Items that will not be reclassified to net operating costs:</b>					
Net gain on revaluation of property, plant and equipment		(20)	(303)	(8)	(162)
Net gain on revaluation of intangibles		(102)	(107)	(149)	(167)
<b>Comprehensive net expenditure for the year ended 31 March 2016</b>		<b>105,088</b>	<b>131,134</b>	<b>114,151</b>	<b>153,134</b>

The notes on pages 119 -150 form part of the financial statements.

## Consolidated Statement of Financial Position as at 31 March 2016

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

	Note	31 March 2016 £000		31 March 2015 £000	
		Core Department	Consolidated	Core Department	Consolidated
<b>Non-current assets</b>					
Property, plant and equipment	7	5,699	27,820	1,735	27,875
Heritage assets	7.1	599	2,167	-	2,167
Intangible assets	8	8,957	12,881	11,512	13,312
Investments	11	2,100	2,100	2,100	2,100
<b>Total non-current assets</b>		<b>17,355</b>	<b>44,968</b>	<b>15,347</b>	<b>45,454</b>
<b>Current assets</b>					
Inventories	12	42	142	-	163
Trade and other receivables	13	2,985	4,621	3,049	5,611
Cash and cash equivalents	14	1,860	3,643	1	3,617
<b>Total current assets</b>		<b>4,887</b>	<b>8,406</b>	<b>3,050</b>	<b>9,391</b>
<b>Total assets</b>		<b>22,242</b>	<b>53,374</b>	<b>18,397</b>	<b>54,845</b>
<b>Current liabilities</b>					
Trade and other payables	15	(13,675)	(20,573)	(23,684)	(35,114)
Provisions	16	(857)	(2,145)	(818)	(1,950)
<b>Total current liabilities</b>		<b>(14,532)</b>	<b>(22,718)</b>	<b>(24,502)</b>	<b>(37,064)</b>
<b>Non-current assets less net current liabilities</b>		<b>7,710</b>	<b>30,656</b>	<b>(6,105)</b>	<b>17,781</b>

**Consolidated Statement of Financial Position (continued)  
as at 31 March 2016**

	Note	31 March 2016 £000		31 March 2015 £000	
		Core Department	Consolidated	Core Department	Consolidated
<b>Non-current liabilities</b>					
Provisions	16	(1,007)	(1,007)	(1,435)	(1,576)
Other payables	15	(934)	(934)	(1,268)	(1,268)
<b>Total non-current liabilities</b>		<b>(1,941)</b>	<b>(1,941)</b>	<b>(2,703)</b>	<b>(2,844)</b>
<b>Total assets less liabilities</b>		<b>5,769</b>	<b>28,715</b>	<b>(8,808)</b>	<b>14,937</b>
<b>Taxpayers' equity:</b>					
General fund		3,138	18,387	(10,356)	4,181
Revaluation reserve		2,631	10,328	1,548	10,756
<b>Total taxpayers' equity</b>		<b>5,769</b>	<b>28,715</b>	<b>(8,808)</b>	<b>14,937</b>



**Accounting Officer**

**23 June 2016**

The notes on pages 119 - 150 form part of the financial statements.

## Consolidated Statement of Cash Flows for the year ended 31 March 2016

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

		2015-16 £000	2014-15 £000
	<b>Note</b>		
<b>Cash flows from operating activities</b>			
Net operating cost		(131,544)	(153,463)
Adjustments for non-cash transactions:	3,4,5	15,162	22,889
Decrease/ (Increase) in trade and other receivables	13	990	6,320
less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure		21	15
Decrease/ (Increase) in Inventories	12	21	32
Increase in trade and other payables	15	(14,341)	6,685
less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure		(679)	(49)
Use of provisions	16	(1,202)	(1,196)
		<b>(131,572)</b>	<b>(118,767)</b>
<b>Net cash outflow from operating activities</b>			
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	7	(1,386)	(2,943)
Purchase of intangible assets	8	(3,533)	(1,963)
Proceeds of disposal of property, plant and equipment		11	24
		<b>(4,908)</b>	<b>(4,882)</b>
<b>Net cash outflow from investing activities</b>			
<b>Cash flows from financing activities</b>			
From the Consolidated Fund (Supply) – current year		137,936	123,577
From the Consolidated Fund (Supply) – prior year		-	-
		<b>137,936</b>	<b>123,577</b>
<b>Net financing</b>			

**Consolidated Statement of Cash Flows (continued)  
for the year ended 31 March 2016**

	2015-16 £000	2014-15 £000
<b>Note</b>		
<b>Net (decrease)/ increase in cash and cash equivalents in the year before adjustment for receipts and payments to the Consolidated Fund</b>	<b>1,456</b>	<b>(72)</b>
Payments of amounts due to the Consolidated Fund	(896)	(20)
<b>Net (decrease)/ increase in cash and cash equivalents in the year after adjustment for receipts and payments to the Consolidated Fund</b>	<b>560</b>	<b>(92)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>3,083</b>	<b>3,175</b>
14		
<b>Cash and cash equivalents at the end of the period</b>	<b>3,643</b>	<b>3,083</b>
14		

The notes on pages 119 - 150 form part of the financial statements.

## Consolidated Statement of Changes in Taxpayers' Equity

### For the year ended 31 March 2016

This statement shows the movement in the year on the different reserves held by the Department of the Environment, analysed into 'general fund reserves' (i.e. those reserves that reflect a contribution from the Consolidated Fund). Financing and the balance from the provision of services are recorded here. The Revaluation Reserve reflects the change in asset values that have not been recognised as income or expenditure.

		General Fund £000	Revaluation Reserve £000	Core Department Total Reserves £000
	<b>Note</b>			
Balance at 1 April 2014		868	1,692	2,560
Net Assembly Funding – drawn down		89,701	-	89,701
Net Assembly Funding – deemed		3,169	-	3,169
Supply (payable) / receivable adjustment	15	(2,207)	-	(2,207)
CFERs – payable to the Consolidated Fund		(865)	-	(865)
Comprehensive Net Expenditure for the Year		(114,308)	157	(114,151)
Non-cash charges – auditor's remuneration	4,5	65	-	65
Non-cash charges – notional costs	3,4,5	12,920	-	12,920
Transfers between reserves		301	(301)	-
Balance at 31 March 2015		(10,356)	1,548	(8,808)
Net Assembly Funding – drawn down		116,096	-	116,096
Net Assembly Funding – deemed		2,207	-	2,207
Supply (payable) / receivable adjustment	15	(3,251)	-	(3,251)
CFERs – payable to the Consolidated Fund		(387)	-	(387)
Comprehensive Net Expenditure for the Year		(105,210)	122	(105,088)
Non-cash charges – auditor's remuneration	4,5	59	-	59
Non-cash charges – notional costs	3,4,5	4,941	-	4,941
Transfers between reserves		(961)	961	-
<b>Balance at 31 March 2016</b>		<b>3,138</b>	<b>2,631</b>	<b>5,769</b>



