Northern Ireland Environment Agency
www.daera-ni.gov.uk

Northern Ireland Environment Agency Annual Report and Accounts 2017-2018

An Agency within the Department of Agriculture, Environment and Rural Affairs
www.daera-ni.gov.uk

INVESTORS IN PEOPLE

Northern Ireland Environment Agency
Annual Report and Accounts
For the year ended 31 March 2018

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

on

29 June 2018

© Crown Copyright 2018

You may re-use this information (excluding logos) free of charge in any format or medium, under the terms of the Open Government Licence v.3. To view this licence visit www.nationalarchives.gov.uk/doc/open-government-licence/version/3/ or email: psi@nationalarchives.gsi.gov.uk.

Where we have identified any third party copyright information, you will need to obtain permission from the copyright holders concerned.

This publication is also available at www.daera-ni.gov.uk.

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

CONTENTS **Page**

CHIEF EXECUTIVE'S PERSPECTIVE ON PERFORMANCE 4

PERFORMANCE REPORT

Overview 6
Performance Analysis 13

ACCOUNTABILITY REPORT

Corporate Governance Report

- Director's Report 22
- Statement of the Accounting Officer's Responsibilities 26
- Governance Statement 27

Remuneration Report and Staff Report 33

Assembly Accountability and Audit Report 43

The Certificate and Report of the Comptroller And Auditor General to the Northern Ireland Assembly 45

FINANCIAL STATEMENTS

Statement of Comprehensive Net Expenditure 48

Statement of Financial Position 49

Statement of Cash Flows 50

Statement of Changes in Taxpayers' Equity 52

Notes to the Accounts 53

ANNUAL REPORT

Chief Executive's Perspective on Performance

I am very pleased to present the Northern Ireland Environment Agency's (NIEA, the Agency) 2017-18 Annual Report and Accounts.

This report sets out how the Agency has performed against its targets during the 2017-18 year. The Agency met six of the seven key performance targets set out in the draft Business Plan for 2017-18. In relation to our natural heritage and improving biodiversity these included initiating Conservation Management plans for over 40 terrestrial designated sites and issuing the 2018-19 Environment Fund offers. In regard to our statutory obligations we achieved more than 90% compliance with all authorisations and regulatory requirements for regulated businesses and delivered a range of targeted actions that will help to achieve our target to increase the number of water bodies achieving "good status". In regard to waste, we successfully increased the understanding of waste crime in Northern Ireland by completing biannual Strategic Assessments and agreed a Remediation Strategy for the illegal waste deposits at Mobuoy Road. Although we have continued to respond with our environmental assessments for the increasing number of planning consultation requests, I acknowledge that the level of achievement within the agreed timescale of 21 days, once validated, is likely to be marginally short of the 90% target. Further detail of the work undertaken in meeting all the key targets is provided in the Performance Report.

Our environment is essential to our economic prosperity and it is a foundation for the health and well-being of the people of Northern Ireland. The Agency recognises that improved environmental outcomes can be achieved through a proactive approach to education and through highlighting key issues. During the financial year the Agency placed an emphasis on ensuring the provision of readily accessible, high quality and timely information and guidance to the wide range of customers and sectors served by the Agency. This was primarily achieved through improved on-line guidance and information, and working with the College of Agriculture, Food and Rural Enterprise (CAFRE) to ensure key environmental issues feature as part of their education and awareness programmes.

NIEA staff also played a vital role in implementing a new model for delivering environmental advice and guidance to customers. This included participation in the DAERA Review of Advisory Services to integrate provision of environmental advice to the agricultural sector, and production of a baseline report on current provision of environmental advice and guidance to the agricultural sector.

Our sites and properties continue to be valued. Our facilities are an important resource for Northern Ireland, providing green spaces and giving public access to nature reserves and country parks. With over 2 million visiting our main properties in the 2017 calendar year the sites and properties are enjoyed by the public whilst increasing their awareness of the natural environment. During the reporting period seven country parks were rated 'good' by Tourism NI.

As a customer focused organisation, providing a high quality service to our customers is a key element in all the Agency's business development considerations. NIEA continued to explore effective and efficient ways to deliver environmental advice and guidance to our customers. During the reporting period NIEA undertook a wide ranging programme of visits to industrial, agricultural, construction, demolition, and other sites providing pollution prevention advice and carrying out risk assessments with the aim of minimising the impact of activities on the environment.

Regulation of the waste sector continued to be a key challenge for the Agency and we continued to work with the waste industry, councils and other partners, to deliver a compliant and crime free waste industry. The Agency's Enforcement activities tackling criminality range from education and prevention to deterrence, disruption and detection. The Agency responded to 1,049 incidents and participated in a number of targeted multi-agency operations during 2017-18.

NIEA continued to build stronger partnerships with our customers and stakeholders. We worked with businesses and other Government Departments to promote a more sustainable approach in managing both waste materials and natural resources in order to protect our environment and unlock the economic opportunities provided by the resource efficiency agenda. During the last year we continued to engage with our customers and stakeholders in new ways - supporting and partnering with those who have a responsible and progressive approach to environment management and getting tougher with those who want to take short cuts and risk damage to our environment.

NIEA faces numerous challenges within the realm of biodiversity; such as agricultural intensification or abandonment, and planning development. The Agency sought to address these through targeted actions on priority habitats and species, and in partnership with eNGOs landowners and other third parties.

One of the key emerging issues for the protection of our Biodiversity is the impact that nitrogen deposition, primarily due to emissions of ammonia in the agricultural sector, is having on our protected areas/special sites across Northern Ireland. During the reporting year this has been one of the key areas of work for the Agency and further action is planned to address this pressure on Northern Ireland's Biodiversity.

Of course Brexit continues to be a challenge. We are aware that Brexit will impact on the way we do our business and measures have been put in place to ensure we are adequately prepared to ensure that we continue to be both efficient, and fit for purpose, to continue to deliver on improving compliance in the regulated waste and water sectors and the delivery of good environmental outcomes for the agri-sector and the environmental organisations in a post Brexit environment.

Looking to the future we will continue to target our resources on our key business priorities, specifically our statutory obligations and Programme for Government commitments. Given the current economic climate future Budget allocations may be reduced and the Agency, in the coming years, may therefore need to take difficult decisions about the prioritisation of resources.

Finally, I am grateful to the many organisations from the voluntary, business, law enforcement and community sectors that helped the Agency during 2017-18. However, in this time of ongoing change I am most grateful to the staff in the Agency for their professionalism, and commitment in delivering the Agency's aims and objectives.

David Small
Chief Executive
14 June 2018

1. PERFORMANCE REPORT

1.1 Overview

Introduction

This commentary sets out the Agency's main objectives, comments upon the organisational context within which the Agency operated, and provides a detailed report on performance during 2017-18.

History and Statutory Background

The Northern Ireland Environment Agency (NIEA, the Agency) hereby presents its Annual Report and Accounts for the year ended 31 March 2018.

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

2017-18 was the first full year that the Northern Ireland Environment Agency was an Executive Agency within the Department of Agriculture, Environment and Rural Affairs (DAERA) in Northern Ireland. The NIEA became an Executive Agency within DAERA following the 2016 Assembly Election on 5th May 2016, in accordance with the Stormont House Agreement's commitment to reduce the number of Northern Ireland Civil Service (NICS) Departments from 12 to 9. The NIEA is the successor of the Environment & Heritage Service (EHS), which was established on 1 April 1996, was launched on 1 July 2008, pursuant to a Ministerial decision that the EHS would be reorganised.

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

STRUCTURE

NIEA is an Executive Agency within the Department of Agriculture, Environment and Rural Affairs (DAERA, the Department) and sits within the Environment, Marine and Fisheries Group of the Department. The Agency is headed by a Chief Executive and two Directors of two Divisions – Natural Environment and Resource Efficiency. A Business Support Team assists the Chief Executive and Directors in the delivery of key corporate functions such as strategic planning, governance, and financial and budget management.

Business Priorities for 2017-18

NIEA had four key outcomes included in the Departmental 2017-18 Business Plan which were underpinned by the targets in the Agency Business Plan. The main activities relating to these outcomes are the protection of the environment through regulation and enforcement; statutory designations; research and monitoring; raising public awareness of the environment and their role in protecting it.

The Agency provided significant support in the delivery of the Department's Programme for Government (PfG) indicators which underpin the second strategic outcome in the draft PfG document.

In addition the Agency took forward a programme of work necessary to ensure Northern Ireland specific issues associated with the exit from the EU are highlighted and recognised.

Principal Activities

The Department's overall vision, "*A thriving and sustainable economy, environment and rural community"* is underpinned by the following strategic outcomes.

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

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

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

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

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

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

Planning Consultations

DAERA has a statutory responsibility under The Planning (General Development Procedure) Order (Northern Ireland) 2015 (as amended) to respond to planning consultations from councils and the Department for Infrastructure in accordance with the provisions of Planning Act (Northern Ireland) 2011. NIEA's Planning Response Team provides a single point of contact for environmental advice on planning matters to councils, developers and the public, and provides a single, integrated response for each consultation.

Evidence Collection and Provision

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

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

Protection of Habitats and Species

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

Understanding and appreciation of the natural environment

NIEA has continued to forge partnerships and worked collaboratively with others to increase understanding of environmental issues and how citizens can help address many of the threats facing our habitats, species, water and air quality. For example, to reduce the number and impacts of wildfires in the countryside NIEA undertook a range of joint knowledge exchange initiatives alongside other stakeholders and agreed a Memorandum of Understanding (MoU) with Northern Ireland Fire and Rescue Service which has helped cement working relationships in relation to wildfire prevention and response.

NIEA, in partnership with the Department for Communities, established a Strategic Outdoor Recreation Group. The group is comprised of statutory agencies with responsibilities to enable and support the development, management and promotion of sustainable outdoor recreation across Northern Ireland, including the coordination of the delivery of key actions within the Outdoor Recreation Action Plan for Northern Ireland.

NIEA Properties

NIEA manages, or contributes to the management of, approximately 60 sites comprising Country Parks and Nature Reserves which attracted over 2 million visits during 2017. There are visitor facilities at 8 of these sites. All sites are open to the public to access throughout the year. During the reporting period NIEA took forward projects to improve both visitor facilities and visitor access across a number of sites ensuring visitors can enjoy the sites and available facilities. The management of high quality sites was recognised through the award of 3 star Tourism NI Quality Grading Scheme ratings for all Country Park properties.

Environmental Grant Schemes

During the reporting period NIEA supported not-for-profit voluntary sector and local authority partners to deliver strategic and landscape scale environmental programmes through the Environment Fund. Through this grant aid, key environmental outcomes are delivered to: protect and improve habitats and the quality of air and water; promote health, wellbeing, resource efficiency, good practice and sustainable economic development; enhance access to the natural environment; and coordinate activity to encourage civic environmental action programmes. It

enables partners to draw down significant match funding and coordinate citizen science programmes. This scheme was funded through Carrier Bag Levy income.

Engagement with Industry and the Farming Sector

NIEA undertakes a wide ranging programme of visits to industrial, agricultural, construction, demolition, and other sites providing pollution prevention advice and carries out risk assessments with the aim of minimising the impact of these activities on the environment.

