



Northern Ireland
**Environment
Agency**

Northern Ireland Environment Agency Annual Report and Accounts 2015-2016



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

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**INVESTORS
IN PEOPLE**

**Northern Ireland Environment Agency
Annual Report and Accounts
For the year ended 31 March 2016**

*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

1st July 2016



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ANNUAL REPORT

Chief Executive's Foreword

As the new Chief Executive, from 1 March 2016, I am very pleased to present the Northern Ireland Environment Agency's (NIEA, the Agency) 2015-16 Annual Report and Accounts. This is the final Annual Report and Accounts for the Agency as part of the Department of the Environment (DOE) as the Stormont House Agreement contained a commitment to reduce the number of Northern Ireland Civil Service (NICS) Departments from 12 to 9 immediately following the 2016 Assembly Election. In line with this, the NIEA transferred to the new Department of Agriculture, Environment and Rural Affairs (DAERA) from 9th May 2016.

I would point to changes to the structure of the Agency since the previous financial year. Firstly, one of the Agency's four divisions Historic Environment Division transferred to the Core Department from 1 April 2015 and secondly, the work of the Innovation Strategies Division was redistributed on 1 October between the two remaining Divisions, Natural Environment and Resource Efficiency.

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. This report sets out how the Agency has performed against its targets during the 2015-16 year.

The strategic objective of the Agency is "*to create prosperity and well being through effective environment and heritage management and regulation*". This objective underpinned the Minister's vision for the Department's work, "A Better Environment - A Stronger Economy". This is simple and clear language which powerfully expresses one of the key challenges of the 21st century: how to bring environmental and economic aims together.

We have 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.

The Agency met 2 of its 6 key performance targets set by the Minister, Mark H Durkan. These included delivering all actions that were scheduled to be delivered in 2015-16 in the Minister's Implementation Response to the Mills Report by 31 March 2016, delivering the Agencies Contribution (2015-16) to the joint Central / Local Government Action Plan to ensure legal disposal of domestic waste by 31 March 2016 and achieving key targets on board approved Health & Safety programmes of work. Further detail of the work undertaken in meeting the key targets is provided in section 1.6 of the Performance Report.

Further detail of the work undertaken in meeting all the key targets is provided in the Performance Report, but I would also like to highlight some of our other achievements in this foreword.

I welcome a significant amount of EU funding to be allocated to the Environment theme in Northern Ireland under the INTERREG programme. A total of €72m together with an additional €12.7m provided through national contributions will be available for collaborative environmental projects in the border region of Ireland and Western Scotland. This programme offers a significant opportunity to recover habitats and species of concern, achieve a more integrated approach to marine management and improve water quality across the region. The Special European Programmes Body (SEUPB) requested applications under the environment theme, with the call closing on 8 January 2016. Applications are currently being assessed. It is anticipated that the first letters of offer will issue in September 2016.

In December 2015, the Department published Second Cycle River Basin Management Plans. The plans set out our objectives for protecting and improving Northern Ireland's rivers, lakes, estuaries, coastal waters and groundwaters by 2021. The plans also set out proposed measures that will be required in order to meet these objectives, subject to funding being available.

NIEA and authorities in the Republic of Ireland continued to work on returning illegally deposited waste to fully authorised landfill sites in the Republic of Ireland. In this regard, over 7,500 tonnes of waste was removed from two sites during the year at Altnamackan in Co. Armagh and Mayobridge in Co. Down. Proposals to complete the remaining five sites in the repatriation programme are being developed and NIEA continues to work in close co-operation with colleagues in the Republic of Ireland on this important project.

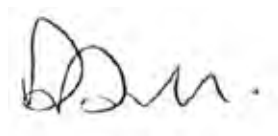
Following the identification of the illegal waste site in the townland of Mobuoy near Londonderry in June 2013, an independent review of the illegal site was immediately commissioned. This review, which was undertaken by Christopher Mills, a former director of the Welsh Environment Agency, was completed by December 2013. One of the key actions during 2015-16 was to deliver all actions that are scheduled to be delivered in 2015/16 in the Minister's Implementation Response to the 'Mills Report' which set out a number of key recommendations to help create a waste sector that complies with the law, protects the environment and underpins resource efficiency. I am pleased that this overall action, which is a Key Performance target for the Agency, was achieved in full.

Our sites and properties continue to be an important resource for Northern Ireland providing green spaces and giving public access to nature reserves. Over 1.4 million people visited our main properties in the 2015 calendar year to enjoy the facilities whilst increasing their awareness of the natural environment.

In addition we continued to do our underpinning work of licensing, consenting, inspecting and enforcing in relation to a wide range of regulatory regimes. This activity is fundamentally important in maintaining a high quality environment in Northern Ireland and for the well-being of our people.

Furthermore, I am grateful to the many organisations that help us, including those from the voluntary, business, law enforcement and community sectors. However, I am most grateful to the staff in the Agency for their professionalism, dedication and commitment in delivering the overall aims and objectives of the Agency, particularly following the loss of a significant number of staff from the Agency through the NICS Voluntary Exit Scheme (VES).

Finally, I would like to personally thank my two predecessors who fulfilled the role of Chief Executive during the financial year, Wesley Shannon (from 1 April to 22 November) and Helen Anderson (from 23 November to 29 February), particularly during a time of significant change due to the preparations for transferring to the new Department but also the loss of a number of staff from the Agency during the year under the NICS Voluntary Exit Scheme.



David Small
Chief Executive
22 June 2016

PERFORMANCE REPORT

Overview

Introduction

The Northern Ireland Environment Agency (NIEA, the Agency) hereby presents its Annual Report and Accounts for the year ended 31 March 2016.

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

Status

As mentioned in the Chief Executive's foreword, for the period of this report (1 April 2015 to 31 March 2016) the Northern Ireland Environment Agency was an Executive Agency within the Department of the Environment (DOE) in Northern Ireland. It is the successor of the Environment & Heritage Service (EHS) which was established on 1 April 1996. The NIEA was launched on 1 July 2008, pursuant to a Ministerial decision that the EHS would be reorganised into the NIEA.

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 & Personnel (DFP) Guide - Managing Public Money Northern Ireland (MPMNI).

Principal Activities

Our strategic objective is '*To create prosperity and well being through effective environment and heritage management and regulation*'.

We seek to achieve our aim in a variety of ways, including regulation and enforcement, designation and management of sites, grant-aid schemes, management of countryside, monitoring programmes, and awareness raising measures.

We also provide scientific and technical advice to Government on the development of legislation and policy.

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.