## Consolidated Statement of Changes in Taxpayers' Equity (continued)

For the year ended 31 March 2016

		General Fund £000	Revaluation Reserve £000	Consolidated Total Reserves £000
	Note			
Balance at 1 April 2014		17,030	11,216	28,246
Net Assembly Funding – drawn down		123,577	-	123,577
Net Assembly Funding – deemed		3,169	-	3,169
Supply (payable) / receivable adjustment	15	(2,207)	-	(2,207)
CFERs – payable to the Consolidated Fund		(887)	-	(887)
Comprehensive Net Expenditure for the Year		(153,463)	329	(153,134)
Non-cash charges – auditor's remuneration		97	-	97
Non-cash charges – notional costs	3,4,5	16,076	-	16,076
Transfers between reserves		789	(789)	-
Balance at 31 March 2015		4,181	10,756	14,937
Net Assembly Funding – drawn down		137,936	-	137,936
Net Assembly Funding – deemed		2,207	-	2,207
Supply (payable) / receivable adjustment	15	(3,251)	-	(3,251)
CFERs – payable to the Consolidated Fund		(413)	-	(413)
Comprehensive Net Expenditure for the Year		(131,544)	410	(131,134)
Non-cash charges – auditor's remuneration		85	-	85
Non-cash charges – notional costs	3,4,5	8,348	-	8,348
Transfers between reserves		838	(838)	-
<b>Balance at 31 March 2016</b>		<b>18,387</b>	<b>10,328</b>	<b>28,715</b>

The notes on pages 119 - 150 form part of the financial statements.

## Notes to the Departmental Resource Accounts

### 1. Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2015-16 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 Department for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Department are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

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

#### 1.1 Accounting Convention

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

#### 1.2 Basis of Consolidation

These accounts comprise a consolidation of the core Department and those entities which fall within the departmental boundary as defined in the FReM, interpreted for Northern Ireland. Transactions between entities included in the consolidation are eliminated. A list of all those entities within the departmental boundary is given at Note 19.

#### 1.3 Prior Period Adjustments

There were no prior period adjustments in the year.

#### 1.4 Application of newly issued accounting standards

The IASB have issued new and amended standards (IFRS10, IFRS11 & IFRS12) that affect the consolidation and reporting of subsidiaries, associates and joint ventures. These standards are effective with EU adoption from 1 January 2014.

Accounting boundary IFRS' are currently adapted in FReM so that Westminster departmental accounting boundary is based on ONS control criteria, as designated by Treasury. A similar review in NI, which will bring NI departments under the same adaptation, has been carried out but a decision has yet to be made by the Executive. Should the Executive agree to the recommendations, the accounting boundary for departments will change and there will also be an impact on departments around the disclosure requirements under IFRS 12. ALB's apply IFRS in full and their consolidation boundary may change as a result of the new standards.

The IASB have also issued the following new and amended standards that are effective for the first time in 2015-16:

IFRS 13 – Fair Value Measurement (new); and

IAS 36 – Impairment of assets' on recoverable amount disclosures (amendment).

Their adoption has not had any significant impact on the amounts reported in these financial statements.

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 5 – Non-current Assets Held for Sale and Discontinued Operations: Change in methods of disposal (amendment);
- IFRS 7 – Financial Instruments: Disclosures: Servicing Contracts (amendment);
- IFRS 7 – Financial Instruments: Disclosures: Applicability of the amendments to IFRS 7 Disclosure – Offsetting Financial Assets and Financial Liabilities to condensed interim financial statements (amendment);
- IAS 19 – Employee Benefits – Discount rate: regional market (amendment);
- IAS 34 – Interim Financial Reporting: Disclosure of information “elsewhere in the interim financial report (amendment);
- IAS 1 – Disclosure Initiative (amendment);
- IAS 27 – Equity Method in Separate Financial Statements (amendment);
- IAS 16 and IAS 38 – Clarification of acceptable methods of depreciation and amortisation (amendment);
- IAS 16 and IAS 41 – Bearer Plants (amendment);
- IFRS 11 – Accounting for acquisitions of interests in joint operations (amendment);
- IFRS 10, IFRS 12 and IAS 28 – Investment Entities: applying the Consolidation Exception (amendment)
- IFRS 15 – Revenue from Contracts with Customers (replacement);
- IFRS 9 – Financial Instruments (new);
- IFSS 16 – Leases (new);
- IAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses (amendment);
- IAS 7 – Disclosure Initiative (amendment);
- IFRS 15 – Revenue from Contracts with Customers (clarifications); and
- IFRS 10 and IAS 28 – Sale or contribution of Assets between an Investor and its Associates or Joint Ventures (amendment).

## 1.5 Property, Plant and Equipment

Property, plant and equipment assets comprise the land and buildings, furniture and fittings, plant and machinery, transport equipment and IT equipment and assets in the course of construction held by the Department.

Expenditure on property, plant and equipment of over **£1,000** is capitalised, with the exception of Computer Hardware, which is capitalised if expenditure is over **£500**. 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) at 1 April 2011 with the next full valuation due to take place as at 1 April 2016. They are revalued annually, between professional valuations, using indices provided by LPS and the Office of National Statistics (ONS). 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 the above and items under construction, fair value is estimated by restating the value annually, between professional valuations, by reference to indices compiled by 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.

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 as either programme or other administrative costs.

## 1.6 Intangible Assets

Intangible assets comprise database and software development and the value of the capitalised licences to operate DVA Licensing systems. Expenditure on intangible assets over **£500** 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 as either programme or other administrative costs.

The value of the information held on the drivers and vehicles database, including unallocated vehicle registration marks cannot be estimated and is therefore not recognised in the Statement of Financial Position.

## 1.7 Heritage Assets

All heritage assets are deemed to be held by the Department in pursuit of its overall objectives in relation to the maintenance of heritage. Non-operational heritage assets are those which are held solely for this purpose and have no other use. Operational heritage assets are those which, in addition to being held for their heritage characteristics, are also used by the entity for other activities or to provide other services for which it is responsible.

The Department holds certain heritage assets that have been purchased. The assets are held by the Core Department and the Northern Ireland Environment Agency (NIEA) and 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 of National Statistics (ONS). No depreciation is provided on any heritage assets. Heritage Lands are subject to professional valuations and annual revaluations in accordance with the Appraisal and Valuation Manual produced jointly by the Royal Institute of Chartered Surveyors (RICS), the Incorporated Society of Valuers and Auctioneers (ISVA) and the Institute of Revenues Rating and Valuation (IRRV). Professional revaluations of heritage land are undertaken every five years, with the last full valuation undertaken by Land and Property Services (LPS) at 1 April 2011 with the next full valuation due to take place as at 1 April 2016.

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 Department receives adequate information on the condition and maintenance of the properties to enable it to fulfill its stewardship role. It is not the intention of the Department to dispose of these assets in the foreseeable future, given their importance to the natural heritage of Northern Ireland.