In 2017, NIEA signed an MoU with the Ulster Farmers Union that aims to build a stronger and more effective working relationship between NIEA and the farming community to support sustainable farming and deliver improved legislative compliance. An implementation plan was developed and recent progress has recently been reviewed. Progress made so far in delivering against the objectives will be discussed with stakeholders in 2018-19.

Cross-Compliance

NIEA undertakes Cross-Compliance farm inspections throughout Northern Ireland under the three Environmental Statutory Management Requirements, and three Good Agricultural and Environmental Conditions relating to the Habitats, Birds, Groundwater, Buffer Strips, Irrigation Authorisations and Nitrates Directive.

Nutrient Management

NIEA processes notifications from farmers in relation to new or improved slurry stores and qualifying nitrates derogation applications.

Provision of Environmental Advice and Guidance

In 2017-18 NIEA tasked a small team to carry out a scoping study to review its provision of environmental advice and guidance. The aim of the study was to investigate how NIEA could improve legislative compliance, and achieve better environmental outcomes through a better balance between advocacy, and regulatory and enforcement activities. The report's recommendation that the Department's new Knowledge Advisory Service should be the primary point of contact for the agri-food sector has been accepted. This will ensure a more integrated and holistic service. NIEA staff will work closely with the new service to identify and agree key environmental issues, priorities and programmes, and provide specialist advice to ensure environmental outcomes are achieved. This will also provide the separation required for NIEA to perform its regulatory functions.

Drinking Water

NIEA's Drinking Water Inspectorate's (DWI) role is to protect public health by safeguarding drinking water quality through effective regulation in line with the drinking water safety plan approach detailed by the World Health Organisation (WHO). The regulatory duty to undertake water quality monitoring and completion of risk assessments at registered private water supply sites is undertaken in conjunction with local councils. In 2017, DWI signed a Service Level Agreement with Environmental Health Departments of local councils to formalise the delivery of these services. Northern Ireland Water's regulatory duty to provide safe, clean water is assessed by DWI from water quality data, risk assessments, water quality investigations and event investigations submitted to them with appropriate action being taken as necessary.

Regulation – Waste and Water

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

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

Enforcement

Waste crime can occur in a very broad range of settings and circumstances; both within and external to the legitimate waste sector. This can range from fly-tipping to very large scale organised criminality such as illegal landfills, unlicensed end of life vehicle yards or waste transfer stations. Such activity is frequently lucrative, and offending that blights our environment can have a profound effect on surrounding land, air and water. Enforcement activities tackling this criminality ranges from education and prevention to deterrence, disruption and detection. With regard to the significant financial gains we are utilising powers under the Proceeds of Crime Act 2002 to deprive waste offenders of the proceeds of their criminal conduct. This approach serves to ensure that as far as possible, such offenders are deprived of the means to further offend and sends a clear message to others that waste crime will not pay.

Further Information

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

Future Developments

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

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

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

- Making recommendations for the delivery mechanism for the successor to the current Environment Fund arrangements;
- Initiating and managing Conservation Management Plans (CMP) programme to deliver at least 25% of the actions, contributing to the completion of 95% of Special Areas of Conservation CMPs by December 2020;
- Implementing the project plan for delivery of the Regulatory Transformation Programme;

- Aiming for 90% compliance with all authorisations and regulatory requirements using agreed compliance assessment methodology; and
- Maintain at least a three star rating for six Country Parks across the region under the Tourism NI Quality Grading Scheme.

Risk

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

- Failure to properly manage and deploy appropriate staff resources in a timely manner;
- Failure to fully utilise funding leading to an underspend or funding not being allocated in line with corporate priorities;
- Failure to follow Health and Safety statutory duties and NIEA Health and Safety policy increases the likelihood of a major incident resulting in the loss of life or serious injury and increase liability;
- Failure to protect the environment through remediation of the Mobuoy Illegal Waste site in a timely and cost effective;
- Failure to adequately achieve inclusion of NI specific requirements into the UK Government's negotiating position for Brexit will significantly impact the environment; and
- Failure to fully apply EU Directives resulting in potential infraction proceedings and leading to substantial fines and damage to Northern Ireland's and NIEA's reputation.

Performance against Targets

The Agency's performance against the seven key targets set out in the draft Agency Business Plan is reflected in the table below. The achievements reported have been validated by the Department's Internal Auditors.

Target Number	2017-18 Targets	Target Date	RESULT
1	Initiate Conservation Management plans for 40 terrestrial designated sites.	March 2018	ACHIEVED
2	Issue the 2018/19 Environment Fund offers.	November 2017	ACHIEVED
3	Respond to 90% of statutory planning consultation requests within 21 days or agreed timescales.	March 2018	NOT ACHIEVED
4	Establish an outdoor recreation strategic group to oversee and monitor the implementation of the Outdoor Recreation Action Plan.	March 2018	ACHIEVED

Target Number	2017-18 Targets	Target Date	RESULT
5	Achieve 90% compliance with all Authorisations (to include permits/licences) and Regulatory requirements using an agreed compliance assessment methodology.	March 2018	ACHIEVED
6	Agree a Remediation Strategy for the illegal waste deposits at Mobuoy Road.	March 2018	ACHIEVED
7	Increase the number of Water Bodies achieving "good" status by delivering 80% of the actions identified for each catchment project in the 2017-18 catchment work programme.	March 2018	ACHIEVED
8	Increase the understanding of Waste Crime in Northern Ireland by completing biannual Strategic Assessments in May and November each year.	November 2017	ACHIEVED

Explanation for key targets not achieved

Key Target 3

In 2017-18 over 4,500 statutory consultations were received and approximately 86% were responded to within 21 days or agreed timescales, a 3% decrease from 89% achieved in 2016-17. The reduction was a result of resource pressures associated with the provision of support to enable DAERA's implementation of the Farm Business Improvement Scheme and the Environmental Farming Scheme, coupled with an increase in the overall number of statutory consultations received. In addition, work to develop a DAERA action plan on ammonia and work associated with the review of operational planning and permitting policy for agricultural development had a major impact on achievement of the target.

[1] Final performance figure cannot be confirmed until validation has been completed against Planning Portal statistics.

1.2 Performance Analysis

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

As stated in the Overview Section, the Agency met six of its seven Key Performance targets.

However the Agency had a number of other targets as set out in the 2017-18 NIEA Business Plan and these, along with the Key Performance Targets shown in the Overview Section, are contained in the Business Plan Targets table below.

Priorities	2017-18 Targets	Target Date	RESULT
Good Habitat and Landscape Quality with Species Abundance and Diversity	Initiate Conservation Management plans for 40 terrestrial designated sites.	March 2018	ACHIEVED
	Issue the 2018/19 Environment Fund offers.	November 2017	ACHIEVED
Promote environmentally sustainable development and infrastructure	Respond to 90% of statutory planning consultation requests within 21 days or agreed timescales.	March 2018	NOT ACHIEVED
	Establish an outdoor recreation strategic group to oversee and monitor the implementation of the Outdoor Recreation Action Plan.	March 2018	ACHIEVED
	Ensure that five NIEA country parks are rated at least 'good' by Tourism NI.	March 2018	ACHIEVED
Fully Compliant Regulated Industry	Achieve 90% compliance with all Authorisations (to include permits/licences) and Regulatory requirements using an agreed	March 2018	ACHIEVED

Priorities	2017-18 Targets	Target Date	RESULT
	compliance assessment methodology.		
	Agree a Remediation Strategy for the illegal waste deposits at Mobuoy Road.	March 2018	ACHIEVED
	Deliver the Prosperity Agreement Programme, signing a further 3 agreements and monitor and maintain the existing portfolio.	March 2018	ACHIEVED
	Implement the project plan for delivery of the Regulatory Transformation Programme.	March 2018	ACHIEVED
Freshwater and Marine Environment at "Good Status"	Increase the number of Water Bodies achieving "good" status by delivering 80% of the actions identified for each catchment project in the 2017-18 catchment work programme.	March 2018	ACHIEVED
	Complete Cross Compliance inspections on at least 1% of all farms and 5% under derogation by 31 December 2017.	December 2017	ACHIEVED
	Engage with UFU to implement an MoU to deliver higher levels of environmental compliance and contribute towards achieving Water Framework	March 2018	ACHIEVED

Priorities	2017-18 Targets	Target Date	RESULT
	Directive objectives.		
A compliant Crime free Waste Sector	Increase the understanding of Waste Crime in Northern Ireland by completing biannual Strategic Assessments in May and November each year.	November 2017	ACHIEVED
	Progress at least 90% of all incident / intelligence reports within 28 days of receipt.	March 2018	NOT ACHIEVED
Environmental advice & guidance	Implement a new model for delivering Environmental Advice and Guidance to customers.	March 2018	ACHIEVED
To manage our resources effectively within a strong corporate governance framework	Provisional resource and capital outturn to be at least 99% of the final budgets.	March 2018	NOT ACHIEVED

Creating Good Habitat and Landscape Quality With Species Abundance

The NIEA has undertaken a programme of national and international designations over the past 25 years resulting in a suite of protected sites across Northern Ireland reflecting its wide habitat, species and earth science diversity. Whilst protection measures largely prevented significant damage to the special features within these sites, the majority of these areas require active management in order for the features to be properly conserved.

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

Promoting Environmental Sustainable Development and Infrastructure

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

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

NIEA did not meet its target of responding to 90% of statutory planning consultation requests within 21 days or agreed timescales as detailed on page 12 of this report.

Fully Compliant Regulated Industry

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

- PPC (including waste PPC);
- Waste Management Licensing and Exemptions;
- Water Order discharge consents;
- Radioactive substances regulation; and
- Abstraction and impoundment licensing.

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

This ambitious project will take 2/3 years to deliver, running parallel with the development of the legislation and working in partnership with key business stakeholders. During the reporting period work commenced on Permitting Hierarchy format, Decision Matrix for new permitting process and Security Operations Centre for IT requirements.

During the reporting period The Regulation Unit undertook a significant number of planned regulatory inspections, audits and sampling regimes. Using relevant compliance assessment models for each regime of water and waste regulation the Agency can report 94.1% compliance across all authorisations.

This year NIEA has delivered three Prosperity Agreements with AES UK & Ireland, Granville Ecopark and Ulster Supported Employment Limited. Existing agreements were maintained and there are plans to renew the agreement with Linden Foods. The steering group has met 4 times to oversee the operation of the programme and a Holders Forum networking event was delivered.

NIEA has finalised its remediation strategy and associated significant costs to deliver the remediation of the Mobuoy illegal waste site. In the absence of a Minister, this Strategy was presented to the Departmental Board (DB) on 31 January 2018. The Board supported the development of the project through the full business case process which must fully consider all viable options including an integrated solution that joins up the DfI Planning Enforcement Notices and NI Water's resilience plans for its Carnmoney Water Treatment works.

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

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

The key actions to deliver this target are contained within our River Basin Management Plans and Catchment Management Plans. These detail all of the activities taken to address failing elements in priority water bodies, including pollution detection and prevention; river and groundwater surveys; focused sampling and monitoring; agricultural inspections, as well as visits as appropriate to high-risk business premises. During the reporting period NIEA completed Cross Compliance inspections on more than 1% of all farms and 5% under derogation. The Agency successfully delivered its programme of cross-compliance inspections as well as 84% of the actions contained within the 2017-18 catchment programme.