STRUCTURE

During the period of this report NIEA was an Executive Agency within the Department of the Environment (DOE, the Department). It sat within the Environment and Marine Group of the Department and is headed by a Chief Executive and a Board of Directors with two Divisions – Natural Environment and Resource Efficiency. The work of the former Innovation Strategies Division was redistributed between the two remaining Divisions following the departure of the Director under the Northern Ireland Civil Service voluntary exit scheme at the end of September 2015. An organisational chart showing the Divisions is at page 27.

A Statutory Advisory Council provides the Agency with independent advice on environmental issues and activities. This is the Council for Nature Conservation and the Countryside (CNCC).

Corporate service functions have been provided by the Department's Human Resources and Organisational Change Division and Finance and Business Planning Division.

At 31 March 2015, there were 663 staff (full time equivalents). The split was 376 male and 287 female. At 31 March 2016, there were 441 staff (full time equivalents). The split was 244 male and 197 female. The significant reduction in staff numbers relates primarily to the transfer of the Historic Environment Division staff to the core Department from 1 April 2015 and the impact of the Northern Ireland Civil Service Voluntary Exit Scheme.

VALUES

The Agency seeks to ensure high standards are maintained by its entire staff in fulfilling their role of supporting the Minister and developing good quality services for our customers. In doing this we will observe the core Northern Ireland Civil Service (NICS) values of integrity, honesty, objectivity and impartiality.

In addition to observing the core NICS values of integrity, honesty, objectivity and impartiality, we are passionate and proud of what we do and seek to ensure high standards in all areas of our work through:

- ◆ Being trusted by having an open and participative working environment;
- ◆ Providing excellent professional standards by delivering services to our customers based on speed, high quality and low cost;
- ◆ Being fair and complying with government policy on fairness, equality and human rights; and
- ◆ Working in partnership with others who are committed to protecting the environment and our heritage.

Future Developments

In addition to the NIEA's Programme for Government key commitment relating to having in place an action plan to implement the new Biodiversity Strategy which will work towards halting the loss of biodiversity by 2020, examples of areas on which the Agency will deliver are:

- 1) To deliver all the actions that are scheduled to be delivered in 2016/17 in the Minister's Implementation Response to the Mills Report, following the identification of the illegal waste site in the townland of Mobuoy near Londonderry.
- 2) To work closely with Departmental colleagues in the new Department of Agriculture, Environment and Rural Affairs (DAERA) on the direction and roll out of the Northern Ireland Rural Development Programme (NIRDP) for 2014-2020. Through a new Environmental Farming Scheme and other related measures, the NIRDP will provide invaluable funding to support sound environmental management and biodiversity across protected sites and the wider countryside. Natural Environment Division will look to provide support through the provision of data, advice on targeted and tailored interventions.

- 3) As mentioned in the Chief Executive's foreword, under the reorganisation of government Departments, the Agency transferred to the new Department of Agriculture, Environment and Rural Affairs (DAERA) on 9 May 2016.

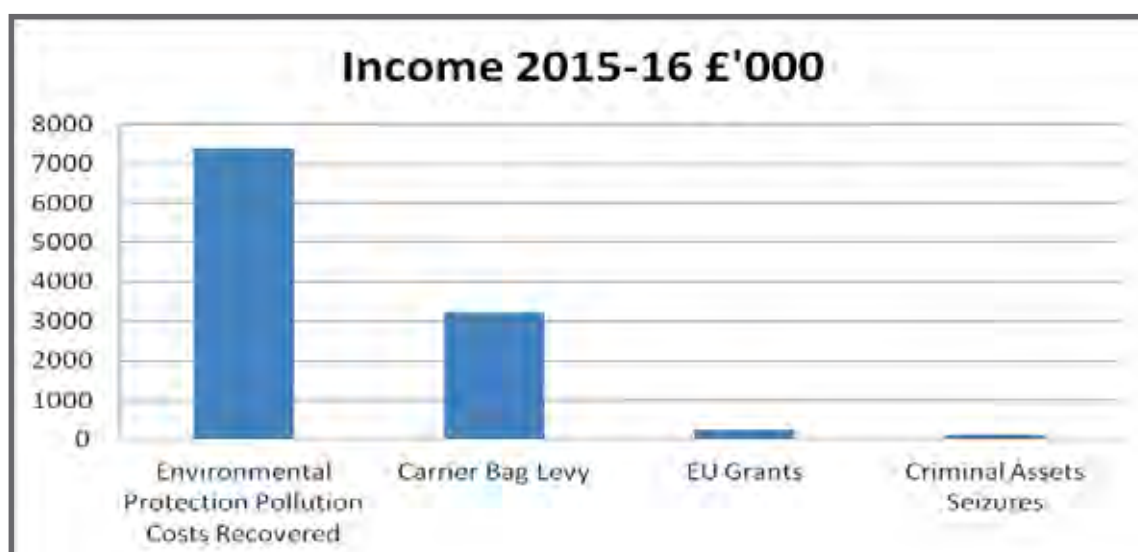
Performance Analysis

Funding

- 1.1 Our primary source of income in terms of Resource and Capital Expenditure comes from Central Government. The total net assets held by the Agency at 31 March 2016 was £20,554K (2014/15: £22,307K).