In accordance with DFP guidelines it is considered 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. Detailed records are maintained for each heritage asset and site management plans are maintained and regularly updated. Many heritage assets, including state care monuments and 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 into 2 broad categories - State Care Monuments & Heritage Lands. The following is a sample of State Care Monuments owned by the Department as at 31 March 2016:

- Jordans Castle – 15<sup>th</sup> century tower-house
- Ballycopeland Windmill – late 18<sup>th</sup> century windmill
- Navan Fort – Iron Age earthwork
- Dunluce Castle – 14/17<sup>th</sup> century manor house and castle
- Carrickfergus Castle – 12<sup>th</sup> century and later castle
- Greypoint Fort – World War I/II coastal defence installation
- Nendrum Monastic Site – Early Christian Monastic enclosure
- Scrabo Tower – 1857 Memorial Tower
- Tully Castle – early 17<sup>th</sup> century plantation castle
- Enniskillen Castle – 16<sup>th</sup> century and later castle and barracks
- Grey Abbey – late 12<sup>th</sup> century Cistercian Abbey

Various State Care monuments throughout Northern Ireland are also the property of the Department. These monuments have been acquired by the Department by a variety of means, including being inherited under the National Monuments Order 1880, properties previously vested in the County Councils which were transferred to the Department by virtue of the Historic Monuments (Transfer) Order (NI) 1973, and others are held in guardianship by the Department. The monuments are protected by the Department under the Historic Monument and Archaeological Objects (NI) Order 1995. 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 valuation recognised in the Statement of Comprehensive Net Expenditure.

## 1.8 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. Lives are normally in the following ranges:

Land	Not depreciated
Buildings	On an individual basis not exceeding 100 years
Furniture and Fittings (including Exhibitions)	5 to 30 years
Plant and Machinery (including Laboratory Equipment)	3 to 30 years
Transport Equipment (including Railway Stock & Boats)	5 to 30 years
Planning Portal Asset (due to be decommissioned)	3 years
Information Technology	3 to 10 years
Computer Hardware / Software	3 to 5 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.

## 1.9 Investments

Financial interests in bodies which are outside the Departmental Resource Accounting boundary are treated as non-current asset investments since they are held for the long term. The Department has a financial interest in DVA-Testing comprising of Public Dividend Capital (PDC). DVA-Testing, as a trading fund, is operated and managed independently of the Department, and its accounts are not consolidated with those of the Department. The PDC is included at historic cost and dividends receivable are included in operating income.

## 1.10 Operating Income

Operating income is recognised when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably. It is separately identified and released to the Statement of Comprehensive Net Expenditure in the period in which the underlying activity takes place. It principally comprises fees and charges for licences and services provided on a full-cost basis to external customers, and other departments, but it also includes other income such as that from investments. 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. Operating income is stated net of VAT.

Operating income is split under the following headings in the Operating Cost Statement:

- Administration Income

- Programme Income

### **1.11 Administration and Programme Expenditure**

The Statement of Comprehensive Net Expenditure is analysed between administration and programme income and expenditure. The classification of expenditure and income as administration or as programme follows the definition of administration costs set out in the FReM. Administration costs reflect the costs of running the Department. These include both administrative costs and associated operating income. Programme costs reflect non administration costs, including payments of grants, salaries of staff performing programme activities and other disbursements by the Department.

### **1.12 Foreign Exchange**

Transactions that are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the date of each transaction. At the end of the reporting period monetary items are translated at the closing rate applicable at the reporting date.

### **1.13 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 obliged to pay them. This includes the cost of any untaken leave that has been earned at the year end. This cost has been estimated by using employees daily rate costs applied to any untaken leave balances at 31 March 2016.

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme Northern Ireland (PCSPS (NI)). The defined benefit schemes are unfunded and are non-contributory except in respect of dependants' benefits. The department 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 department recognises the contributions payable for the year.

### **1.14 Early Departure Costs**

The Department is required to meet the cost of paying the pensions of employees who retire early from the date of their retirement until they reach normal pensionable age. The Department provides in full for the cost of meeting pensions up to normal retirement age in respect of early retirement programmes announced in the current or previous years by establishing a provision for the estimated payments. The provision is discounted by the Treasury discount rate of 1.37% in real terms.

### **1.15 Leases**

Where substantially all the risks and rewards of ownership of a leased asset are borne by the Department, the asset is recorded as a non-current asset and the debt is recorded to the lessor of the minimum lease payments discounted by the interest rate implicit in 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. Other operating lease rentals are charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the term of the lease.

### **1.16 Grants Payable**

The Department recognises such expenditure in the period in which the recipient carries out the activity which creates an entitlement to the grant support, in so far as is practicable to do so. Where the Department cannot estimate with any reliable accuracy the amount of such grant

entitlement outstanding at the year-end date, such liabilities are disclosed as contingent liabilities.

### **1.17 Provisions**

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

### **1.18 Value Added Tax**

Most of the activities of the Department are outside the scope of VAT and in general output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT. VAT is recoverable on a Departmental basis.

### **1.19 EU Income**

All income from the EU is separately identified and is released to the Statement of Comprehensive Net Expenditure in the period in which the underlying activity takes place.

### **1.20 Notional Costs**

Since Resource Accounts are required to show the full economic cost of delivery of public services, the Statement of Comprehensive Net Expenditure includes certain notional items of expenditure.

### **1.21 Contingent Liabilities**

In addition to contingent assets and liabilities disclosed in accordance with IAS 37, the Department discloses for Assembly reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to the Assembly in accordance with *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 department 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 resource accounts) which are required by the FReM to be noted in the resource 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.

### **1.22 Management Agreements**

The Northern Ireland Environment 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 Northern Ireland Environment Agency. The full costs of these agreements are expensed in the year in which they are issued.

### **1.23 Funding from Assembly Supply**

Supply funding is not treated as income on the face of the Statement of Comprehensive Net Expenditure, but is credited to the General Fund.

### **1.24 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 Department 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 Department 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 beyond 361 days are generally not recoverable.

The Department 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.

In accordance with IAS 39 the Department's Public Dividend Capital holding in DVA Testing is carried at historical cost, less any impairment.

### **1.25 Critical Accounting Estimates and Key Judgements and Uncertainties**

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

### **1.26 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.

### **1.27 Going Concern**

The accounts of DOE have been prepared on the basis that the functions of the Department will continue as a going concern as responsibility for the management of the Department's functions transferred to three new departments in May 2016.

The Stormont House Agreement contained a commitment to reduce the number of NICS Departments from 12 to 9 following the Assembly election in May 2016, which involved functions transferring from some departments to others. The names and high level functions of the new departments have been agreed by Ministers and details can be found in The Departments (Transfer of Functions) Orders (Northern Ireland) 2016. The functions of DOE transferred to three new departments; Department of Agriculture, Environment and Rural Affairs (DAERA), Department for Infrastructure (DfI) and Department for Communities (DfC).

## 2. Statement of Operating Costs by Operating Segment

During 2015-16 the Department comprised of 3 reporting segments; Environment and Marine Group, Planning and Road Safety Group and Local Government, Historic Environment and Corporate Services Group. The Management Board review financial information at reporting group level for decision making purposes.