NIEA alone cannot deliver the necessary improvements to water quality to meet the 2021 target, however. It requires input and action from a wide range of organisations to develop and implement the River Basin Management Plans and Catchment Plans. Therefore, during the reporting period NIEA held a stakeholder conference in November, staff attended the first Border Regional Operational Committee meeting and the RoI Water Framework Directive Implementation and Coordination meeting.

In 2016-17 NIEA and the Ulster Farmers' Union (UFU) agreed an MoU 'Farming for a Healthier Environment', aimed at building a stronger, more effective working relationship between the Agency and farming community. During the reporting period, work continued on the implementation of the MoU with UFU to deliver higher levels of environmental compliance and an implementation plan is now in place

Creating A Compliant Crime Free Waste Sector

Strategic assessments have been continued to drive operational activity and assessments of waste crime were delivered in June and November 2017 helping the Agency to develop strategic priorities and allocate resources according to risk of harm.

During the report period the Agency responded to 1,049 incidents and have also undertaken several targeted multi-agency operations. A number of these were directed at the strategic priority of the misclassification of waste.

During the period under review an average of 70.75% of incidents / intelligence reports were progressed within the target of 28 days of receipt. Progress toward meeting the NIEA target of 90% was impacted by the prioritisation of ongoing court cases and a significant (11%) increase in reported incidents.

Environmental Advice & Guidance

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

During the reporting period NIEA completed a scoping study looking at the current provision of environmental advice and guidance focused on the agri-food sector. This recommended that NIEA, as an integral part of DAERA, should utilise the new DAERA Knowledge Advisory Service (KAS), which launched in April 2018 as the primary point of environmental advice and guidance to the agri-food sector. This will enable the separation necessary for NIEA to perform its regulatory functions, which was identified as good practice in other organisations, like DAERA that are responsible for both advice and regulation. NIEA participated in the DAERA review of advisory

services which led to the setting up of KAS and will work closely with the new service to ensure that environmental outcomes are achieved.

The study produced a list of the key environmental issues identified by internal and external stakeholders which has been shared with both CAFRE and the DAERA advisors to enable better targeting of programmes and communications with the sector. A number of networking events were held between NIEA and other parts of DAERA to improve knowledge transfer and collaboration and as a result, in one instance, NIEA staff have started to engage with DAERA's Food Technology Development Branch to support work on management of packaging waste.

To Manage Our Resources Effectively Within a Strong Corporate Governance Framework

The NIEA 2017-18 Provisional Resource underspend of less than £25K represents 0.11% of the closing net Resource DEL budget (£22.45m) following the final monitoring round. The Capital DEL underspend was less than £23K which represents 9.38% of the closing Capital DEL budget (£245k). The capital underspend arose as a result of the Agency achieving cost savings on a number of conventional capital items. Unfortunately these savings were identified after the final monitoring round for formally declaring easements. However NIEA redeployed the savings to other environmental projects within the wider Environment, Marine and Fisheries Group.

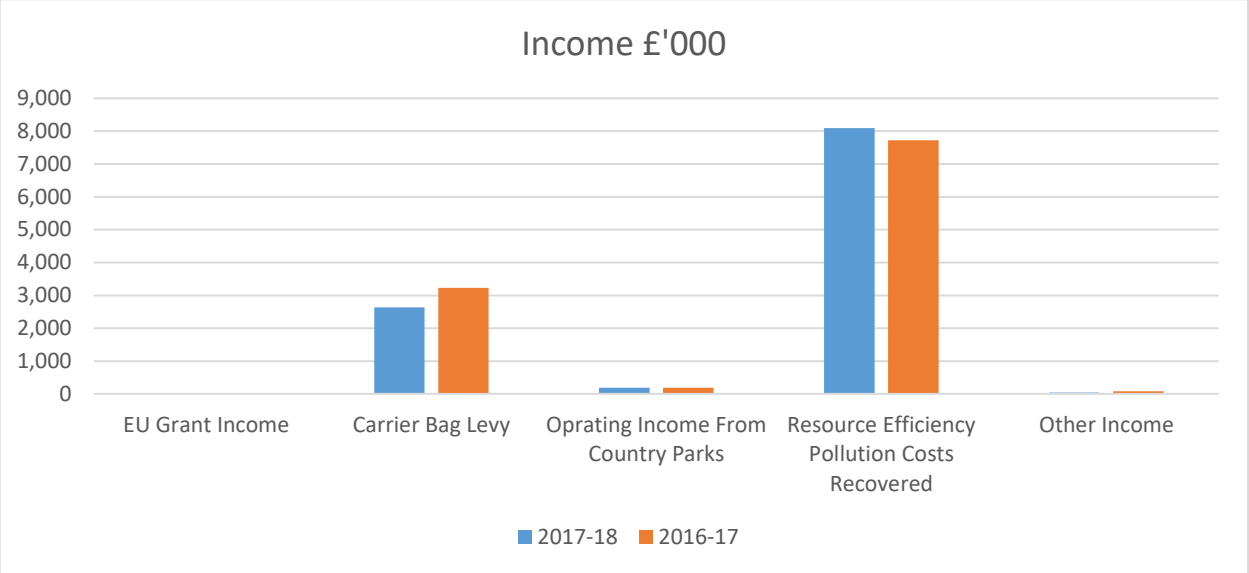
Funding

Our primary source of funding in terms of Resource and Capital Expenditure comes from Central Government. The total net assets held by the Agency at 31 March 2018 was £18,232K (2016/17: £18,331K).

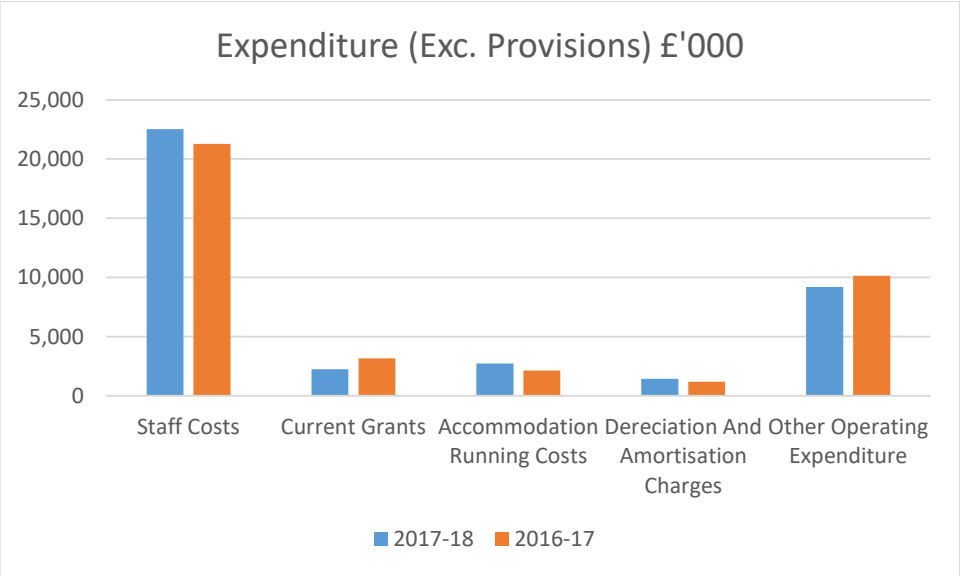
Results for the Year

The Statement of Comprehensive Net Expenditure is set out on page 48 and shows the net cost of operations as £27,089K (2016-17: £26,398K) representing an increase in net costs amounting to £961K (2.6%). This movement was primarily due to an increase in the number of Agency staff employed during the year; inflationary price increases, and an increase in spend on ground maintenance in the Agency's country parks. This increase in expenditure was offset by a reduction in grant expenditure.

Income fell slightly during the year from £11,249K in 2016/17 to £10,958K in 2017-18. With the EU Programme, Interreg IVa now ended the amount of income received by NIEA fell to zero from this source in the reporting period. Income from Country Parks remained static in 2017-18 and the amount of Other Income received fell slightly during the year. Income from the Carrier Bag Levy fell by 18% from £3,228k in 2016-17 to £2,636 in 2017-18. This loss in income was offset by a 4.7% increase in Resource Efficiency Pollution Costs Recovered. The chart below provides a breakdown of the income figure.

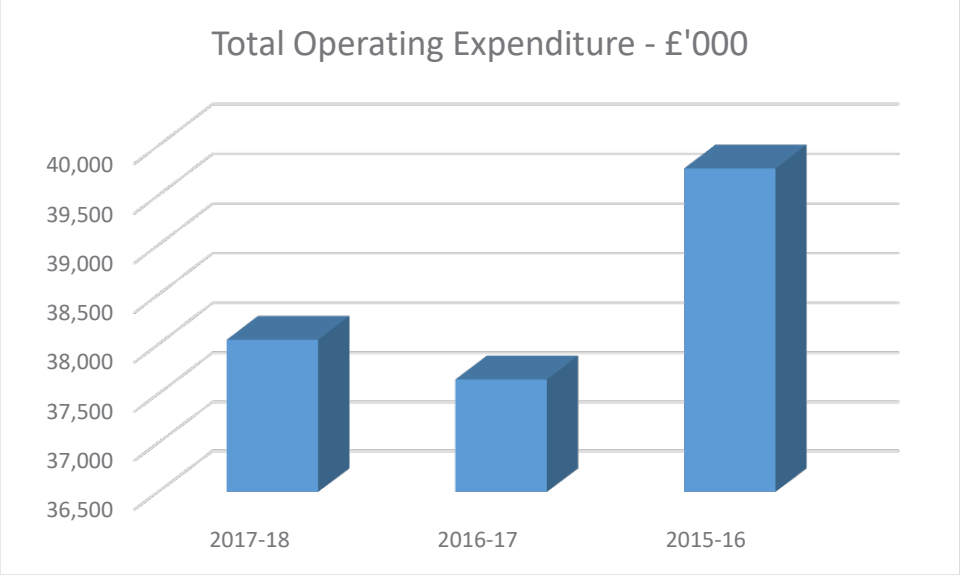


Total expenditure during the year was £38,047K (2016-17: £37,647K) representing a 1% increase in total expenditure compared with the previous year. Staff costs amounting to £22,520K (2016-17: £21,280) make up 59% (2016-17: 57%) of the total expenditure. Grant costs amounting to £2,222K (2016-17: £3,159K) being 6% (2016-17: 8%) of total expenditure. A breakdown showing grants paid by each directorate is included in Note 4 of these accounts.



Long Term Expenditure Trends

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



The trend in recent years has been a reduction in Total Operating Expenditure, however this trend reversed in the reporting period. This was mainly due to the Agency successfully biding for additional funds during 2017-18.

Property, Plant and Equipment and Intangible Assets

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

Supplier Payment Policy

The Agency is committed to the prompt payment of bills for goods and services received in accordance with the Better Payment Practice Code. Unless otherwise stated in the contract, payment is made within 30 days of the receipt of the goods and services, or presentation of a valid invoice or similar demand, whichever is later. In November 2008, the Executive sought payments to be made within 10 days to help local businesses in the current economic climate. In 2017-18, 96.5% of invoices for goods or services were paid within 30 days (91.1% in 2016-17) and 90.6% were paid within 10 days (81.6% in 2016-17).