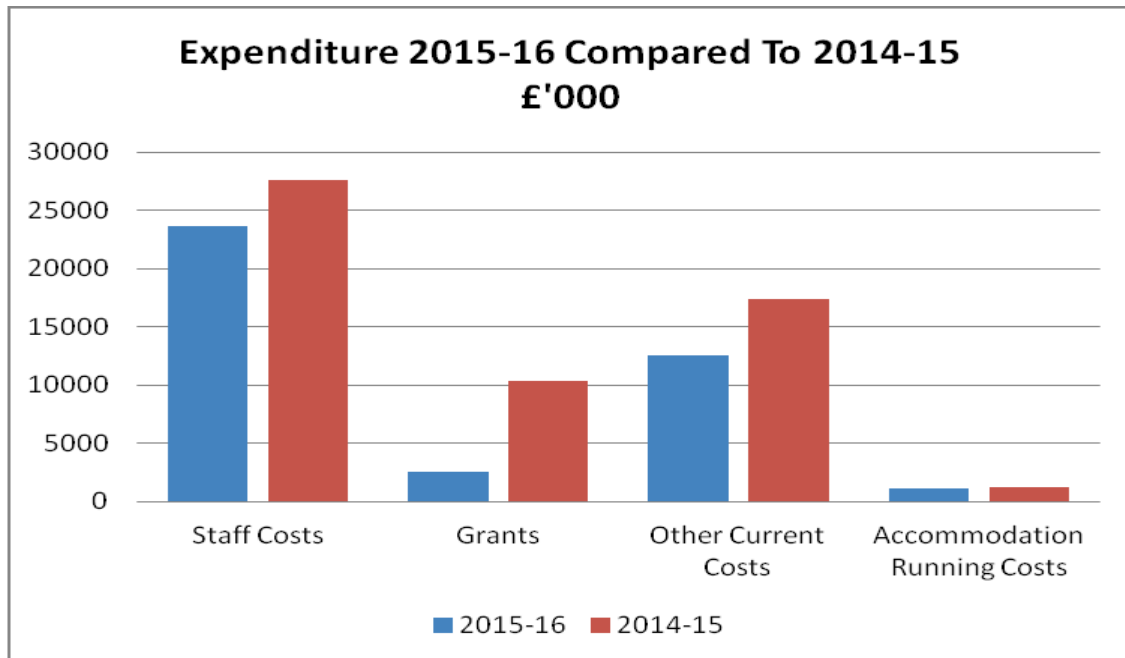
Results for the Year

- 1.2 The Statement of Comprehensive Net Expenditure is set out on page 54 and shows the net cost of operations as £28,559K (2014/15: £43,551K) representing a decrease in net costs amounting of £14,992 (34%). Three major issues impacted upon the financial figures in 2015-16; the transfer of the Historic Environment Division functions and almost 100 staff from NIEA to DOE Core, the loss of 79 staff as the result of a Voluntary Exit Scheme and the impact of budget reductions. These changes impacted upon all areas of the accounts and resulted in significant reductions in balances in the Statement of Comprehensive Net Expenditure and the Statement of Financial Position. Balances such as the Trade Payables and Other Current Liabilities (see Note 14), Provisions for Liabilities & Charges (see Note 15) and Trade Receivables & Other Current Assets (see note 12) fell significantly.
- 1.3 Income decreased during the year from £13,073K in 2014/15 to £11,213K in 2015/16. As the current EU Programme Interreg VI(a) comes to an end the amount of income received by NIEA in relation to that programme fell in the current year by £1.1m when compared with 2014-15. Further reductions in income came as a result of the transfer of HED to DOE. Income from Historic Building and Monuments is now recognised in DOE Core. The chart below provides a breakdown of the income figure.



- 1.4 Total expenditure during the year was £39,772K (2014/15: £56,624K) representing a decrease in total expenditure amounting to £16,852K (30%). Staff costs amounting to £23,621K (2014/15: £27,644K) make up 59% (2014/15: 49%) of the total expenditure.

The Agency lost 79 staff under the VES Scheme and almost 100 staff who transferred to DOE Core. Grant costs amounting to £2,553K (2014/15: £10,321K) being 6% (2014/15: 18%) of total expenditure. A breakdown showing grants paid by each directorate is included in Note 4 of these accounts. The 2014/15 figure for grants includes £4,608K which relates to grant payments made by Historic Environment Division.



Property, Plant and Equipment and Intangible Assets

- 1.5 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.

Agency Business Plan Targets

- 1.6 The Agency's performance against the 6 key Ministerial targets set out in our Business Plan 2015/16 is reflected below. The achievements reported have been validated by the Department's Internal Auditors.

No	OBJECTIVE	MEASURE	KEY TARGET [Target date is 31 March 2016 unless otherwise stated]	RESULT
1	Deliver effective compliance and implementation of legislation and international obligations	Protection of Drinking Water Quality	Achieve 99% overall compliance with Drinking Water quality standards in 2015 for Private Water Suppliers registered with the Drinking Water Inspector.	NOT ACHIEVED
2		Improve the water environment	Publish a consultation on the 2nd cycle Draft River Basin Management Plans by 22 December 2015 and report to the European Commission by 22 March 2016.	NOT ACHIEVED

No	OBJECTIVE	MEASURE	KEY TARGET [Target date is 31 March 2016 unless otherwise stated]	RESULT
3		Improve resource efficiency and improve Waste Management	To deliver all actions that are scheduled to be delivered in 2015/16 in the Minister's Implementation Response to the Mills Report by 31 March 2016.	ACHIEVED
4			Deliver our contribution (2015/16) to the Joint Central/Local Government Action Plan to ensure legal disposal of domestic waste by 31 March 2016.	ACHIEVED
5	Support a sustainable economy	Support the sustainable growth in the Agri-Food Sector	To agree and implement the Memorandum of Understanding with the Ulster Farmers Union.	NOT ACHIEVED
6	Promote best practice working	EMG Health & Safety programme of Work	Achieve key targets on Board approved H&S Programme of Work	NOT ACHIEVED

Explanation for Targets not Achieved

1.7 Key Target Number 1

The final compliance for January 2015 to December 2015 was 98.48%. There are a number of factors which reduced compliance at private supplies, including eight new sites which were non-compliant on registration with Drinking Water Inspectorate.

1.8 Key Target Number 2

Technical issues with reporting systems and data checkers has led to delays.

1.9 Key Target Number 5

A Memorandum of Understanding (MoU) was drafted and later revised in light of advice from the EU. Agreement has not been reached with The Ulster Farmers Union in relation to the draft MoU and therefore the target could not be achieved.

1.10 Key Target Number 6

A planned review of the EMG Boat Working Arrangement was not completed due to Departmental restructuring.

Customer Standards

1.11 NIEA is committed to meeting the standards of service to its customers as published in the Agency's Customer Charter and Environmental Legislation and Service Standards which can be viewed on the website at <https://www.daera-ni.gov.uk/northern-ireland-environment-agency>.

1.12 Internal figures for a few of the key areas are reported below to give an indication of performance for environmental legislation and service standards.

- ◆ 100% of the 245 notifications for regulating farm storage facilities were assessed and acknowledged within the 28 day standard; and
- ◆ 100% of the 28,800 applications for consignment notes to move hazardous waste were fully completed within the 15 day standard.

1.13 We continue to review our processes and make every effort to address any specific causes of delay which may be identified.

Raising Awareness

1.14 Throughout the year, NIEA continued to provide information, advice and guidance with a view to raising awareness of environmental issues, increasing knowledge on how to help protect the environment and also increasing awareness of NIEA, its roles and responsibilities.

1.15 By March 2016, NIEA has (without advertising) attracted 5,754 likes on its Facebook (compared with 5,151 likes in March 2015). NIEA continues to work to improve this increasingly important communications tool. Also, the Agency had 1,911 followers on Twitter by March 2016 (compared with 1,699 in March 2015).

1.16 NIEA property managers facilitated a number of national and locally organised family events such as the Tall Ships event and 12 nature walks. In May 2015, NIEA took part in the Balmoral Show.