				2015-16 £000
	Environment and Marine Group	Planning and Road Safety Group	Local Government, Historic Environment and Corporate Services Group	Total
<b>Gross Expenditure</b>	53,064	31,359	74,500	<b>158,923</b>
<b>Income</b>	(12,673)	(12,253)	(2,453)	<b>(27,379)</b>
<b>Net Expenditure</b>	<b>40,391</b>	<b>19,106</b>	<b>72,047</b>	<b>131,544</b>

				Restated 2014-15 £000
	Environment and Marine Group	Planning and Road Safety Group	Local Government, Historic Environment and Corporate Services Group	Total
<b>Gross Expenditure</b>	63,440	64,156	78,510	<b>206,106</b>
<b>Income</b>	(14,371)	(35,579)	(2,693)	<b>(52,643)</b>
<b>Net Expenditure</b>	<b>49,069</b>	<b>28,577</b>	<b>75,817</b>	<b>153,463</b>

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

As part of a re-structuring of functions in the Department during the year, the Road Safety functions (previously part of the Local Government, Road Safety and Corporate Services Group) and the Historic Environment Division (previously part of the Environment and Marine Group) now forms 2 new groups known as the Planning and Road Safety Group and the Local Government, Historic Environment and Corporate Services Group. The prior year comparatives have been re-stated to reflect this change.

## 2.1 Reconciliation between Operating Segments and Consolidated Statement of Comprehensive Net Expenditure

	2015-16 £000			
	Environment and Marine Group	Planning and Road Safety Group	Local Government, Historic Environment and Corporate Services Group	Total
<b>Total net expenditure per Statement of Comprehensive Net Expenditure by operating segment</b>	40,391	19,106	72,047	<b>131,544</b>
<b>Total net expenditure per Statement of Comprehensive Net Expenditure</b>	<b>40,391</b>	<b>19,106</b>	<b>72,047</b>	<b>131,544</b>

	Restated 2014-15 £000			
	Environment and Marine Group	Planning and Road Safety Group	Local Government, Historic Environment and Corporate Services Group	Total
<b>Total net expenditure per Statement of Comprehensive Net Expenditure by operating segment</b>	49,069	28,577	75,817	<b>153,463</b>
<b>Total net expenditure per Statement of Comprehensive Net Expenditure</b>	<b>49,069</b>	<b>28,577</b>	<b>75,817</b>	<b>153,463</b>

### 3. Staff costs

Staff costs comprise:

	<b>2015-16</b>	<b>2014-15</b>
	<b>£'000</b>	<b>£'000</b>
	<b>Total</b>	<b>Total</b>
Wages and salaries	40,474	60,981
Social security costs	2,898	4,208
Other pension costs	8,746	11,271
Early Departure Costs	9,488	1,567
<b>Total net costs</b>	<b>61,606</b>	<b>78,027</b>
Of which:		
<b>Core department</b>		
Administration costs	19,668	17,148
Programme costs	13,071	23,214
	<b>32,739</b>	<b>40,362</b>
<b>Analysed as:</b>		
Administration costs	19,618	17,098
Minister's costs (notional)	50	50
Per Statement of Comprehensive Net Expenditure	19,668	17,148
Programme costs	41,938	60,879
	<b>61,606</b>	<b>78,027</b>

A breakdown of the above costs into permanent staff, Ministers costs and others can be found in the Staff Report within the Accountability Report.

#### 4. Other administration costs

	Note	2015-16		2014-15	
		Core Department	Consolidated	Core Department	Consolidated
			£000		£000
Rentals under operating leases:					
Other operating leases		20	20	27	27
Rent of land and buildings		5	5	11	11
Non-cash items					
<i>Notional charges:</i>					
Accommodation		799	799	1,847	1,847
NIAO auditors' remuneration		59	59	65	65
Other notional charges		2,034	2,034	2,525	2,525
<i>Non-current assets:</i>					
Depreciation	7	13	13	20	20
Amortisation	8	6	6	1	1
(Profit) / Loss on disposal of property, plant and equipment		(1)	(1)	-	-
Net revaluation charge to statement of comprehensive net expenditure		-	-	-	-
Contracted out services		1,059	1,059	1,265	1,265
Professional costs		475	475	459	459
Accommodation		94	94	17	17
Other expenditure		1,270	1,270	1,676	1,676
<b>Total</b>		<b>5,833</b>	<b>5,833</b>	<b>7,913</b>	<b>7,913</b>

## 5. Programme Costs

	Note	2015-16 £000		2014-15 £000	
		Core Department	Consolidated	Core Department	Consolidated
Current and capital grants		57,603	60,156	63,778	74,099
Advertising and publicity		1,642	1,661	2,990	3,025
Contracted out services		1,184	3,811	1,404	6,314
Enforcement subsidies		1,792	1,792	1,990	1,990
DVA Licensing Wind Up Costs		-	-	-	2,028
Other current expenditure		5,104	11,627	4,415	14,047
Rentals under operating leases:					
Other operating leases		66	116	53	121
Rent of land and buildings		59	117	11	160
Non-cash expenditure:					
<i>Notional charges:</i>					
Accommodation		693	1,915	1,982	3,839
Central services provided by the Department for Regional Development		75	86	56	89
Roads Service		-	-	3,176	3,176
NIAO auditors' remuneration		-	26	-	32
Other notional charges		1,290	3,464	3,284	4,550
<i>Non-current assets:</i>					
Depreciation	7	606	1,858	298	1,878
Amortisation	8	3,152	4,104	2,438	3,347
Net revaluation charge to statement of comprehensive net expenditure		1	(51)	-	(53)
(Profit) / Loss on property, plant and equipment		(2)	(5)	-	(12)
Provisions – provided in year	16	218	804	463	1,479
Borrowing costs on provisions	16	24	24	72	72
Provision for bad debts		1	(21)	3	(15)
<b>Total programme costs</b>		<b>73,508</b>	<b>91,484</b>	<b>86,413</b>	<b>120,166</b>

## 6. Income

RfR A	2015-16		2014-15	
	Core Department	Consolidated	Core Department	Consolidated
<b>Administration income:</b>				
Other Operating Income	2,321	2,321	2,639	2,639
<b>Total administration income</b>	<b>2,321</b>	<b>2,321</b>	<b>2,639</b>	<b>2,639</b>
<b>Programme income:</b>				
Planning Fees *	398	398	13,298	13,298
Property Certificate Fees *	-	-	1,273	1,273
Carrier Bag Levy	1,957	5,171	1,149	4,664
Licensing Fees: NIEA	-	7,359	-	7,448
DVA	-	8,789	-	6,904
Operating Income – Vehicle Licensing Division **	-	501	-	8,337
EU Grant Income	-	246	-	1,355
VLD Discontinuation Funding **	-	-	-	3,940
Other	1,274	1,674	1,251	2,015
Dividends Receivable – Public Dividend Capital	920	920	770	770
<b>Total programme income</b>	<b>4,549</b>	<b>25,058</b>	<b>17,741</b>	<b>50,004</b>
<b>Total income</b>	<b>6,870</b>	<b>27,379</b>	<b>20,380</b>	<b>52,643</b>

\* From 1 April 2015 the majority of Planning functions transferred to local councils.