Political and Charitable Donations

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

Sustainability Report

NIEA recognises the importance of having sustainability at the core of its business not just because of the more positive resulting environmental outcomes but also because of the direct cost savings that can be achieved. During the reporting period NIEA continued to engage in a variety of ways with many organisations, bodies and individuals across all sectors of Northern Ireland society and with those in other administrations and internationally in order to develop and

implement policy and legislation which supported the delivery of sustainable development priorities.

NIEA has restored the historic hydro scheme at Roe Valley Country Park to its former use. This site was the first Hydro Electric Power station in Northern Ireland which produced electricity from the 1890's to 1965. The hydro scheme was commissioned during March 2017 and began producing electricity during the reporting period. Once fully operational, the station will produce a significant amount of electricity and reduce the Agency's dependence on non-renewable fossil fuels. The scheme additionally aims to promote the industrial heritage and add educational and tourism value to the site.

Following receipt of the "Making Ammonia Visible" report from the Expert Working Group on Sustainable Agricultural Land Management in December 2017, DAERA established a Project Board on Ammonia Reduction which is developing an Action Plan for Ammonia.

There was sustainable management of the NIEA estate through compliance with such measures as the Carbon Reduction Commitment Energy Efficiency Scheme and the Energy Performance of Buildings Regulations.

Through the enforcement of the Northern Ireland Cross-Compliance requirements for those in receipt of direct agricultural support (including Direct Payments), NIEA contributed to maintaining land in good agricultural and environmental condition.

The Agency continued to contribute to improved water quality and better nutrient management through implementation of the Nitrates Action Programme (NAP) for the period 2015-2018 and the Water Framework River Management Plans.

Human Rights

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

Anti-Corruption and Bribery

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

David Small
Chief Executive
14 June 2018

ACCOUNTABILITY REPORT

Director's Report

Management Board

NIEA's Management Board during the year ended 31 March 2018 comprised:

CHIEF EXECUTIVE

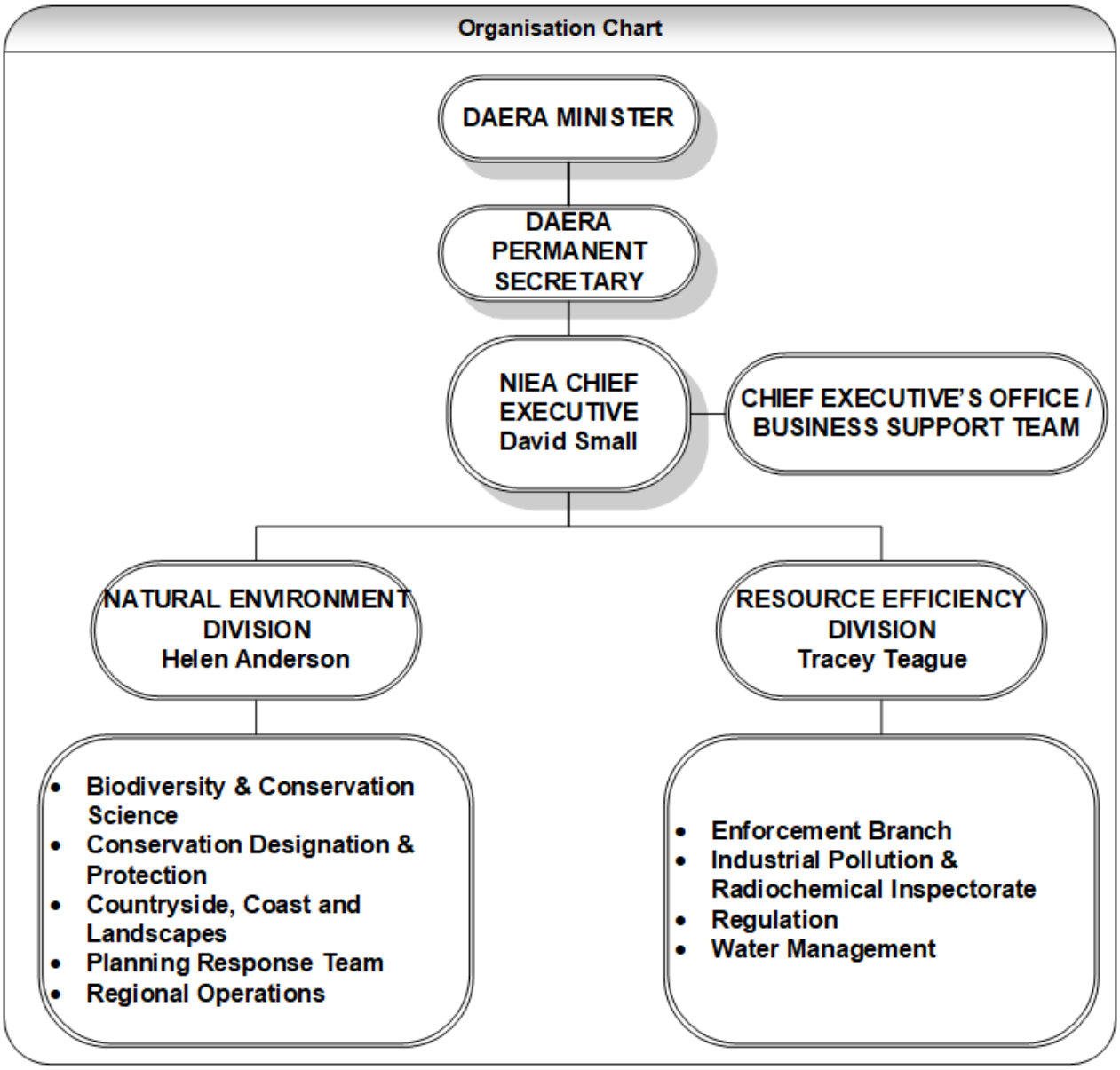
David Small

DIRECTOR OF NATURAL ENVIRONMENT DIVISION

Helen Anderson

DIRECTOR OF RESOURCE EFFICIENCY DIVISION

Tracey Teague



Independent Board Members

There were no Independent Board Members during the 2017-18 financial year.

Company Directorships

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

Auditor

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

The audit of the financial statements for 2017-18 resulted in a notional audit fee of £17K which is included in the administration costs in the Statement of Comprehensive Net Expenditure. As far as I am aware, there is no relevant audit information of which the entity's auditor is unaware. I have taken all the steps that ought to have been taken to make myself aware of any relevant audit information and to establish that the Agency's auditor is also aware of that information.

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

Pension Liabilities

The Agency is covered by the provisions of the Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS(NI)) and bears the cost of pension provision for its staff by payment of an Accruing Superannuation Liability Charge (ASLC). The scheme is essentially non-contributory and unfunded. Although the scheme is a defined benefit scheme, liability for payment of future benefits is a charge to the PCSPS (NI). The Agency meets the cost of pension cover provided for staff by payment of charges calculated on an accruing basis. There is a separate scheme statement for the PCSPS (NI) as a whole.

Further information on Pensions is provided in the Remuneration Report (page 33) and Note 2 of the Accounts (page 60).

Equality of Opportunity

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

Freedom of Information

The Freedom of Information Act 2000 and the Environmental Information Regulations 2004 give everyone the right to access government information and place a statutory duty on government to make certain information publicly available as a matter of course. A total of 137 (2016-17: 127) 'Requests for Information', falling within the terms of this legislation, were received within the period of this report.

Health & Safety

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

Employee Involvement

The maintenance of a highly skilled and effective workforce is key to the future of our business. The Agency supported them in updating their skills through the Agency's training and development opportunities. We also encourage staff to remain well-informed on new developments and to network with, for example, Great Britain departments and agencies and European bodies.

Development opportunities focus not only on professional and technical knowledge, but also on ensuring staff have the skills and attributes to provide a high level of customer service when working with the public and other outside bodies.

Our commitment to, and recognition of staff, is integral to our business performance. DOE first achieved the Investors in People (IIP) standard in the Spring of 2009, the Agency was involved in (IIP) reassessment in 2012-13 as part of the wider departmental review. Following the restructure of NICS Departments in May 2016 DAERA's IIP status was reassessed and the department's formal recognition as an 'Investor in People' was retained in February 2017.

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

Information Management

Effective information security is a key priority for the Agency through recognising that stringent principles of information security must be applied to all information it holds. The Department's Information Management Branch ensures that there is a strong emphasis on Information Assurance and that the correct approach to the management and security of information is taken. In relation to data security, the Agency follows departmental guidance to ensure that all information used for operational and financial reporting purposes is captured and processed accurately, and to an appropriate quality standard, particularly where it is used by third parties, or relied on by other parts of government. There were no significant data security breaches reported during the year.

.

David Small
Chief Executive
14 June 2018

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

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

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

- observe the relevant Accounts Direction issued by the Department of Finance including the accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual, have been followed and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going concern basis.

The Principal Accounting Officer for DAERA has appointed the Chief Executive as Accounting Officer of the Northern Ireland Environment Agency. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and safeguarding the Northern Ireland Environment Agency's assets, are set out in "Managing Public Money Northern Ireland" issued by the Department of Finance.

As Accounting Officer I take personal responsibility for the Annual Report and Accounts and the judgments required. I am content that the Annual Report and Accounts as a whole are fair, balanced and understandable. I have taken all steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the NIAO are aware of this information. As far as I am aware, there is no relevant audit information of which the NIAO are not aware.

David Small
Chief Executive
14 June 2018

GOVERNANCE STATEMENT

Introduction

As mentioned in my foreword, this statement covers the financial period to 31 March 2018 for the Northern Ireland Environment Agency (NIEA), an Executive Agency within the Department of Agriculture, Environment and Rural Affairs (DAERA) and operated within the context of that Department's overall vision and strategic objectives.

The statement explains the governance arrangements of the NIEA, describes how risk is managed, outlines the system of internal control and also examines the effectiveness of these arrangements during the 2017-18 financial year.

The Agency mainly delivered outputs relating to the Department's strategic objective, "A clean, healthy environment, benefiting people, nature and the economy" which underpins the draft Programme for Government outcome, "We live and work sustainably – protecting the environment". We seek to achieve the Department's strategic objective in a variety of ways, including regulation and enforcement, designation and management of sites, grant-aid schemes, and management of countryside and heritage properties, monitoring programmes, and awareness raising measures.

The Agency seeks to ensure high standards are maintained by all staff in fulfilling their role of supporting the Minister and delivering good quality services to our customers, many of whom contribute directly to the costs of delivering the services concerned. Our values, developed from the Northern Ireland Civil Service Code of Ethics, identify the behaviours Agency staff will demonstrate to customers, its stakeholders and to each other.

Governance Structures

General

The Minister approves the policy framework within which the Agency operates and its business plan including annual performance targets. However, for the 2017-18 financial year, this was not possible in the absence of a local Minister.

As Chief Executive of the Agency, I report directly to the Permanent Secretary of the Department. I am also a member of the Departmental Board. During the reporting period, I also attended the Departmental Top Management Team (TMT) weekly meetings chaired by the Permanent Secretary to review key current issues. In addition to being the Agency Chief Executive I am also Director of the Environment, Marine & Fisheries Group within DAERA. As mentioned on Page 6, NIEA sits within the Environment, Marine and Fisheries Group.