1.17 NIEA works in partnership with the independent charity, Crimestoppers, to target illegal waste businesses.

1.18 NIEA has continued to work with stakeholders bilaterally and through the Northern Ireland Water Framework Directive Stakeholder Forum and nine Catchment Stakeholder Groups to develop focused Local Management Area (LMA) action plans. A total of 26 action plans, covering all of Northern Ireland, are operational and details of these are available on the NIEA website.

NIEA Properties

1.19 NIEA manages or contributes to the management of 70 sites including Country Parks, Nature Reserves and Visitor Centres. Most are open to the public throughout the year. NIEA continues to maintain its properties; ensuring visitors are fully informed whilst enjoying the facilities available. Management of visitors to historic monuments in state care transferred from NIEA to the Core Department in April 2015.

1.20 In the 2015 calendar year, the number of visits to the 8 main NIEA properties was estimated at 1.4m based on automated visitor counters, down on the previous year by 0.4m, the lowest number of visitors since 2003.

1.21 The very poor summer contributed to a disappointing number of visits to country parks. Though boosted by the reopening of the RSPB Seabird Centre at the West Light on Rathlin Island overall visits to Nature Reserves and associated visitor centres were down by over 25%. The passage of the Tall Ships out of Belfast Lough attracted large crowds to the coastal path within Crawfordsburn Country Park.

- 1.22 At Roe Valley Country Park, progress towards reinstating the generation of hydro-electricity was limited pending the upgrading of the electricity grid to accommodate the power generated. Generation should commence in 2016/17.
- 1.23 Income was generated from rents, livestock sales, the licensing of concessions and the provision of grazing and grass-cropping licences to farm businesses. While some farm business partners delivered satisfactory conservation outcomes, a few failed to comply with the terms of their licenses which were then terminated and re-tendered.
- 1.24 NIEA developed an ICT system which gave the Agency the capacity to accept on-line bookings. This system provides the public with a more modern and efficient method to book their tour or visit. NIEA will continue to explore means to modernise customer services. NIEA also introduced E-Car Charging Points at four of its Country Parks to encourage customers to reduce their carbon emissions and footprint.

Evidence Provision

- 1.25 Evidence is essential for informed and open decision making. NIEA gather evidence in a variety of forms including data, monitoring, research and survey. It is essential information to underpin the wide range of activities undertaken; from environmental regulation to reporting on the condition of our habitats, water and land. However, the data is not used exclusively by NIEA but is 'served' out to a range of other customers via partner organisations such as CEDaR - the **C**entre for **E**nvironmental **D**ata **a**nd **R**ecording, Spatial NI or via business units directly, thus further increasing the value and usefulness of the information. In particular, data from across the Agency has been used to inform development of Agricultural environmental farming schemes to maximise the outcomes required under the Rural Development Programme.
- 1.26 The Agency's scientific staff has sought to continue delivery of evidence-based projects internally, and also collaborate closely with other environmental organisations across the UK and Ireland to identify needs, share knowledge and ensure cost effective joint working. This has been challenging in the context of resource cuts and the voluntary exit of some significantly experienced staff during the year. Scientific staff collated and manipulated several spatial datasets from across the Agency, to allow targeting of planned environmental farming schemes. This will facilitate environmental outcomes in relation to Water Framework, climate change adaptation and delivery for priority habitats and species. All of the scientific data and evidence collection underpins the designation of special sites of regional, national and worldwide significance. It also helps set the baselines for priority habitats and species, across Northern Ireland, as part of European Commission statutory Reporting Articles. The Agency's regulatory staff gathers data from many different inspection and monitoring regimes. This provides the management information required to assess compliance and respond to key risks.
- 1.27 CEDaR, NIEA's long standing strategic partnership with National Museums Northern Ireland and the biological recording community of NI undertook a key piece of work for the Agency in relation to our responsibilities for reporting and informing action under the Habitats Directive. In relation to our next reporting round under the Directive, an analysis of gaps in data availability; what new initiatives are needed; who could carry out some of the work and analysis was undertaken. CEDaR secured funding under the Environment Fund to take forward this important work.
- 1.28 NIEA is a partner in the Shared Agencies Regulatory Evidence Programme (ShARE). ShARE provides a collaborative framework between the five environmental protection agencies in UK and Ireland. It aims to generate evidence and knowledge necessary to underpin environmental regulation and to maximise benefit from funding and resources

invested. Staff from NIEA actively contributed to the development of the 2015/16 programme and to the delivery of a number of projects, for example; '*Recovery of Waste Materials to Agricultural Land*' and '*Waste Crime Research and Evaluation*'.

Protection of Habitats and Species

- 1.29 NIEA continues to carry out surveys to identify the best of our terrestrial, freshwater and marine habitats and species, to inform the designation programme for protected areas. In order to complete the suite of marine Special Protection Areas (SPAs) in Northern Ireland, NIEA has proposed and consulted on a new East Coast (NI) SPA and a boundary extension for Carlingford Lough SPA, while two other SPAs have been modified to include additional species. A further two Areas of Special Scientific Interest (ASSIs) were declared, bringing the total number of ASSIs in Northern Ireland to 387. While identification of sites to be protected will continue, the emphasis will be on working with farmers, landowners and other stakeholders to ensure appropriate site management is in place.
- 1.30 NIEA worked closely with the Department of Agriculture & Rural Development (DARD) on better management of farmland for the protection of habitats and species, and in particular, the provision of evidence & advice products to inform the design and delivery of the Rural Development Programme and Environmental Farming Scheme.
- 1.31 Chalara dieback of ash, also known as Chalara or ash dieback, is a disease of ash trees caused by a fungus called *Hymenoscyphus fraxineus*, which is not native to Europe. It was first detected in young planted ash in both jurisdictions of Ireland in autumn 2012. There have been 110 detections in Northern Ireland to date, all in recently planted ash, as well as three nursery/trade findings. The infected plants are all linked to imports. All infected plants have been immediately removed and disposed of by deep burial or burning. Despite extensive surveys in and around positive sites and further afield, there have been no confirmed detections in mature ash trees in the wider countryside in Northern Ireland to date. There were, however, 52 individual positive disease detections in ash trees in native hedgerows in the Republic of Ireland in 2015, and there is a risk that the disease might reach Northern Ireland by spread of aerial spores from adjacent counties. There is also a risk of aerial spores reaching Northern Ireland from Great Britain where the disease is now widely established in both woodland and hedgerow ash trees. NIEA continues to work closely with DARD in disease surveys, disease control and policy development.