\*\* DVA-Licensing, Vehicle Licensing Division was financed by DVLA under the terms of a formal agreement between the Department and the Department for Transport. Vehicle Licensing operations within Northern Ireland ceased with effect from 17<sup>th</sup> July 2014 following the Department of Transport's decision to centralise all vehicle licensing services. From that date, DVA only provides an enforcement service on behalf of DVLA which includes attending court for vehicle excise duty offences and detecting unlicensed vehicles on the road by operating Automatic Number Plate Reader (ANPR). The income to Vehicle Licensing Division in 2014-15 included £8.3m charged to DVLA to cover the total costs of the division up until staff could be redeployed or exit under a location specific voluntary exit scheme (VES), £3.5m to cover the costs of a location specific voluntary exit scheme and £0.5m to return premises to their condition prior to occupation by DVA Licensing.

Analyses of income from services provided to external and public sector customers by the Department and a comparison with the full cost of providing these services by the Department are provided in Note iii of the Other Assembly Accountability Disclosures section.



## 7. Property, plant and equipment

	Land £000	Buildings excluding Dwellings £000	Furniture & Fittings £000	Plant and Machinery £000	Transport Equipment £000	Information Technology £000	Payments on Account and Assets under Construction £000	Total £000
<b>Cost or valuation</b>								
At 1 April 2015	5,807	16,324	3,204	6,142	3,548	2,264	4,565	41,854
Additions	-	82	-	103	203	104	972	1,464
Disposals	-	(2)	(16)	(101)	(117)	(7)	-	(243)
Reclassification	-	582	158	4	-	-	(744)	-
Revaluations	51	129	8	(16)	11	(9)	-	174
<b>At 31 March 2016</b>	<b>5,858</b>	<b>17,115</b>	<b>3,354</b>	<b>6,132</b>	<b>3,645</b>	<b>2,352</b>	<b>4,793</b>	<b>43,249</b>
<b>Depreciation</b>								
At 1 April 2015	-	2,400	2,524	5,059	2,710	1,286	-	13,979
Charged in year	-	651	176	432	303	309	-	1,871
Disposals	-	(2)	(15)	(101)	(114)	(7)	-	(239)
Reclassification	-	-	-	-	-	-	-	-
Revaluations	-	25	(29)	(102)	(68)	(8)	-	(182)
<b>At 31 March 2016</b>	<b>-</b>	<b>3,074</b>	<b>2,656</b>	<b>5,288</b>	<b>2,831</b>	<b>1,580</b>	<b>-</b>	<b>15,429</b>
<b>Carrying amount at 31 March 2016</b>	<b>5,858</b>	<b>14,041</b>	<b>698</b>	<b>844</b>	<b>814</b>	<b>772</b>	<b>4,793</b>	<b>27,820</b>
Carrying amount at 31 March 2015	5,807	13,924	680	1,083	838	978	4,565	27,875
<b>Asset financing:</b>								
Owned	5,858	14,041	698	844	814	772	4,793	27,820
<b>Of the total:</b>								
Core department	140	2,678	371	270	307	615	1,318	5,699
Agencies	5,718	11,363	327	574	507	157	3,475	22,121
<b>Carrying amount at 31 March 2016</b>	<b>5,858</b>	<b>14,041</b>	<b>698</b>	<b>844</b>	<b>814</b>	<b>772</b>	<b>4,793</b>	<b>27,820</b>

## 7. Property, plant and equipment (continued)

	Land £000	Buildings excluding Dwellings £000	Furniture & Fittings £000	Plant and Machinery £000	Transport Equipment £000	Information Technology £000	Payments on Account and Assets under Construction £000	Total £000
<b>Cost or valuation</b>								
At 1 April 2014 (restated)	5,749	16,061	3,596	5,934	3,813	2,305	2,835	40,293
Additions	5	-	7	146	41	226	2,304	2,729
Disposals	-	-	-	(499)	(266)	(241)	-	(1,006)
Reclassification	-	95	(402)	511	(53)	(25)	(574)	(448)
Revaluations	53	168	3	50	13	(1)	-	286
<b>At 31 March 2015</b>	<b>5,807</b>	<b>16,324</b>	<b>3,204</b>	<b>6,142</b>	<b>3,548</b>	<b>2,264</b>	<b>4,565</b>	<b>41,854</b>
<b>Depreciation</b>								
At 1 April 2014 (restated)	-	1,787	2,478	4,788	2,668	1,280	-	13,001
Charged in year	-	582	277	464	337	238	-	1,898
Disposals (restated)	-	-	-	(496)	(257)	(241)	-	(994)
Reclassification	-	6	(232)	269	(52)	9	-	-
Revaluations	-	25	1	34	14	-	-	74
<b>At 31 March 2015</b>	<b>-</b>	<b>2,400</b>	<b>2,524</b>	<b>5,059</b>	<b>2,710</b>	<b>1,286</b>	<b>-</b>	<b>13,979</b>
<b>Carrying amount at 31 March 2015</b>	<b>5,807</b>	<b>13,924</b>	<b>680</b>	<b>1,083</b>	<b>838</b>	<b>978</b>	<b>4,565</b>	<b>27,875</b>
Carrying amount at 31 March 2014	5,749	14,274	1,118	1,146	1,145	1,025	2,835	27,292
<b>Asset financing:</b>								
Owned	5,807	13,924	680	1,083	838	978	4,565	27,875
<b>Of the total:</b>								
Core department	-	319	43	244	122	761	246	1,735
Agencies	5,807	13,605	637	839	716	217	4,319	26,140
<b>Carrying amount at 31 March 2015</b>	<b>5,807</b>	<b>13,924</b>	<b>680</b>	<b>1,083</b>	<b>838</b>	<b>978</b>	<b>4,565</b>	<b>27,875</b>

## 7.1 Heritage Assets

	Non Operational Heritage Land (Purchased)	Non Operational Heritage Buildings (Purchased)	Total Non Operational Heritage Assets (Purchased)
	£000	£000	£000
<b>Cost or valuation</b>			
At 1 April 2015	2,165	2	2,167
Transfers	-	-	-
Reclassification	-	-	-
Revaluations	-	-	-
<b>At 31 March 2016</b>	<b>2,165</b>	<b>2</b>	<b>2,167</b>
<b>Carrying amount at 31 March 2016</b>	<b>2,165</b>	<b>2</b>	<b>2,167</b>
Carrying amount at 31 March 2015	2,165	2	2,167
<b>Of the total:</b>			
Core Department	597	2	599
Agencies	1,568	-	1,568
<b>Carrying amount at 31 March 2016</b>	<b>2,165</b>	<b>2</b>	<b>2,167</b>

	Non Operational Heritage Land (Purchased)	Non Operational Heritage Buildings (Purchased)	Total Non Operational Heritage Assets (Purchased)
	£000	£000	£000
<b>Cost or valuation</b>			
At 1 April 2014	2,165	2	2,167
Transfers	-	-	-
Reclassification	-	-	-
Revaluations	-	-	-
<b>At 31 March 2015</b>	<b>2,165</b>	<b>2</b>	<b>2,167</b>
<b>Carrying amount at 31 March 2015</b>	<b>2,165</b>	<b>2</b>	<b>2,167</b>
Carrying amount at 31 March 2014	2,165	2	2,167
<b>Of the total:</b>			
Core Department	-	-	-
Agencies	2,165	2	2,167
<b>Carrying amount at 31 March 2015</b>	<b>2,165</b>	<b>2</b>	<b>2,167</b>

There was no movement in the indices provided by the ONS for the period.