As Chief Executive, I am also the designated Accounting Officer, in which capacity I am responsible to the Permanent Secretary (as the principal Accounting Officer) and the Minister for maintaining a sound system of internal control that supports the achievement of Agency policies, aims and objectives, as set by the Minister, whilst safeguarding the public funds and Agency assets for which I am personally responsible, in accordance with the responsibilities assigned to me in *Managing Public Money Northern Ireland (MPMNI) .*

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

- Agency Management Board;

- Agency Audit and Risk Assurance Committee (ARAC);
- Agency Corporate Governance Sub Committee;
- Agency Business Support Team (BST);
- NICS HR (Business Partners); and
- DoF Internal Audit Service.

Management Board

The work of NIEA is co-ordinated and monitored by a Management Board which I Chair and which provides corporate leadership to the organisation as a whole, takes responsibility for the Agency's performance, and provides advice to the Department's Permanent Secretary and the Minister. The Board exists to lead the Agency's strategic planning and assist me as the Chief Executive and Agency Accounting Officer in meeting my corporate governance responsibilities for the Agency. The Agency Management Board comprised the Agency's two Executive Directors and myself as Chair (see page 22 of the Annual Report for further details).

The Board, which meets on a monthly basis, operates under my leadership, to manage the running of the Agency. While strategic policy is ultimately determined by a Minister, the Agency Board will discuss such policy in the context of analysing options, strategic planning and operational management and will act in an advisory and consultative capacity, offering guidance when sought. Although significant, contentious or cross-cutting policy decisions are normally brought to the Board for discussion and endorsement; day-to-day operational matters are the responsibility of the Agency's relevant Executive Director. The Board will seek to take collective decisions on matters referred to it in keeping with the Nolan principles of public life. If a consensus cannot be reached, I, in my role as Chief Executive, will make a final decision.

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

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

Audit Committee

The role of the Agency Audit and Risk Assurance Committee (ARAC) is to support me in my responsibilities concerning Corporate Governance and Risk Management, by reviewing the levels of assurances provided to me and the timeliness, reliability and integrity of those assurances. The ARAC reviews and monitors updates to audit action plans, updates to the Agency corporate risk register and provides support and guidance on key governance issues. During 2017-18, the Committee was comprised of two independent members and three meetings were held during the financial year, in June and November 2017, and March 2018 (the annual March meeting took place in early April 18). The key focus of the meeting held in early June 2018 was the review of

the 2017-18 Accounts and more specifically the NIAO Report To Those Charged With Governance (RTTCWG).

Board and Audit Committee attendance

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

Board Members	Meetings attended per Board and Audit Committee members out of the meetings eligible to attend	
	Board	Audit Committee
David Small (Chief Executive)	8/9	2/3
Helen Anderson (Director of Natural Environment Division);	7/9	3/3
Tracey Teague (Director of Resource Efficiency Division)	6/9	3/3

	Meetings attended per Audit Committee member out of the meetings eligible to attend
Audit Committee Members	
Jim Brooks (until end June 2017)	0/1
Anthony Carleton (chair from April 2018)	1/1
Leah Scott	3/3
Linda Drysdale (acting chair from June 2017 to March 2018)	2/3

Review of Board Effectiveness

The Board Operating Framework commits the Board to an annual review of its performance. This commitment is in line with DoF's "Corporate governance in central government Departments: Code of good practice NI (2013)" which states:

> "The Board should ensure that arrangements are in place to enable it to discharge its responsibilities effectively, including... a formal and rigorous annual evaluation of the Board's performance" (para 4.1).

A Review of Board Effectiveness was undertaken in 2017-18, with members completing a Self Assessment Questionnaire which rated members' views on the relative strengths on the Board's effectiveness. The Effectiveness Review Paper was discussed by the board in February 2018 and it was agreed that a report summarising the outcome of the review and actions to be taken would be tabled at a board meeting in early 2018-19.

Corporate Governance Sub Committee

The Corporate Governance Sub Committee, which is a sub-committee of the NIEA Board, met twice during the year (May and November 2017) to help the Board review the progress in implementing audit recommendations, business planning targets and the actions to improve controls contained in the Agency Risk Register. The Committee also discussed and reviewed other ad hoc corporate governance issues. This lower level forum facilitates the tabling of summary reports at the full NIEA Board meetings.

Conflicts of Interest

At every Agency Board meeting a standing agenda item on declarations of interest is included and brought to the attention of Board Members by the Chair. Board Members with a conflict of interest on specific agenda discussions will leave the Board meetings for that item. One potential conflict of interest which was highlighted and managed appropriately related to the temporary contract of my son with an environmental organisation which has received funding from the Agency, however his contract ended in October 2017.

Agency Divisional Governance

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

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

Internal Audit

During 2017-18, the NIEA was audited by internal auditors from the Department who operated to Public Sector Internal Audit standards. Internal Audit submit regular reports to me which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the Agency's system of internal control together with recommendations for improvement.

During 2017-18, the following internal audit assignments were completed in respect of the NIEA:

Title of Audit	Date	Opinion	No of recommendations
Corporate Governance / Risk Management (Final)	Jul 2017	Satisfactory	3
Regulatory Fees & Charges (Final)	Aug 2017	Satisfactory	2
Planning Consultations (Final)	Sep 2017	Satisfactory	3

Industrial Pollution & Radiochemical Inspection (Final)	Oct 2017	Satisfactory	1
Follow-Up Review of Implementation of the Mills Report Action Plan (Final)	Mar 2018	Satisfactory	0
Invasive Alien Species Strategy (Final)	Apr 2018 *	Satisfactory	3
Water Management Unit Closed Period Spreading (Final)	Apr 2018 *	Special Exercise	11
Drinking Water Inspectorate (Final)	Apr 2018 *	Satisfactory	2

* Although finalised in April 2018 these reports were conducted as part of the 2017-18 work programme.

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

I am particularly pleased with the Satisfactory opinion provided on the Agency's governance, risk management and control arrangements by the head of Internal Audit.

Corporate Services

During 2017-18, HR services were provided by the HR division of the Department of Finance, with IT services provided by the Department's Digital Services Division. Financial management, governance, business planning, risk management and coordination processes and exercises were delivered by the Agency's Business Support Team.

In relation to data security the Agency follows the departmental guidance to ensure that all information used for operational and financial reporting purposes is captured and processed accurately, and to an appropriate quality standard, particularly where it is used by third parties, or relied on by other parts of government. I am pleased that there were no significant data security breaches reported during the year.

Risk management and control framework

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.
The Agency Board has established appropriate procedures to ensure that risks are adequately managed within the Agency. Risk Registers at the Corporate and Divisional levels are maintained and monitored on a quarterly basis. The Business Support Team has responsibility for co-ordinating the Agency's various risk management/internal control functions, developing the risk management framework and providing advice and guidance to staff on risk management issues. The risk management cycle is a "top-down" and "bottom-up" exercise that ensures that any Agency risks that are included in the Departmental Corporate Risk Register are also included in the Agency register and risks identified and managed at Divisional levels are escalated to the Agency register, as appropriate. Accordingly, there is one Agency related operational risk in the Department's Risk Register relating to the potential failure to remediate the Mobuoy illegal waste site in a timely and cost-effective manner. The Agency's top level risk register is reviewed quarterly by the NIEA Board.

Tri-annual Stewardship Reports (6, 9 and 12 months) are completed for the two Agency divisions as well as an overarching statement for the Agency. However it is the 12 month Agency Report

which underpins my Governance Statement by highlighting, where appropriate, any control issues of concern across a range of key governance functions, primarily business planning, financial management, information and risk management, fraud, regulation and compliance, customer service standards, staffing, procurement and audit reports. I am reassured that the completion of these reports provides assurance to me that information used for operational purposes and reporting purposes is handled appropriately, particularly where it is used by third parties or other parts of government, and that information risks are being managed effectively within the Agency.

In summary, as Accounting Officer, I have overall responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Agency who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter for the annual accounts and other Value for Money (VFM) reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Agency Board and the ARAC, and I am confident in plans to address weaknesses and ensure continuous improvement of the control system.

While not a significant internal control issue, I believe it prudent to mention the potentially significant future financial cost of implementing the preferred option for the waste remediation strategy for the Mobuoy site. Indeed, as mentioned above, this is the one Agency operational risk included in the Department's Corporate Risk Register. However, in terms of progressing this issue, I am reassured that the Departmental Board approved the resources relating to the creation of a small Unit to help review and progress, where appropriate, the actions arising from the Consultant's report and associated options paper.

Budget Position and Authority

The Northern Ireland Assembly was dissolved from 26 January 2017 with an election taking place on 2 March 2017, on which date Ministers ceased to hold office. An Executive was not formed following the 2 March 2017 election. As a consequence, the Northern Ireland Budget Act 2017 was progressed through Westminster, receiving Royal Assent on 16 November 2017, followed by the Northern Ireland Budget (Anticipation and Adjustments) Act 2018 which received Royal Assent on 28th March 2018. The authorisations, appropriations and limits in these Acts provide the authority for the 2017-18 financial year and a vote on account for the early months of the 2018-19 financial year as if they were Acts of the Northern Ireland Assembly.

Significant Issues

Once again I am pleased that there were no significant control issues to report for the 2017-18 financial year.

David Small
Chief Executive
14 June 2018

Agency Remuneration & Staff Report

Remuneration and Pension Entitlements

Remuneration policy

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

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

Service contracts

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

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

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

Salary and pension entitlements

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

Remuneration (including salary) and pension entitlements (Audited)

Officials	2017-18					2016-17				
	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
Mr D Small Chief Executive	90-95	Nil	Nil	44	130-135	90 – 95	Nil	Nil	72	160-165
Mrs H Anderson Director of Natural Environment Division	65-70	Nil	Nil	28	95-100	65-70	Nil	Nil	18	85-90
Mrs T Teague Director of Resource Efficiency Division	65-70	Nil	Nil	27	95-100	30-35 (65-70 full year equivalent)	Nil	Nil	22	55-60

Salary

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

Benefits in kind

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

Bonuses

Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2017-18 relate to performance in 2017-18 and the comparative bonuses reported for 2016-17 relate to the performance in 2016-17.

Pay multiples

The Northern Ireland Environment Agency is required to disclose the relationship between the remuneration of the highest paid director in the Agency and the median remuneration of the Agency's workforce.

The banded remuneration of the highest-paid director in NIEA in the financial year 2017-18 was £90k-£95k (2016-17: £90k-£95k). This was 3 times (2016-17: 3 times) the median remuneration of the workforce, which was £30,382 (2016-17: £29,171).

In 2017-18 nil (2016-17: nil) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £17,796 to £92,167 (2016-17: £15,600 to £91,273).

	2017-18	2016-17
Band of Highest Paid Director's Total Remuneration	£90k-£95k	£90k-£95k
Median Total Remuneration	30,382	29,171
Ratio	3.0	3.0

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include employer pension contributions, the cash equivalent transfer value of pensions as well as severance payments.