Countryside & Coast

- 1.32 NIEA continued to support Outdoor Recreation Northern Ireland, the Mourne Access Group and other strategic outdoor and recreational providers and groups. The Agency assisted with the implementation of the Outdoor Recreation Action Plan for Northern Ireland in partnership with Sport NI.
- 1.33 NIEA continued to enable co-ordinated management of Areas of Outstanding Natural Beauty (AONBs) by supporting a variety of partnerships with advice, assistance and substantial funding through the Natural Heritage Grants Programme. The Agency's funding has helped these and other partners to draw down additional funding to deliver practical management and public engagement in their areas, for example, through the Heritage Lottery Fund's Landscape Partnership Scheme.

- 1.34 Work continues on an inter-agency basis and with cross border partners to develop better ways of managing the risk of wildfire in sensitive upland areas and in training landowners to better plan and manage burns for heath management.
- 1.35 NIEA sits on the Giants Causeway and Causeway Coast World Heritage Site Steering Group. NIEA aids the better management of the World Heritage Site through a project officer funded under the Natural Heritage Grants Programme.
- 1.36 The Natural Environment Division oversaw the delivery of the Challenge Fund for community led environmental projects, and Natural Environment Fund programmes to support projects and initiatives that contributed to the conservation of biodiversity and special landscapes and to the enjoyment of the countryside. Natural Environment provided £2.2 million in grant aid, supporting the work of many of the key environmental non-Government Organisations in Northern Ireland, councils, schools and local communities who help to achieve our objectives. The Agency supported a total of 149 projects delivered by 107 organisations. The team also oversaw the initiation of a new Environment Fund for 2016/17 to protect and improve habitats, the quality of air and water, promote health, wellbeing, resource efficiency and sustainable economic development and access to the natural environment.

Landscape Management

- 1.37 The Northern Ireland Regional Landscape Character Assessment (NIRLCA) was published on-line on the DOE(NI) website in February 2016 . This builds on the more detailed Northern Ireland Landscape Character Assessment 1999 (NILCA) and provides the new councils with a regional scale landscape framework which is intended to assist with their Local Development Plans.

Industrial Pollution and Radiochemical Inspectorate (IPRI)

- 1.38 NIEA currently regulates 550 installations under the Pollution Prevention and Control (Industrial Emissions) Regulations (Northern Ireland) 2013. These include 405 Part A installations where a single permit covers releases to all environmental media as well as energy efficiency, waste minimisation/recycling, noise and site protection issues. Part A installations include intensive farms, food and drink processors, cement factories, glass manufacturing, waste incineration, non-ferrous metal processing and power stations. There are 145 regulated Part B installations whose permits cover releases to air only. Part B installations include quarries, road stone coating plants and surface treatment of metals. The Industrial Emissions Directive brought a number of new activities into integrated control for the first time for example wood preservation and additional animal feed mills. A wider range of waste activities is also being controlled including activities such as the pre-treatment of waste for incineration.
- 1.39 Monitoring of releases to the environment was carried out at a broad cross section of both Part A and Part B installations. Audits were also carried out on the continuous emissions monitoring systems at the majority of large Part A installations, (e.g. power stations, incinerators and co-incinerators). NIEA maintained its accreditation under the Monitoring Certification Scheme (MCERTS) and the United Kingdom Accreditation Service (UKAS) for manual stack emission monitoring for a range of key pollutants including odour. The Unit participated in two independent external proficiency schemes associated with its monitoring work and obtained satisfactory results. An environmental monitoring survey for PM_{2.5} particulate matter was also carried out at an intensive farming installation.

- 1.40 Around 400 inspections of Part A and Part B Pollution Prevention and Control (PPC) installations were carried out either to assess compliance or in response to complaints or other incidents. A total of seven enforcement notices were issued and one operator was prosecuted for water pollution.
- 1.41 Data on releases from PPC installations and some other specified activities were collected and will form part of the UK Pollutant Release and Transfer Register.
- 1.42 In relation to the European Union Emissions Trading Scheme (EUETS), NIEA currently regulates 24 installations under the Greenhouse Gas Emissions Trading Scheme Regulations 2012. EUETS installations include power stations, food and drink processors, cement factories, glass manufacturing, paper production and non-hazardous waste incineration. Five of the 24 installations held an 'excluded emissions permit' which included an annual emissions limit for 2014. As a result of failures to comply with these emission limits, IPRI issued three civil penalties totalling circa £25,800, and payment was received by the Department in 2015. The remainder of sites were compliant with their 2015 emissions reporting and allowances surrender requirements.
- 1.43 The Carbon Reduction Commitment Energy Efficiency Scheme Order 2013 (CRC) is a UK wide scheme, with 48 Northern Ireland based registered participants in the scheme, including the 13 mandated government Departments. April 2014 to March 2015 was the first compliance year for phase 2. The deadline for 2014/15 allowance surrender was 31 October 2015 following submission of the annual reports in July 2015. The Chief Inspector issued seven enforcement notices to participants for failure to surrender by the deadline, and these were subsequently complied with. The fifth Annual Reporting Information (ARI) has not yet been published. NIEA audited 8 participants during the compliance year.
- 1.44 The Energy Savings Opportunity Scheme Regulations 2014 (ESOS), is a UK wide statutory instrument, and is a mandatory scheme for large organisations in the UK. It requires organisations to undertake regular assessments to identify cost effective energy savings measures. Enterprises within ESOS must measure their total energy consumption, undertake an audit of their energy efficiency and identify areas where energy savings can be made. The ESOS assessment must be reviewed by an 'ESOS lead assessor' who is registered with a professional body and be signed off by one or more board level directors. Notification of compliance had to be submitted by the 5 December 2015. By January 2016, 107 participants had notified their compliance with the scheme. NIEA are currently pursuing enforcement action with a number of companies that have not notified compliance.
- 1.45 Prosperity Agreements are voluntary agreements through which the NIEA and an organisation can explore new creative ways of reducing environment and heritage impacts whilst simultaneously creating prosperity and well-being. A Prosperity Agreement is about economic prosperity and is a tool for NIEA to help key partners see the environment as a way to achieve this. One of the key benefits of a Prosperity Agreement is to facilitate interaction with an organisation in a more strategic way. To address critical issues like climate change and resource efficiency, and to generate the step change needed to deliver prosperity and well-being, requires companies to go beyond simple compliance. Prosperity Agreements create a framework for this dialogue, and makes the results visible and measureable. It links the environmental performance of an organisation very clearly with its commercial success. Other benefits include reducing red tape and improving our customer service with a focus on achieving good environmental and economic outcomes.