## 7.1 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 2016.

	2016	2015	2014	2013	2012
	£000	£000	£000	£000	£000
Cost of acquisitions	-	-	-	-	200
Transfers	-	-	-	230	-

There were no disposals of heritage assets during the five year period to 31 March 2016 and no heritage assets acquired by donation during the periods. At the last valuation date 1 April 2011 none of the assets were impaired.

## 8. Intangible assets

	Information Technology £000	Software Licences £000	Assets under Construction £000	Total £000
<b>Cost or valuation</b>				
At 1 April 2015	23,609	676	2,646	26,931
Additions	490	23	3,059	3,572
Revaluation	224	7	-	231
Reclassification	2,110	-	(2,110)	-
Transfers	-	-	-	-
Disposals	-	(4)	-	(4)
<b>At 31 March 2016</b>	<b>26,433</b>	<b>702</b>	<b>3,595</b>	<b>30,730</b>
<b>Amortisation</b>				
At 1 April 2015	13,237	382	-	13,619
Charged in year	3,995	115	-	4,110
Revaluation	121	2	-	123
Reclassification	13	(13)	-	-
Disposals	-	(3)	-	(3)
<b>At 31 March 2016</b>	<b>17,366</b>	<b>483</b>	<b>-</b>	<b>17,849</b>
<b>Carrying amount at 31 March 2016</b>	<b>9,067</b>	<b>219</b>	<b>3,595</b>	<b>12,881</b>
Carrying amount at 31 March 2015	10,372	294	2,646	13,312
<b>Of the total:</b>				
Core department	8,807	150	-	8,957
Agencies	260	69	3,595	3,924
<b>Carrying amount at 31 March 2016</b>	<b>9,067</b>	<b>219</b>	<b>3,595</b>	<b>12,881</b>

## 8. Intangible assets (continued)

	Information Technology	Software Licences	Assets under Construction	Total
	£000	£000	£'000	£000
<b>Cost or valuation</b>				
At 1 April 2014	23,881	736	177	24,794
Additions	316	223	1,785	2,324
Revaluation	372	7	-	379
Reclassification	(90)	(146)	684	448
Transfers	-	-	-	-
Disposals	(870)	(144)	-	(1,014)
<b>At 31 March 2015</b>	<b>23,609</b>	<b>676</b>	<b>2,646</b>	<b>26,931</b>
<b>Amortisation</b>				
At 1 April 2014	10,628	446	-	11,074
Charged in year	3,272	76	-	3,348
Revaluation	207	4	-	211
Reclassification	-	-	-	-
Disposals	(870)	(144)	-	(1,014)
<b>At 31 March 2015</b>	<b>13,237</b>	<b>382</b>	<b>-</b>	<b>13,619</b>
<b>Carrying amount at 31 March 2015</b>	<b>10,372</b>	<b>294</b>	<b>2,646</b>	<b>13,312</b>
Carrying amount at 31 March 2014	13,253	290	177	13,720
<b>Of the total:</b>				
Core department	9,201	201	2,110	11,512
Agencies	1,171	93	536	1,800
<b>Carrying amount at 31 March 2015</b>	<b>10,372</b>	<b>294</b>	<b>2,646</b>	<b>13,312</b>

Notes: Within DVA, the value of the information held on the drivers and vehicle databases, including unallocated vehicle registration marks cannot be estimated and is therefore not capitalised.

## 9. Capital and other commitments

DVA Licensing had £292,724 (2014-15: £3,504,710) capital commitments which were contracted for at the financial year end.

### 9.1 Other financial commitments

The Department has commitments to pay grants in respect of historic buildings, environmental protection and natural heritage and maintenance of IT Systems. The payments to which the Department is committed during 2015-16, analysed by the period during which the commitment expires, are as follows:

	2015-16 £000		2014-15 £000	
	Core Department	Consolidated	Core Department	Consolidated
Not later than one year	561	3,841	500	1,796
Later than one year and not later than five years	-	1,379	852	852
Later than five years	-	-	-	-
<b>Balance at 31 March</b>	<b>561</b>	<b>5,220</b>	<b>1,352</b>	<b>2,648</b>

### 9.2 Commitments under leases

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

	2015-16 £000		2014-15 £000	
	Core Department	Consolidated	Core Department	Consolidated
<b>Obligations under operating leases comprise:</b>				
<b>Buildings</b>				
Not later than one year	23	58	23	58
Later than one year & not later than five years	51	98	73	155
Later than five years	-	-	-	-
<b>At 31 March</b>	<b>74</b>	<b>156</b>	<b>96</b>	<b>213</b>
<b>Other</b>				
Not later than one year	24	26	2	14
Later than one year & not later than five years	-	-	1	7
Later than five years	-	-	-	-
<b>At 31 March</b>	<b>24</b>	<b>26</b>	<b>3</b>	<b>21</b>
<b>Total obligations under operating leases</b>	<b>98</b>	<b>182</b>	<b>99</b>	<b>234</b>

## 10. Financial Instruments

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

## 11. Investments in other public sector bodies

	2015-16 £000	2014-15 £000
<b>Investments in DVA Testing at 31 March</b>	<b>2,100</b>	<b>2,100</b>

Investments comprise Public Dividend Capital (PDC) £2.1m. The dividend receivable on the Public Dividend Capital is the balance of the 3.5% per annum return required on the net assets employed by DVA-Testing. All of the investments are held by the Core Department.

At 31 March 2016 DVA-Testing had Net Assets of £33.1m, turnover of £42.2m and a surplus for the year amounting to £5.2m.

The amounts received and receivable from DVA-Testing during the period were as follows:

	2015-16 £000	2014-15 £000
<b>Dividend receivable on Public Dividend Capital at 31 March</b>	<b>920</b>	<b>770</b>

## 12. Inventories and work in progress

	2015-16 £000		2014-15 £000	
	Core Department	Consolidated	Core Department	Consolidated
<b>Inventories held at 31 March</b>	<b>42</b>	<b>142</b>	<b>-</b>	<b>163</b>



### 13. Trade receivables and other current assets

	2015-16		2014-15	
	£000		£000	
	Core Department	Consolidated	Core Department	Consolidated
<b>Amounts falling due within one year:</b>				
Trade receivables	1,306	1,728	1,417	1,793
Other receivables	90	135	80	885
Prepayments and accrued income	1,354	2,252	1,278	1,929
EU grants receivable - Accruing Resource	-	-	-	491
VAT	235	506	274	513
<b>Balance at 31 March</b>	<b>2,985</b>	<b>4,621</b>	3,049	5,611

The following table shows the impairment of trade receivables at the period end date.