Pension Entitlements (Audited)

Officials	Accrued pension at pension age as at 31/3/18 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/18 £'000	CETV at 31/3/17 £'000	Real increase in CETV £'000	Employer contribution to partnership pension account Nearest £100
Mr D Small Chief Executive	40-45 plus lump sum of 130-135	0-2½ plus lump sum of 0-2½	937	880	(1)	Nil
Mrs H Anderson Director of Natural Environment Division	25-30 plus lump sum of 65-70	0-2½ plus lump sum of 0-2½	577	543	(3)	Nil
Mrs T Teague Director of Resource Efficiency	20-25 plus lump sum of 65-70	0-2½ plus lump sum of 0-2½	430	394	10	Nil

Northern Ireland Civil Service (NICS) Pension Schemes

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

The alpha pension scheme was introduced for new entrants from 1 April 2015. The alpha scheme and all previous scheme arrangements are unfunded with the cost of benefits met by monies voted each year. The majority of existing members of the classic, premium, classic plus and nuvos pension arrangements also moved to alpha from that date. Members who on 1 April 2012 were within 10 years of their normal pension age did not move to alpha and those who were within 13.5 years and 10 years of their normal pension age were given a choice between moving to alpha on 1 April 2015 or at a later date determined by their age. Alpha is a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The rate is 2.32%.

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

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

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

All pension benefits are reviewed annually in line with changes in the cost of living. Any applicable increases are applied from April and are determined by the Consumer Prices Index (CPI) figure for the preceding September.

The CPI in September 2017 was 3% and HM Treasury has announced that public service pensions will be increased accordingly from April 2018.

Employee contribution rates for all members for the period covering 1 April 2018 – 31 March 2019 are as follows:

Scheme Year 1 April 2018 to 31 March 2019

Pay band – assessed each pay period		**Contribution rates** – Classic members	**Contribution rates –** classic plus, premium, nuvos and alpha
From	**To**	**From 1 April 2017 to 31 March 2018**	**From 1 April 2017 to 31 March 2018**
£0	£15,000.99	4.6%	4.6%
£15,001.00	£21,636.99	4.6%	4.6%
£21,001.00	£51,515.99	5.45%	5.45%
£47,001.00	£150,000.99	7.35%	7.35%
£150,001.00 and above		8.05%	8.05%

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

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

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

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NICS pension arrangements. They also include

any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2015 and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

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

Compensation for loss of office

No compensation payments were made or are due to any of the senior management in the Northern Ireland Environment Agency under the Civil Service Compensation Scheme (Northern Ireland) (CSCS(NI)) in the year ending 31 March 2018.

Staff numbers and related costs (Audited)

Staff costs comprise:

			2017-18 £000	2016-17 £000
	Permanently employed staff	Others	Total	Total
Wages and salaries	14,802	2,926	17,728	16,647
Social security costs	1,476	-	1,476	1,413
Other pension costs	3,316	-	3,316	3,220
Total	**19,594**	**2,926**	**22,520**	**21,280**

Pension Arrangements

The Northern Ireland Civil Service main pension schemes are unfunded multi-employer defined benefit schemes but (insert employer's name) 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 2018.

For 2017-18, employers' contributions of £3,316,120 were payable to the NICS pension arrangements (2016-2017 £3,284,450) at one of three rates in the range 20.8% to 26.3% of pensionable pay, based on salary bands. The Scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new scheme funding valuation based on data as at 31 March 2012 was completed by the Actuary during 2014-15. This valuation was used to determine employer contribution rates for the introduction of alpha from April 2015. For 2018-19, the rates will also range from 20.8% to 26.3% however the salary bands differ. The contribution rates are set to meet the cost of the benefits accruing during 2017-18 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £8508 (2016-2017 £9,090) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (2016-2017, 8% to 14.75%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £247, 0.5% (2016-2017 £308.59, 0.5%) of pensionable pay, were payable to the NICS Pension schemes to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the **partnership** pension providers at the reporting period date were £nil. Contributions prepaid at that date were £Nil.

One person (2016-2017: 0 persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £20k (2016-2017: £Nil).

Average Number of Persons Employed (Audited)

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

			2017-18	2016-17
Number	**Permanent staff**	**Others**	**Total**	**Total**
Natural Environment	146	25	171	170
Resource Environment	285	65	350	333
Business Support	30	-	30	36
Total	**461**	**90**	**551**	**539**

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

The NIEA Management Board comprises the Chief Executive (male) and 2 Executive Directors (2 female)

Of the 593 current members of staff 323 are male and 270 are female.

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

Redundancy and other departure costs are 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 Agency has agreed early retirements, the additional costs are met by the Agency 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.

Other diversity issues and equal treatment in employment and occupation

The NICS has developed a People Strategy which details the people priorities over the period 2018 to 2021. It places diversity and inclusion at its centre and includes a range of actions that will help accelerate the NICS' ambition to have a truly inclusive workforce culture and to be a service that reflects the society we serve. In addition to these specific actions the NICS will ensure diversity and inclusion is central to everything it does, including how it communicates, recruits, promotes, develops and manages its workforce.

A diversity action plan has been drawn up to promote diversity and inclusion while additional action plans have been drawn up to address specific issues related to gender and disability.

Work on LGB&T issues has included a survey of staff and the creation of the NICS LGB&T staff network. Further developments in the area are planned including membership of the Stonewall NI Diversity Champions network and the development of advice on Transgender issues.

The NICS continues to carry out its statutory obligations under fair employment legislation including the annual return to the Equality Commission for NI and the triennial reviews of the workforce profile which are published on the Department of Finance website.

Employee Consultation and/or Participation; Trade Union Relationships

The Department of Finance is responsible for the policy on how the Northern Ireland Civil Service consults and negotiates with its staff through industrial relations. The centralised human resource function, NICSHR, has continued to consult on central matters with all recognised Trade Unions (Non-industrial Trades Unions: Northern Ireland Public Service Alliance (NIPSA), First Division Association, Prison Officers' Association (POA), Industrial Trades Unions: Unite the Union (Unite), GMB), throughout the year. Arrangements also exist at local level within each Department to consult on matters specific to that Department or individual business area.

A Review of NICS Trade Union Arrangements is ongoing. Phase 1 of the review culminated in a new Trade Union Arrangements chapter, published in the NICS HR Handbook in January 2016. Phase 2 of the Review is at the planning stage.

Human Capital Management

(i) Career Development

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

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

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

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

(ii) Learning & Development

The NICSHR Centre for Applied Learning (CAL) purpose is to enable the achievement of the Programme for Government (PfG) outcomes through the delivery of generic learning and development services aligned to the NICS People Strategy. The CAL approach to delivering its services is designed to respond to the changing needs of the NICS and includes the following components:

- Offering a variety of learning delivery channels to enable flexible access to learning
- Providing an enhanced Learning and Development experience where staff can focus on their personal development using learning interventions that are aligned to corporate need, PfG, People Strategy, NICS of the Future and the NICS Competency Framework
- Blending different learning solutions into coherent learning pathways
- Value for money learning through the use of technology to provide concise and focused modules of learning
- Develop practical capability for learners that incorporates the latest tools and techniques
- Work collaboratively with NICSHR colleagues, Suppliers, Departments and the NICS Professions to identify, develop and deliver current and future learning interventions.

(iii) Pay policy

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

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

f. enable the Government to reconcile its responsibilities for the control of public expenditure with its responsibilities as an employer.

Current pay scales are available online. NI public sector pay guidance for 2017 is now in place and formal negotiations with trades unions on the 2017 pay award are ongoing.

Disabled Persons

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

Sick Absence

The overall provisional NIEA absence rate for 2017-18 is 10.8 (4.9%) (2016-17: 9.1, 4.1%) working days lost.

Number of SCS Staff by Band

The Agency's two Directors; Helen Anderson and Tracey Teague, both grade 5's and NIEA Chief Executive, Grade 3 are the organisation's only Senior Civil Servants

David Small
Chief Executive
14 June 2018

Assembly Accountability and Audit Report

Regularity of Expenditure (Audited)

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

Remote Contingent Liabilities (Audited)

The Agency has no remote contingent liabilities as at 31 March 2018.

Losses and Special Payments (Audited)

Losses Statement

	Number of Cases	2017-18 £'000	Number of Cases	2016-17 £'000
Administrative Write Offs	7	6	8	9
Other Losses	1	1	2	1
Total	**8**	**7**	**10**	**10**

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

Special Payments

NIEA made no special payment in 2017-18**.**

Fees and Charges (Audited)

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

Business Activities Attracting Fees and Charges (Audited)

	2017-18 £'000	2016-17 £'000
Fees and Charges		
Operating Costs	**8,089**	**7,724**
Staff Costs	5,580	5,016
Administration and Accommodation	960	689
Notional Charges	1,293	1,393
Total Charges	**7,833**	**7,098**
Operating Surplus/(Deficit)	**256**	**626**

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

David Small
Chief Executive
14 June 2018

NORTHERN IRELAND ENVIRONMENT AGENCY

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

Opinion on financial statements

I certify that I have audited the financial statements of the Northern Ireland Environment Agency for the year ended 31 March 2018 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 information in the Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the Northern Ireland Environment Agency's affairs as at 31 March 2018 and of its net operating expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance directions issued thereunder.

Opinion on regularity

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

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of the Northern Ireland Environment Agency in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2016, and have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

Other Information

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material

misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

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

Responsibilities of the Accounting Officer for the financial statements

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

Auditor's responsibilities for the audit of the financial statements

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

I am required to obtain evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

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

Report

I have no observations to make on these financial statements.

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

28 June 2018

FINANCIAL STATEMENTS

Statement of Comprehensive Net Expenditure
for the year ended 31 March 2018

	Note	2017-18 £000	2016-17 £000
Income from Resource Efficiency Charges	7	(8,089)	(7,724)
Other Operating Income	7	(2,869)	(3,525)
Total Operating Income		**(10,958)**	**(11,249)**
Staff Costs	2	22,520	21,280
Current Grants	3	2,222	3,159
Accommodation Running Costs	3	2,720	2,133
Depreciation and Amortisation Charges	3	1,420	1,179
Provision Expense	3	(16)	(234)
Other operating expenditure	3	9,181	10,130
Total Operating Expenditure		**38,047**	**37,647**
Net Operating Expenditure		**27,089**	**26,398**
Finance Income / Expense		-	-
Net Expenditure for the year		**27,089**	**26,398**
Items that will not be reclassified to net operating costs:			
Net (gain)/loss on revaluation of Property, Plant and Equipment		(47)	617
Net (gain)/loss on revaluation of Intangibles		(8)	(7)
Comprehensive Net Expenditure for the year		**27,034**	**27,008**

The notes on pages 53 to 80 form part of these accounts.