Six Prosperity Agreements were signed by Minister Durkan, with:

- Linden Foods & Linergy in August 2014;
 - Lafarge Tarmac in March 2015;
 - Thompsons Feeds in July 2015;
 - Londonderry Inner City Trust in December 2015;
 - Coca Cola HBC in February 2016; and
 - Transport NI in March 2016
- 1.46 Under the Radioactive Substances Act 1993 (RSA), NIEA currently regulates 65 premises registered for keeping or using radioactive materials, 24 of which are also authorised to accumulate and dispose of radioactive waste. There are 16 operators holding Certificates issued under the High-activity Sealed Radioactive Sources and Orphan Sources Regulations 2005. In addition, there are a number of premises in Northern Ireland which hold small quantities of radioactive material in accordance with the terms and conditions of The Radioactive Substances Exemption (Northern Ireland) Order 2011. Approximately 140 visits to regulated sites were carried out to assess compliance with legislation or to investigate incidents.
- 1.47 NIEA also regulates the transport of radioactive substances by road. Compliance visits were carried out on a sample of companies transporting radioactive packages to assess their compliance with the Regulations.
- 1.48 NIEA also continued to monitor the impact of radioactive discharges from Sellafield on our coastline through sampling of local sediments, fish, shellfish, seawater and seaweed. The results continue to indicate that levels of contamination are negligible in terms of radiological impacts upon the Northern Ireland population.

Waste Management

- 1.49 NIEA continues to promote 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.
- 1.50 The NIEA Waste Licensing Team continued to monitor, audit and regulate licensed and exempt waste facilities and activities in order to protect and minimise impacts to the environment and human health. There are currently 329 licensed waste facilities, 451 exempted waste facilities and 9 permitted waste facilities regulated by this team. This work covers a wide range of facilities, such as waste transfer stations and recycling plants, Authorised Treatment Facilities for end-of-life vehicles and Material Recovery Facilities. The Agency has processed over 217 applications for exemptions and exemption renewals. 29 waste management licence applications, 12 modification applications and 8 surrender applications were processed during this period. The team conducted over 1,080 site visits during this period, comprising scheduled monitoring site inspections, unscheduled visits and visits to exempted sites.
- 1.51 NIEA has responsibility for the registration of waste carriers to ensure the legitimate transportation of controlled wastes. During the year 1,308 applications were processed (436 new applications and 872 renewal applications). There are currently 447 low risk Lower Tier registered waste carriers, and 3,454 Upper Tier Waste Carriers in Northern Ireland. Lower tier waste carriers are primarily government organisations, charities and businesses that carry agricultural or mining wastes; upper tier waste carriers are mainly private businesses carrying a wide range of different waste streams.
- 1.52 NIEA submitted four cases to the Public Prosecution Service and there are a number of other investigations ongoing. In November 2015, an operator was sentenced to a 12

month suspended prison sentence for an Article 4 offence under the Waste Order 1997 for unauthorised waste management activities at an End of Life Vehicles site. Sixteen Fixed Penalty Notices were issued resulting in £4,650 being received in fines. 398 incidents were received for investigation. Several formerly unauthorised sites visited have now obtained waste management authorisations, resulting in greater control of the activities and additional revenue in fees. This demonstrates the success of the enforcement section's approach.

- 1.53 NIEA monitors and regulates nearly 100 permitted waste facilities to ensure protection of the environment and human health. This work covers operational landfills, anaerobic digesters, sludge treatment at waste water treatment works, materials recycling facilities producing refuse derived fuel, and large metal processing and hazardous waste installations. NIEA issued 10 new permits and also dealt with 15 variations to existing permits. A number of these applications and variations were necessary to implement the requirements of the Industrial Emissions Directive and the programme of work to update existing waste licences to waste permits has now largely been completed. The waste permitting team also monitors the closure and aftercare of closed landfills to ensure compliance with the Landfill Directive. The team conducted over 330 site inspections to check compliance at permitted sites and closed landfills. In general, operators are achieving a high level of compliance with their permits. To address non-compliances, NIEA issued six formal enforcement notices, achieved one successful prosecution and submitted another case to the Public Prosecution Service which is still ongoing.
- 1.54 NIEA is the Monitoring Authority for the Northern Ireland Landfill Allowance Scheme (NILAS) and other Waste Management Strategy key performance indicators such as recycling rates. It collects, validates and audits data from landfill operators and from district councils using the on-line '*WasteDataFlow*' portal. There were nine landfill operator audits, six local authority audits and one notice issued under the NILAS regulations this year. Provisional collected municipal waste reports from Local Authorities are published quarterly, as well as the final annual report. NIEA also collect and validate quarterly data from authorised waste site operators which is necessary to record Northern Ireland's contribution to the UK's Waste Statistics return. 80% of the 500 site operators complied with their quarterly deadlines.
- 1.55 NIEA staff assessed and recorded details of all hazardous waste movements under the Hazardous Waste Regulations (Northern Ireland) 2005. Each movement of hazardous waste must be accompanied by a uniquely coded document, known as a consignment note, which tracks the movement of the waste from start to finish. In addition, the Agency complements this with advice on dealing with hazardous waste and compliance with the regulations and carries out assessments on classifying waste. Over 30,600 consignment notes were processed and 157 site visits, audits and road and port checks were conducted. Thirteen warning letters and three fixed penalty notices were issued, and one conviction was obtained.
- 1.56 NIEA also administers and enforces the Transfrontier Shipment of Waste Regulations 2007 in Northern Ireland. NIEA is the Competent Authority for all shipments of waste from and to Northern Ireland, to and from countries outside the UK. The regulations implement the requirements of the EU Regulation 1013/2006 on shipments of waste, which in turn implement the Basel Convention. The procedures to be followed depend on the waste stream involved, the recovery/disposal operation proposed and the country to which it is destined. NIEA processed 64 notifications and assessed over 9,500 forms for green listed waste exports. 150 site visits, audits and port checks were conducted to ensure compliance with the regulations. To address non-compliances, NIEA issued ten Prohibition Notices. There was one successful prosecution against a major waste company for the illegal shipment of waste to China and one fixed penalty notice issued.