	2015-16		2014-15	
	£000		£000	
	Core Department	Consolidated	Core Department	Consolidated
Balance at 1 April	(5)	(175)	(2)	(190)
Impairment losses recognised / derecognised on receivables	(1)	21	(3)	15
<b>Balance at 31 March</b>	<b>(6)</b>	<b>(154)</b>	(5)	(175)

In determining the recoverability of a trade receivable, the Department considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. No interest is charged on the trade receivables.

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

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 Department believes that the amounts are still fully recoverable:

	2015-16 £000		2014-15 £000	
	Core Department	Consolidated	Core Department	Consolidated
Neither past due nor impaired trade receivables	1,299	1,601	1,364	1,506
1 – 30 days	-	30	25	36
31 – 60 days	-	9	-	6
61 – 90 days	-	18	-	110
91 – 180 days	-	7	1	33
181 – 361 days	7	63	19	94
361 days plus	-	-	8	8
<b>Gross carrying value</b>	<b>1,306</b>	<b>1,728</b>	<b>1,417</b>	<b>1,793</b>

#### 13.1 Intra-Government Balances

	2015-16 £000	2014-15 £000
<b>Amounts falling due within one year</b>		
Balances with other central government bodies	694	2,036
Balances with local authorities	17	56
Balances with NHS Trusts	2	3
Balances with public corporations and trading funds	1,841	1,591
<b>Intra-government balances</b>	<b>2,554</b>	<b>3,686</b>
Balances with bodies external to government	2,067	1,925
<b>Total receivables at 31 March</b>	<b>4,621</b>	<b>5,611</b>

There were no intra- government receivable balances at 31 March 2016 falling due after more than 1 year.

## 14. Cash and cash equivalents

	2015-16 £000		2014-15 £000	
	Core Department	Consolidated	Core Department	Consolidated
Balance at 1 April	1	3,617	280	3,175
Net change in cash and cash equivalent balances	1,859	26	(279)	442
<b>Balance at 31 March</b>	<b>1,860</b>	<b>3,643</b>	<b>1</b>	<b>3,617</b>

The following balances at 31 March were held at:

Commercial bank and cash in hand	1,860	3,643	1	3,617
Overdrawn account at commercial bank and shown as payables	-	-	(534)	(534)
<b>Balance at 31 March</b>	<b>1,860</b>	<b>3,643</b>	<b>(533)</b>	<b>3,083</b>

The above balances comprise balances at commercial banks or cash in hand. The Core of the Department is responsible for administering the distribution of funds and therefore the supply balance at the year-end should be reflected in the Core Statement of Financial Position.

## 15. Trade payables and other current liabilities

	2015-16 £000		2014-15 £000	
	Core Department	Consolidated	Core Department	Consolidated
<b>Amounts falling due within one year:</b>				
Bank overdraft	-	-	534	534
Trade payables	452	992	5,155	5,397
Accruals and deferred income	9,589	15,309	14,897	25,996
Other payables	-	627	26	103
Consolidated Fund Extra Receipts received due to be paid to the Consolidated Fund				
– Received	383	394	865	877
– Receivable	-	-	-	-
Amounts issued from the Consolidated Fund for Supply but not spent at year end	3,251	3,251	2,207	2,207
<b>Balance at 31 March</b>	<b>13,675</b>	<b>20,573</b>	23,684	35,114
<b>Amounts falling due after more than one year:</b>				
Other payables, accruals and deferred income	934	934	1,268	1,268
<b>Balance at 31 March</b>	<b>934</b>	<b>934</b>	1,268	1,268

### 15.1 Intra-Government Balances

	2015-16 £000	2014-15 £000	2015-16 £000	2014-15 £000
	Amounts falling due within one year		Amounts falling due after more than one year	
Balances with other central government bodies	6,626	7,069	-	-
Balances with local authorities	1,987	6,768	-	-
Balances with NHS Trusts	-	9	-	-
Balances with public corporations and trading funds	744	335	-	-
Intra-government balances	9,357	14,181	-	-
Balances with bodies external to government	11,216	20,933	934	1,268
<b>Total payables at 31 March</b>	<b>20,573</b>	<b>35,114</b>	<b>934</b>	<b>1,268</b>

## 16. Provisions for liabilities and charges

### Core Department

	(a) Public/ Employer Liability £000	(b) Planning Comp £000	(c) Early Departure Costs £000	(d) Legal Costs £000	(e) Equal Pay Settlement £'000	(f) Accommodation Costs £'000	(g) Dilapidation Costs £'000	Total £000
Balance at 1 April 2015	28	-	1,905	278	42	-	-	2,253
Provided in the year	40	-	1	533	-	-	-	574
Provisions not required written back	(110)	-	(45)	(201)	-	-	-	(356)
Provisions utilised in the year	12	-	(474)	(405)	-	-	-	(867)
Transfers	236	-	-	-	-	-	-	236
Unwinding of discount	-	-	24	-	-	-	-	24
<b>Balance at 31 March 2016</b>	<b>206</b>	<b>-</b>	<b>1,411</b>	<b>205</b>	<b>42</b>	<b>-</b>	<b>-</b>	<b>1,864</b>
Current	206	-	404	205	42	-	-	857
Non-current	-	-	1,007	-	-	-	-	1,007

### Consolidated

	(a) Public/ Employer Liability £000	(b) Planning Comp £000	(c) Early Departure Costs £000	(d) Legal Costs £000	(e) Equal Pay Settlement £'000	(f) Accommodation Costs £'000	(g) Dilapidation Costs £'000	Total £000
Balance at 1 April 2015	379	-	1,948	336	52	353	458	3,526
Provided in the year	109	-	1	750	-	367	-	1,227
Provisions not required written back	(134)	-	(88)	(201)	-	-	-	(423)
Provisions utilised in the year	(68)	-	(474)	(660)	-	-	-	(1,202)
Unwinding of discount	-	-	24	-	-	-	-	24
<b>Balance at 31 March 2016</b>	<b>286</b>	<b>-</b>	<b>1,411</b>	<b>225</b>	<b>52</b>	<b>720</b>	<b>458</b>	<b>3,152</b>
Current	286	-	404	225	52	720	458	2,145
Non-current	-	-	1,007	-	-	-	-	1,007