Statement of Financial Position
as at 31 March 2018

	Note	2017-18 £000	2016-17 £000
Non-current assets			
Property, plant and equipment	8(i)	21,117	21,967
Heritage assets	8(iii)	1,568	1,568
Intangible assets	8(v)	194	489
Total non-current assets		**22,879**	**24,024**
Current assets			
Inventories	11	78	77
Trade and other receivables	12	872	1,135
Cash and cash equivalents	13	3	3
Total current assets		**953**	**1,215**
Total assets		**23,832**	**25,239**
Current liabilities			
Trade and other payables	14	(5,507)	(6,810)
Provisions	15	(93)	(98)
Total current liabilities		**(5,600)**	**(6,908)**
Total assets less current liabilities		**18,232**	**18,331**
Non-current liabilities			
Provisions	15	-	-
Total non-current liabilities		**-**	**-**
Total assets less total liabilities		**18,232**	**18,331**
Taxpayers' equity & other reserves:			
General fund		11,658	11,561
Revaluation reserve		6,574	6,770
Total taxpayers' equity		**18,232**	**18,331**

Chief Executive
14 June 2018

The notes on pages 53 to 80 form part of these accounts.

Statement of Cash Flows
for the year ended 31 March 2018

	Note	2017-18 £000	2016-17 £000
Cash flows from operating activities			
Net operating cost		(27,089)	(26,398)
Adjustments for non-cash transactions:			
Depreciation	8	1,420	1,179
Disposal of Fixed Assets	3	(23)	17
Notionals	6	4,662	4,592
Take-up and Revaluation of Provisions	15	(5)	(197)
Bad Debts Provision	3	(11)	(38)
Impairments		-	411
Revaluations	3	2	(42)
Decrease/(Increase) in trade and other receivables	12	263	(165)
Less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure		11	38
Decrease/(Increase) in inventories	11	(1)	23
(Decrease)/Increase in trade payables	14	(1,303)	2,460
Less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure		556	(390)
Use of provisions	15	-	225
Net cash outflow from operating activities		**(21,518)**	**(18,285)**
Cash flows from investing activities			
Purchase of property, plant & equipment and heritage assets		(594)	(1,784)
Purchase of intangible assets		(184)	(113)
Proceeds of disposal of property, plant & equipment		23	-
Net cash outflow from investing activities		**(755)**	**(1,897)**
Cash flows from financing activities			
Funding from Parent Department DAREA		22,273	20,193
Net financing		**22,273**	**20,193**

Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund	-	11
Payments to Consolidated Fund	-	(11)
Net increase/(decrease) in cash and cash equivalents in the period after adjustments for receipts and payments to the Consolidated Fund	**-**	**-**
Cash and cash equivalents at the beginning of the period	**3**	**3**
Cash and cash equivalents at the end of the period	**3**	**3**

The notes on pages 53 to 80 form part of these accounts.
.

Statement of Changes in Taxpayers' Equity
for the year ended 31 March 2018

	Note	General Fund £000	Revaluation Reserve £000	Taxpayers' Equity £000
Balance at 31 March 2016		**12,862**	**7,692**	**20,554**
Net Assembly Funding		20,193	-	20,193
CFERs payable to Consolidated Fund		-	-	-
Comprehensive Net Expenditure for the year		(26,398)	(610)	(27,008)
Non-cash charges – notional costs	6	4,575	-	4,575
Auditors Remuneration	6	17	-	17
Transfers between reserves		312	(312)	-
Balance at 31 March 2017		**11,561**	**6,770**	**18,331**
Net Assembly Funding		22,273	-	22,273
CFERs payable to Consolidated Fund		-	-	-
Comprehensive Net Expenditure for the year		(27,089)	55	(27,034)
Non-cash charges – notional costs	6	4,645	-	4,645
Auditors Remuneration	6	17	-	17
Transfers between reserves		251	(251)	-
Balance at 31 March 2018		**11,658**	**6,574**	**18,232**

The General Fund serves as the main operating fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

The notes on pages 53 to 80 form part of these accounts.

Notes to the Accounts

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2017-18 *Government Financial Reporting Manual (FReM)* issued by the Department of Finance. The accounting policies contained in the *FReM* apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

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

1.1 Accounting convention

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

1.2 Property, Plant and Equipment

Expenditure on property, plant and equipment of over **£5,000** is capitalized. On initial recognition property, plant and equipment is measured at cost including any expenditure, such as installation, directly attributable to bringing them into working condition.

Items classified as 'under construction' are recognised in the Statement of Financial Position to the extent that money has been paid or a liability has been incurred.

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

Land and buildings are carried at the last professional valuation, in accordance with the Appraisal and Valuation Manual produced jointly by the Royal Institute of Chartered Surveyors (RICS), the Incorporated Society of Valuers and Auctioneers (ISVA) and the Institute of Revenues Rating and Valuation (IRRV). Professional revaluations of land and buildings are undertaken every five years, with the last full valuation of land and buildings undertaken by Land and Property Services (LPS) as at 1 April 2016 with the next full valuation due to take place as at 1 April 2021. Properties are valued on the basis of open market value existing use, unless they are specialised, in which case they are valued on the basis of depreciated replacement cost.

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

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

1.3 Intangible Assets

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

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

1.4 Depreciation and Amortisation

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

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

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

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

1.5 Heritage Assets

The Northern Ireland Environment Agency holds certain heritage assets that have been purchased. The assets relate to various land located throughout Northern Ireland and are regarded as non-operational heritage assets. These are either declared as National Nature

Reserves, Nature Reserves or Areas of Special Scientific Interest. On initial recognition the assets are recognised at cost. They are revalued annually, using indices provided by the Office for National Statistics. No depreciation is provided on any heritage assets. Heritage Lands are subject to professional valuations and annual revaluations in accordance with the Appraisal and

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

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

Details relating to policy for acquisition, preservation, management and disposal of heritage assets can be found in the Performance Analysis section of this report under headings 'NIEA Properties' on page 8. This section also contains details of visitor numbers and future developments. Detailed records are maintained for each heritage asset and site management plans are maintained and regularly updated. Many heritage assets, nature reserves, are open to the public and access is encouraged, where practical. Heritage assets are purchased for their long term protection by the state.

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

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

1.7 Operating Income

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

1.8 Classification of Expenditure

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

1.9 Employee Benefits including Pensions

Under the requirements of IAS 19: Employee Benefits, staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any

untaken leave that has been earned at the year end. This cost has been calculated using employees daily rate costs applied to any untaken leave balance at 31 March 2018.

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

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

1.10 Grants Payable

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

1.11 Value Added Tax

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

1.12 Inventories

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

1.13 Contingent Liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, the Agency discloses for Assembly reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to the Assembly in accordance with the requirements of *Managing Public Money Northern Ireland*.

These comprise:

a. items over £250,000 (or lower, where required by specific statute) that do not arise in the normal course of business and which are reported to the Assembly by Departmental minute prior to the Agency entering into the arrangement; and

b. all items (whether or not they arise in the normal course of business) over £250,000 (or lower, where required by specific statute or where material in the context of the Agency accounts) which are required by the *FReM* to be noted in the Agency accounts.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to the Assembly separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to the Assembly.

1.14 Leases

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

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

1.15 Critical Accounting Estimates and Key Judgements

As a result of the uncertainties inherent in all business activities, many items in financial statements, such as provisions and depreciation, cannot be measured with precision but can only be estimated. Where estimates have been required in order to prepare these financial statements in conformity with FReM, management have used judgements based on the latest available, reliable information.

Management continually review estimates to take account of any changes in the circumstances on which the estimate was based or as a result of new information or more experience.

1.16 Government Grant Receivable

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

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

1.17 Financial Instruments

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. A financial instrument is recognised when, and only when, the entity becomes a party to the contractual provisions of the instrument. A previously recognised financial asset is derecognised when, and only when, either the contractual rights to the cash flows from that asset expire, or the entity transfers the asset such that the transfer qualified for derecognition. A financial liability is derecognised when, and only when, it is extinguished. The Agency has financial instruments in the form of trade receivables and payables and cash and cash equivalents.

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

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

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

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

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

1.18 Provisions

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

1.19 Application of newly issued accounting standards

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

IFRS 9 – Financial Instruments (new);

IFRS 15 – Revenue from Contracts with Customers (new);

IFRS 16 – Leases (new);

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

1.20 Management Agreements

The Agency enters into management agreements with landowners in order to “preserve” lands/buildings identified as being Areas of Special Scientific Interest (ASSIs) or of architectural/historical interest. These agreements either involve one-off payments with the agreements being in perpetuity or annual payments covering a set period. The vast majority of these management agreements are in perpetuity and cover designated ASSIs and Nature Reserve lands. Management agreements covering Nature Reserves and ASSIs involve compensation payments to the landowners. The management agreements do not confer title of ownership to the Agency. The full costs of these agreements are expensed in the year in which they are issued.

Notes to the Accounts

2. Staff Costs

Staff costs comprise:

	2017-18 £000	2016-17 £000
Wages and Salaries	17,728	16,658
Social Security Costs	1,476	1,413
Other Pension Costs	3,316	3,220
Early Departure Costs	-	(11)
Total	**22,520**	**21,280**

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

3. Other Operating Expenditure

	Note	2017-18 £000	2016-17 £000
Current Grants	4	2,222	3,159
Other Current Expenditure	5	1,700	2,545
Accommodation Running Costs		2,720	2,133
Advertising & Publicity Costs		26	41
Communication Costs		215	80
Operating Leases		106	87
Other Office Services		568	508
Other Staff Costs		88	87
Travel & Subsistence Costs		203	145
Training Costs		95	46
Vehicle & Boat Costs		260	373
Other Operating Costs		1,279	1,241
Non-cash items			
Provisions – provided/(reduced) in year	15	(5)	(197)
Bad Debt Provision		(11)	(38)
Notional charges:			
Department of Finance	6	2,451	2,153
Intra-Departmental Notionals	6	2,194	2,422
NIAO Auditor's Remuneration	6	17	17
Non current assets:			
Depreciation	8(i)	1,116	1,046
Amortisation	8(v)	304	133
Impairment		-	411
Net Revaluation Charge to the Statement of Comprehensive Net Expenditure		2	(42)
Loss/(Profit) on disposal of property, plant and equipment		(23)	17
Total		**15,527**	**16,367**

4. Grants

	2017-18 £000	2016-17 £000
Natural Environment	2,222	3,159
Total	**2,222**	**3,159**
Natural Environment Grants comprise :		
Challenge Fund Grant	-	626
Environment Fund Grant	2,222	2,418
Access Grant	-	115
Total	**2,222**	**3,159**

5. Other Current Expenditure

	2017-18 £000	2016-17 £000
Divisional costs comprise:		
Natural Environment	607	523
Resource Efficiency	1,093	2,022
Total	**1,700**	**2,545**
Natural Environment costs comprise:		
Contracted Services	466	429
Professional Costs	141	94
Total	**607**	**523**
Resource Efficiency Operating costs comprise:		
Contracted Services	1,002	1,936
Professional Costs	91	86
Total	**1,093**	**2,022**

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

6. Notional Charges

	2017-18 £000	2016-17 £000
Intra - Departmental:		
Department of Agriculture, Environment and Rural Affairs	2,193	2,422
Total	**2,193**	**2,422**
Services provided by other Departments		
Department of Finance:		
Accommodation	750	1,035
IT Assist	841	711
Personnel	426	-
Account NI	268	239
Departmental Solicitor's Office	45	13
Information Strategy and Innovation	102	119
Land and Property Services	-	30
Other Services	20	6
	2,452	**2,153**
NIAO Audit Fees	**17**	**17**
Total Notional Charges	**4,662**	**4,592**

7. Income

	2017-18 £000	2016-17 £000
EU Grant Income	-	27
Carrier Bag Levy	2,636	3,228
Operating Income from Country Parks	190	186
Resource Efficiency Charges:		
Resource Efficiency Pollution Costs Recovered	8,089	7,724
Other Income	43	84
Total	**10,958**	**11,249**

Trading Income

Operating income includes trading income generated from 3 broad areas of activity within the Agency, i.e. Resource Efficiency Legislation, income generated at country parks and the Carrier Bag Levy.