- 1.57 To ensure compliance with the Northern Ireland Packaging Waste Regulations, NIEA carried out 100 regulatory visits to obligated businesses to check that the amount of packaging they handle was reported accurately and their obligations were correct. In addition, 77 businesses that are currently not registered were visited to assess if they were above the thresholds specified in the regulations and would consequently need to register.
- 1.58 The number of producers rose to 416 and these businesses were responsible for recycling 168,259 tonnes of packaging waste, an increase of approximately 16,000 tonnes from the previous year. Twelve local businesses were accredited by NIEA to issue evidence of waste packaging reprocessing or export for recovery with 28 audits and spot checks of these businesses being carried out. Sale of evidence by these accredited local businesses generated income which was re-invested back into the local recycling sector. Five national Compliance Schemes were visited in a joint audit programme with the Environment Agency (England & Wales) and the Scottish Environmental Protection Agency (SEPA).
- 1.59 NIEA continued to monitor compliance with the Waste Electrical and Electronic Equipment (WEEE) and Batteries regulations. One WEEE producer compliance scheme was audited this year, 30 audits and spot checks on licensed waste operators dealing with WEEE and Batteries were completed and 12 unregistered businesses were also visited to assess their obligations. The number of producers registered as WEEE producers increased to 89. Fourteen local waste operators were approved to issue evidence of WEEE treatment or export for recovery. The online regulatory system for batteries continues to operate with a total of 20 registrations for batteries.
- 1.60 NIEA processed five End of Waste (EOW) submissions. Regulatory Position Statements dealing with issues relating to food, anaerobic digestion, tyres and agriculture have been developed and published to assist business and NIEA staff. Changes to the NIEA policy on financial provision for waste management activities has been issued for consultation and the final revised policy will be published in April 2016.
- 1.61 A pilot study to develop operational arrangements on fly tipping commenced in June 2012, and had 21 of the former local councils signed up. In April 2014, the original 26 councils formed 11 new councils under local government reform, and NIEA is continuing to work in partnership with the new councils to deliver prompt clean up of fly tipped wastes. Under the pilot agreement, NIEA is responsible for the removal of certain types and volumes of fly tipped waste. NIEA organised the collection and disposal of fly tipped waste for 153 incidents amounting to over 1,035 tonnes of waste. Waste types included asbestos, fuel laundered waste and waste tyres.
- 1.62 NIEA continued with the repatriation of waste programme. Approximately 7,500 tonnes of waste was removed from two sites at Altnamackan in County Armagh and Mayobridge in County Down in 2015-16. Proposals to complete the remaining five sites in the Repatriation programme are being developed and NIEA continues to work in close co-operation with colleagues in the Republic of Ireland on this important project.
- 1.63 Following the discovery of the illegal waste site at Mobuoy Road, the site was further investigated. The estimated volume of controlled waste illegally deposited at the Mobuoy waste site is reported to be a minimum of 913,105m³ with an additional estimate of 252,050m³ of controlled waste present in the former licensed landfill area some of which has been illegally disposed. NIEA's environmental monitoring of the site continues and an assessment of the risks is being progressed. The key priority for the Department is to protect the River Faughan and ensure that the site clean-up provides value for money.

This ongoing assessment of the risks will inform the remediation strategy to protect water quality of the River Faughan. Also the Department has established a Mobuoy Stakeholder Group composed of over 20 interested parties. Project information is being made accessible on the Department's Mobuoy publications web page (<https://www.daera-ni.gov.uk/publications/mobuoy-road-waste-project>).

Environmental Crime

- 1.64 NIEA Environmental Crime Unit (ECU) was established with the specific aim of tackling serious and organised criminality in Northern Ireland's waste industry (both licensed and unlicensed). The most serious offenders can make considerable sums of money by avoiding taxes, fees and charges. In addition, legal and/or health and safety requirements placed upon legitimate companies are often evaded.
- 1.65 February 2016 saw the formal appointment of a new Head of Unit who heads up a team of criminal and financial investigators. The teams conduct complex investigations into the most serious kinds of environmental offending, ranging from unauthorised landfilling, metal theft, the dumping of fuel laundering waste, through to vehicle breaker yards operating without the correct authorisations.
- 1.66 The criminal element of ECU's investigations focuses on establishing the extent of offending in terms of contravention of environmental legislation. Financial investigators focus on seeking to remove illicit assets and, secondly, to deprive criminals of the means of offending in future.
- 1.67 The NIEA Assessment Unit has helped drive our intelligence-led approach and direct our resources. They have dealt with 879 incident and intelligence reports.
- 1.68 Investigators helped oversee 27 successful convictions for waste crime, including one custodial sentence of six months plus six months on licence - after appeal, which generated £43,725 in fines. Under the Proceeds of Crime Act (POCA), 4 confiscation orders were secured to a value of £304,914.
- 1.69 NIEA ECU leads for the Agency in NIEA's strategic partnership with the PSNI, which is now in its fourth year. PSNI assistance during the past year has again proved invaluable and the partnership continues to evolve and improve.
- 1.70 NIEA ECU has seen some notable firsts this year, including:
 - Collaboration with the Department's Marine Environment Division saw the first prosecution in Northern Ireland for marine offences. On 18 November 2015, men from Limavady and Ballymena were given two year suspended sentences for the unauthorised use of approximately 20,000 tyres as sea defences on land at Bellarena near Limavady. Left in situ, the tyres, which were either buried or resting adjacent to the shoreline of Lough Foyle (on a site without the appropriate licence), would have interfered with the natural sea processes in the Lough and, as a result, threatened neighbouring land with erosion.
 - November 2015 saw the first custodial sentence imposed for waste crime in eight years. A Ballynahinch man was sentenced to 18 months imprisonment, later reduced to 12 months on appeal, half of which was to be served on licence. This is the longest sentence imposed, to date, for environmental crime in Northern Ireland. The offender in question had previously been made the subject of a £108,350 confiscation order

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

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

Water Management

- 1.71 In progressing delivery of the Water Framework Directive (WFD), Second Cycle River Basin Management Plans for the North Eastern, Neagh Bann and North Western River Basin Districts were published in December 2015. The plans set out the latest assessment of the status on the water environment and using this new baseline, set out objectives for 2021. The plans also set out the measures required to meet these objectives. The plans are accompanied by a comprehensive range of supporting documents, including an Economic Assessment.
- 1.72 The objectives set for 2021 are challenging, aiming for up to 70% of all water bodies at good or better. This target has been set based on the progress to date and the comprehensive set of new measures, over 120 in all, to tackle the main issues impacting on the water environment. Measures include water related options within the Rural Development Programme Environmental Farming Scheme and significant investment in Northern Ireland Water infrastructure through the PC15 programme. Both of these have been developed over the last 12 months with WFD as a key driver.
- 1.73 NIEA continued to work towards improving water quality to ensure compliance with national targets and EU legislation. A total of 1,670 water pollution reports were investigated and evidence of pollution was found in 928 of these investigations. Where appropriate, clean up and enforcement measures were taken.
- 1.74 A total of 44 files of evidence relating to water pollution incidents were prepared and submitted to the Public Prosecution Service (PPS) with a recommendation for prosecution. In addition, a total of 45 water pollution prosecution cases were heard in court, of which 42 (93.3%) resulted in a successful conviction. The remaining three cases were resolved by way of a caution.
- 1.75 NIEA visited industrial, agricultural, construction, demolition, wind farm and other sites providing pollution prevention advice and carrying out risk assessments with the aim of minimizing the impact of activities on the environment. The Agency works in partnership with the other UK Environment Agencies and has produced Pollution Prevention Guidelines that ensure that advice given is current best practice. NIEA staff have been involved in a range of projects, providing advice relevant to the scoping, design, planning and construction phases.
- 1.76 NIEA continues to work closely with industry, establishing a number of liaison groups and involving the stakeholders in major projects, thereby providing a forum to discuss issues and ensure that pollution prevention measures are duly considered and applied.