## 16. Provisions for liabilities and charges (continued)

### Core Department

	(a) Public/ Employer Liability £000	(b) Planning Comp £000	(c) Early Departure Costs £000	(d) Legal Costs £000	(e) Equal Pay Settlement £'000	(f) Accommodation Costs £'000	(g) Dilapidation Costs £'000	Total £000
Balance at 1 April 2014	28	108	2,400	66	42	-	-	2,644
Provided in the year	-	40	87	647	-	-	-	774
Provisions not required written back	-	(120)	(59)	(132)	-	-	-	(311)
Provisions utilised in the year	-	(28)	(595)	(303)	-	-	-	(926)
Unwinding of discount	-	-	72	-	-	-	-	72
<b>Balance at 31 March 2015</b>	<b>28</b>	<b>-</b>	<b>1,905</b>	<b>278</b>	<b>42</b>	<b>-</b>	<b>-</b>	<b>2,253</b>
Current	28	-	470	278	42	-	-	818
Non-current	-	-	1,435	-	-	-	-	1,435

### Consolidated

	(a) Public/ Employer Liability £000	(b) Planning Comp £000	(c) Early Departure Costs £000	(d) Legal Costs £000	(e) Equal Pay Settlement £'000	(f) Accommodation Costs £'000	(g) Dilapidation Costs £'000	Total £000
Balance at 1 April 2014	494	108	2,400	111	58	-	-	3,171
Provided in the year	202	40	130	667	2	353	458	1,852
Provisions not required written back	(54)	(120)	(59)	(132)	(8)	-	-	(373)
Provisions utilised in the year	(263)	(28)	(595)	(310)	-	-	-	(1,196)
Unwinding of discount	-	-	72	-	-	-	-	72
<b>Balance at 31 March 2015</b>	<b>379</b>	<b>-</b>	<b>1,948</b>	<b>336</b>	<b>52</b>	<b>353</b>	<b>458</b>	<b>3,526</b>
Current	379	-	513	336	52	212	458	1,950
Non-current	-	-	1,435	-	-	141	-	1,576

## 16. Provisions for liabilities and charges (continued)

### Analysis of expected timing of discounted flows

#### Core Department

	Public/ Employer Liability £000	Planning Comp £000	Early Departure Costs £000	Legal Costs £000	Equal Pay Settlement £'000	Accommodation Costs £'000	Dilapidation Costs £'000	Total £000
Not later than one year	206	-	404	205	42	-	-	857
Later than one year and not later than five years	-	-	906	-	-	-	-	906
Later than five years	-	-	101	-	-	-	-	101
<b>Balance at 31 March 2016</b>	<b>206</b>	<b>-</b>	<b>1,411</b>	<b>205</b>	<b>42</b>	<b>-</b>	<b>-</b>	<b>1,864</b>

#### Consolidated

	Public/ Employer Liability £000	Planning Comp £000	Early Departure Costs £000	Legal Costs £000	Equal Pay Settlement £'000	Accommodation Costs £'000	Dilapidation Costs £'000	Total £000
Not later than one year	286	-	404	225	52	720	458	2,145
Later than one year and not later than five years	-	-	906	-	-	-	-	906
Later than five years	-	-	101	-	-	-	-	101
<b>Balance at 31 March 2016</b>	<b>286</b>	<b>-</b>	<b>1,411</b>	<b>225</b>	<b>52</b>	<b>720</b>	<b>458</b>	<b>3,152</b>

- (a) Public/Employer's Liability – Provision has been made for public and employer liability cases outstanding. See Note 17.
- (b) Planning Compensation – the provision relates to expected claims for compensation under the Planning (NI) Order 1972 for discontinuance orders and under the Land Development Values (Compensation) Act (NI) 1965 for refusal of planning permission.
- (c) Early Departure Costs – the Department meets the additional costs of benefits beyond the normal PCSPS(NI) benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS(NI) over the period between early departure and normal retirement date. The department provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments discounted by the Treasury discount rate of 1.37% in real terms.
- (d) Legal Costs – the provision relates to legal costs which may become payable in respect of ongoing judicial reviews and unsettled employer liability cases.

- (e) This provision represents the Department's/Agency's expected share of the settlement payment to be made to staff at AA, AO, EOII and analogous grades in the Northern Ireland Civil Service (NICS) as the result of an agreement with Northern Ireland Public Service Alliance (NIPSA) in respect of Equal Pay. A small number of equal pay claims remain outstanding at the financial year end.
- (f) Accommodation costs – this provision represents the costs DVA must pay for rent of vacated premises up to a maximum of 2 years. DFP will release DVA from the commitment if the site is reused or disposed of before that date.
- (g) Dilapidation costs – DVA is required to meet the cost of returning premises it vacated back to their condition prior to DVA's occupation. A number of buildings were vacated during the year following the cessation of Vehicle Licensing Operations and DFP have provided the dilapidation costs for these buildings.

## **17. Contingent liabilities disclosed under IAS 37**

### **Public and Employer Liability Claims**

NIEA has 1 outstanding public liability claims against it by members of the public in respect of alleged injuries sustained at the agency's visitor sites and 1 outstanding employer liability claim against it by employees in respect of alleged injuries and work.

## **18. Related-party transactions**

The Department is the parent of the following Agencies:

- The Northern Ireland Environment Agency (NIEA);
- Driver and Vehicle Agency- Licensing; and
- Driver and Vehicle Agency-Testing.

And the Sponsor Department of:

- Northern Ireland Local Government Officers' Superannuation Committee; and
- Local Government Staff Commission

These bodies are regarded as related parties with which the Department has had various material transactions during the year. DVA-Testing has been constituted as a Trading Fund and is therefore outside the Departmental boundary for Resource Accounting purposes.

In addition, the Department has had a number of transactions with other government departments and central government bodies.

Minister Mark H Durkan nor any of the Board members, key managerial staff or other related parties has undertaken any material transactions with the Department during the year.



## **19. Entities within the departmental boundary**

The entities within the boundary during 2015-16 were as follows:

Supply-financed agencies:	The Northern Ireland Environment Agency (NIEA); Driver and Vehicle Agency – Licensing function;
Non-executive advisory bodies:	The Council for Nature Conservation and the Countryside; Historic Monuments Council and the Historic Buildings Council; and
Other entities:	The testing function of the Driver and Vehicle Agency remains part of an Executive Agency of the Department. Since it is constituted as a trading fund, it is outside the departmental boundary for Resource Accounting purposes.

The annual reports and accounts of NIEA and DVA are published separately.

## **20. Events after the reporting period**

### **Reduction in the number of Departments**

The Stormont House Agreement contained a commitment to reduce the number of NICS Departments from 12 to 9 following the Assembly election in May 2016, which involved functions transferring from some departments to others. The names and high level functions of the new departments have been agreed by Ministers and details can be found in The Departments (Transfer of Functions) Orders (Northern Ireland) 2016. The functions of DOE transferred to three new departments; Department of Agriculture, Environment and Rural Affairs (DAERA), Department for Infrastructure (DfI) and Department for Communities (DfC).

Following the re-structure of NICS departments the duty to finalise the preparation of the Annual Report and Accounts for DOE transferred to the new department undertaking the majority DOE's functions, which was DAERA. The Accounting Officer of DAERA has been appointed by Department of Finance and shall therefore authorise the DOE Annual Report and Accounts for 2015-16.

### **Date of authorisation for issue**

The Resource Accounts for the year ended 31 March 2016 were authorised to be issued on 28 June 2016 by the Accounting Officer.

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