8(i) Property, Plant and Equipment

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

8(ii) Property, Plant and Equipment

	Land	Buildings excluding Dwellings	Transport Equipment	Plant & Machinery	Information Technology	Fixtures & Fittings	Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation								
At 1 April 2016	**5,718**	**13,831**	**2,326**	**4,476**	**335**	**985**	**3,475**	**31,146**
Additions	-	6	390	488	-	152	963	1,999
Disposals	(341)	(762)	(153)	(1,145)	(108)	(262)	-	(2,771)
Revaluations	(8)	216	27	60	12	4	-	311
Reclassifications	-	6	(6)	54	-	-	(122)	(68)
Impairments	-	-	-	-	-	-	(9)	(9)
At 31 March 2017	**5,369**	**13,297**	**2,584**	**3,933**	**239**	**879**	**4,307**	**30,608**
Accumulated Depreciation								
At 1 April 2016	-	2,468	1,819	3,920	199	664	-	9,070
Charged in year	-	498	193	226	43	86	-	1,046
Disposals	(327)	(762)	(151)	(1,145)	(108)	(262)	-	(2,755)
Revaluations	327	504	16	33	5	-	-	885
Reclassifications	-	-	(6)	6	-	-	-	-
Impairments	90	173	2	90	8	32	-	395
At 31 March 2017	**90**	**2,881**	**1,873**	**3,130**	**147**	**520**	**-**	**8,641**
Carrying amount at 31 March 2017	**5,279**	**10,416**	**711**	**803**	**92**	**359**	**4,307**	**21,967**
Carrying amount at 31 March 2016	**5,718**	**11,363**	**507**	**556**	**136**	**321**	**3,475**	**22,076**
Asset financing:								
Owned 2017	**5,279**	**10,416**	**711**	**803**	**92**	**359**	**4,307**	**21,967**

Notes to the Accounts

8(iii) Heritage Assets

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

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

8(iv) Heritage Assets

	Non Operational Heritage Land (Purchased) £000	Total Non Operational Heritage Assets (Purchased) £000
Cost or valuation		
At 1 April 2016	1,568	1,568
Disposals	-	-
Revaluations	-	-
Reclassifications	-	-
Transfers	-	-
At 31 March 2017	**1,568**	**1,568**
Carrying amount at 31 March 2017	**1,568**	**1,568**
Carrying amount at 31 March 2016	**1,568**	**1,568**

8(iv) Heritage Assets (continued)

Purchased Heritage Assets

Heritage Assets, which are underpinned by an arm's length transaction, are capitalised in the year of acquisition with reference to the purchase price. The existence of the transaction provides a reliable and practical basis of valuation. The following table contains a summary of transactions relating to Purchased Heritage Assets in the current period and the previous 4 accounting periods to 31 March 2018.

	2018 £000	2017 £000	2016 £000	2015 £000	2014 £000
Cost of acquisitions	-	-	-	-	-

There were no disposals of heritage assets during the five year period to 31 March 2018 and no heritage assets acquired by donation during the periods.

8(v) Intangible Assets

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

8(vi) Intangible Assets

	Information Technology £000	Software Licenses £000	Total £000
Cost or valuation			
At 1 April 2016	1,010	165	1,175
Additions	129	168	297
Disposals	(127)	(80)	(207)
Revaluations	14	2	16
Reclassifications	68	-	68
At 31 March 2017	**1,094**	**255**	**1,349**
Amortisation			
At 1 April 2016	784	134	918
Charged in year	118	15	133
Disposals	(126)	(80)	(206)
Revaluations	7	1	8
Reclassifications	-	-	-
Impairments	6	1	7
At 31 March 2017	**789**	**71**	**860**
Carrying amount at 31 March 2017	**305**	**184**	**489**
Carrying amount at 31 March 2016	**226**	**31**	**257**
Asset financing:			
Owned 2017	**305**	**184**	**489**

9. Statement of Operating Costs by Operating Segment

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

	Resource Efficiency £000	Natural Environment £000	Innovation Strategy £000	Total £000
Staff costs	14,518	6,586	176	21,280
Other Operating Expenditure	3,993	3,211	83	7,287
Grants	-	3,159	-	3,159
Non Cash Expenditure	3,307	2,210	404	5,921
Income	(8,267)	(2,972)	(10)	(11,249)
Net Operating Cost 2016-17	**13,551**	**12,194**	**653**	**26,398**

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

During 2017-18 the Agency comprised 2 Divisions; Resource Efficiency Division, and Natural Environment Division, each Directorate fulfilling a role in achieving the overall Agency objective to protect, conserve and promote the natural environment of Northern Ireland for the benefit of present and future generations. The management board review financial information at Divisional level for decision making purposes and this information is analysed into Administration and Programme costs. Reportable segments have been identified on this basis. There have been no changes to the methods used to identify reportable segments since the prior year.

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

10. Financial Instruments

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

11. Inventories

	2017-18 £000	2016-17 £000
Operational	78	77
Total	**78**	**77**

12. Trade Receivables and Other Current Assets

	2017-18 £000	2016-17 £000
Amounts falling due within one year:		
Trade Receivables	183	300
Other Receivables	291	454
Prepayments & Accrued Income	398	381
Total	**872**	**1,135**

12. Trade receivables and other current assets (continued)

Included within trade receivables is £nil (2016-17 £nil) that will be due to the Consolidated Fund once the debts are collected.

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

	2017-18 £000	2016-17 £000
Balance at start of year	(110)	(148)
Impairment losses recognised/ derecognised on receivables	11	38
Balance at end of year	**(99)**	(110)

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

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

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

	2017-18 £000	2016-17 £000
Neither past due nor impaired trade receivables	54	74
1 – 30 days	24	111
31 – 60 days	8	11
61 – 90 days	6	8
91 – 180 days	46	92
181 – 361 days	45	4
361 days plus	-	-
Gross carrying value	**183**	**300**

12.1 Intra-Government Balances

Receivables: Amounts falling due within one year	2017-18 £000	2016-17 £000
Balances with other central government bodies	346	530
Balances with local authorities	2	8
Balances with public corporations and trading funds	359	359
Balances with NHS trusts	1	-
Subtotal: Intra-government balances	708	897
Balances with bodies external to government	164	238
Total receivables at 31 March	**872**	**1,135**

13. Cash and cash equivalents

	2017-18 £000	2016-17 £000
Balance at 1 April	3	3
Net change in cash and cash equivalent balances	-	-
Balance at 31 March	**3**	**3**

The following balances at 31 March were held:

Cash in hand	**3**	**3**

14. Trade Payables and Other Current Liabilities

	2017-18 £000	2016-17 £000
Amounts falling due within one year:		
Trade Payables	101	108
Accruals & Deferred Income	5,406	6,702
Total	**5,507**	**6,810**

14.1 Intra-Government Balances

Payables: Amounts falling due within one year	2017-18 £000	2016-17 £000
Balances with other central government bodies	514	1,041
Balances with local authorities	235	206
Balances with public corporations and trading funds	1	10
Subtotal: Intra-government balances	750	1,257
Balances with bodies external to government	4,757	5,553
Total payables at 31 March	**5,507**	**6,810**

15. Provisions for liabilities and charges

	Public/ Employer's Liability £000	Equal Pay Settlement £000	Judicial Reviews £000	Total £000
Balance at 1 April 2017	28	10	60	98
Provisions not required written back	(25)	-	(60)	(85)
Provided in the year	80	-	-	80
Provisions utilised in the year	-	-	-	-
Balance at 31 March 2018	**83**	**10**	**-**	**93**
Analysed as follows:				
Current provision				
Non- current provision				

Analysis of expected timing of discounted flows:

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

15. Provisions for liabilities and charges (continued)

	Public/ Employer's Liability £000	Equal Pay Settlement £000	Judicial Reviews £000	Total £000
Balance at 1 April 2016	45	5	20	70
Provisions not required written back	(11)	-	(238)	(249)
Provided in the year	-	5	47	52
Provisions utilised in the year	(6)	-	231	225
Balance at 31 March 2017	**28**	**10**	**60**	**98**
Analysed as follows:				
Current provision				
Non- current provision				

Analysis of expected timing of discounted flows:

	Public/ Employer's Liability £000	Equal Pay Settlement £000	Judicial Reviews £000	Total £000
Not later than 1 year	28	10	60	98
Later than 1 year and not later than 5 years	-	-	-	-
Later than 5 years	-	-	-	-
Balance at 31 March 2017	**28**	**10**	**60**	**98**

Provisions for liabilities and charges relate to public and employer's liability claims. The Equal Pay Settlement relates to obligations on the part of the Agency to comply with equal pay legislation and the requirement to address anomalies which may have existed. Provisions for Judicial Reviews relates to expected claims for compensation under the Waste Management Regulations 2013 for refusal of an Exemption Authorisation.

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

16. Contingent liabilities disclosed under IAS 37

The Agency has the following contingent liabilities:

	Public Liability (Number of cases)	Employer's Liability (Number of cases)	Total cases
Natural Environment	1	-	1
Total	**1**	**-**	**1**

Public liability claims relate to claims against the Agency by members of the public in respect of alleged injuries sustained at the Agency's visitor sites. Employers' liability claims relate to claims against the Agency by employees allegedly injured at work.

17. Commitments

The Agency has commitments to pay various grants in respect of environmental protection and nature conservation. The payments to which the Agency is committed during 2017-18, analysed by the period during which the commitment expires, are as follows:

	2017-18 £000	2016-17 £000
Not later than one year	1,926	1,913
Later than one year and not later than five years	-	-
Later than five years	-	-
Balance at 31 March	**1,926**	**1,913**

18. Commitments under leases

Operating leases

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

	2017-18 £000	2016-17 £000
Obligations under operating leases for the following periods comprise:		
Land and Buildings		
Not later than one year	12	35
Later than one year and not later than five years	-	12
Later than five years	-	-
	12	**47**

19. Financial Targets

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

20. Related Party Transactions

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

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

Department of Education
Department for Infrastructure
Department of Finance
Department of Health

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

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

21. Events after the reporting period

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

22. Date of Authorisation for Issue

The Accounting Officer authorised the issue of these financial statements on 28 June 2018.

Northern Ireland Environment Agency
www.daera-ni.gov.uk

Northern Ireland Environment Agency
Klondyke Building
Cromac Avenue
Gasworks Business Park
Lower Ormeau Road
Malone lower
Belfast BT7 2JA

Tel. 0845 302 0008

www.daera-ni.gov.uk

ISBN 978-1-84807-905-2

An Agency within the Department of
Agriculture, Environment and Rural Affairs
www.daera-ni.gov.uk

INVESTORS IN PEOPLE

DMS 18.19.079