- 1.77 The Agency provides a reactive function in response to major pollution incidents and carried out a number of site specific risk assessments on business premises.
- 1.78 NIEA actively worked with colleagues in the Department's Environmental Policy Division (EPD), Department of Agriculture and Rural Development and stakeholders to amend time-bound elements of the Nitrates Action Programme Regulations, including the derogation, together with associated guidance. NIEA also worked with the same bodies in providing guidance to farmers facing potential difficulties over the slurry spreading 'closed period' of winter.
- 1.79 NIEA staff also attended a number of regional agriculture shows, events and meetings throughout the year to provide information to farmers on the Agency's role and existing or proposed environmental regulations, including the derogation, which affect the agricultural industry.
- 1.80 NIEA carried out 313 cross-compliance farm inspections throughout Northern Ireland under the three environmental Statutory Management Requirements and three Good Agricultural and Environmental Conditions relating to the Habitats, Birds, Groundwater, Buffer Strips, Irrigation Authorisations and Nitrates Directive. 76 further farm premises were visited to investigate alleged pollution incidents and breaches of the Nitrates Action Programme Regulations. In addition, NIEA processed 119 notifications from farmers in relation to new or improved slurry stores, qualifying nitrates derogation applications for 2016 and 218 nitrates derogation fertilisation accounts relating to those farmers who had derogation in 2015.
- 1.81 Northern Ireland Water (NIW) was given responsibility for the delivery of water and sewerage services on 1 April 2007, and 2008 was its first full year of operation. NIW does not have crown immunity and is subject to enforcement action under the Water Order in the same way as any other discharger. From 2008 to the end of March 2016, Northern Ireland Water has been convicted in the Magistrate's Court on 53 occasions for water pollution offences under the Water (NI) Order 1999. The fines applied upon conviction totalled £95,150, with a conditional discharge being applied in respect of one conviction. It should be noted that a significant number of water pollution incidents attributed to NIW each year relate to blockages within the sewerage system, the majority caused by inappropriate materials such as baby wipes and sanitary items that people flush down their toilet, rather than put in the bin. NIW clears blocked sewers in order to minimise the number of incidents and also runs a variety of education and awareness raising campaigns. All discharge standards for NIW Waste Water Treatment Works (WWTW) have been reviewed for future population growth and are now being reviewed against the requirements of the Water Framework Directive.
- 1.82 NIEA has worked closely with NIW and the Northern Ireland Authority for Utility Regulation to identify priorities for investment to deliver environmental improvements. This has involved, through the Price Control Process, the establishment of environmental investment priorities for NIW for the period 2015-21 (PC15). A priority list has been agreed to include the upgrade of 19 large and 45 small WWTW and 56 unsatisfactory intermittent discharges during the PC15 process. Compliance with numeric consents was 93% for 2015, up from 92% in 2014.
- 1.83 NIEA's Water Chemistry Group (WCG) and IPRI laboratories were assessed under annual audit over 3 days at the end of March 2016 by the United Kingdom Accreditation Service (UKAS). UKAS recognised that the laboratories' quality management system continued to conform with the international standard ISO 17025 and therefore comply with the EU QA/QC, Quality Assurance Directive. The accreditation demonstrates that the evidence base provided is fit for purpose in underpinning compliance and

- enforcement programmes across the Resource Efficiency Division (RED) including WMU, Waste, IPRI and ECU.
- 1.84 In early 2016, WCG forwarded new methodologies to UKAS seeking UKAS accreditation for tests such as Fluoride in groundwater. UKAS has agreed to this extension in scope (ETS) and is considering other test procedures forwarded by the Group. These are intended to enhance the laboratories' ability to offer scientific services to a wider number of customers.
 - 1.85 WCG produced guidance on 'considerations for biota monitoring' on behalf of the UK Chemistry Task Team which 'signposts' actions to be considered by the UK and its devolved administrations. The UK Environment Agencies can use the document to develop approaches to contaminant monitoring in freshwater and marine fish life during the second cycle of river basin monitoring plans. This builds on the Group's development of a pollution inventory for NI in 2015 and published as part of the WFD second cycle river basin plans. The Group has been working with the French National Agency for Water & Aquatic Environments on how EU member states use inventories to inform and support water management policies.
 - 1.86 WCG assumed management responsibilities for Council Water Quality Officers and their manager who undertake sampling of NI's river network, industrial trade effluents, groundwater and landfill sites. This step allowed the roll out of UKAS accredited sampling procedures to these staff and Water Quality Inspectors. It included the controlled transportation, handling and preservation of samples to deliver conformance with the international standard ISO5667. The Group now delivers the NI Groundwater monitoring programme in its entirety from sampling, through to analysis and managed changes in the Water Quality Archive database to accept groundwater results alongside surface water. WCG has agreed to increase the frequency of analysis for a number of determinands in response to a data deficit flagged by the EU.
 - 1.87 NIEA's chemistry staff worked collaboratively with WMU's North West River Basin District team, other Government Agencies and angling NGOs in the completion of a 'fish kill' protocol. The aim is to improve the effectiveness of investigations in reaction to pollution events and to further develop proactive approaches. WCG's input included going beyond advice on laboratory screening techniques, with the deployment of appropriate 'field' testing equipment. The protocol was widely welcomed by key stakeholders.
 - 1.88 WCG completed greater than 99% of an agreed annual monitoring and assessment plan for NI's aquatic environment. This allowed key NIEA business objectives to be achieved such as water body WFD classification at the commencement of the 2nd River basin management plans, compliance checking of NI's larger industries and NIW in respect of effluent discharge consent and permit limits, and response to pollution incidents in the presentation of coherent evidence to the Public Prosecution Service. The Group has also commenced the development and implementation of new methods to monitor previously unmonitored substances documented in the Priority and Priority Hazardous Substances Directive.
 - 1.89 The Chemistry Team working with Environmental Crime Unit has provided analysis and expert witness statements for a number of criminal investigations. This has negated the need to sub-contract the work to laboratories in England. The approach has also improved the practicalities of sample 'chain of custody' logistics.
 - 1.90 Biological surveying in rivers and lakes is implicit in the Habitats and Water Framework Directives monitoring requirements. Using data to the end of 2014, 32% of river water bodies and 24% of lakes classified under the Water Framework Directive (WFD) were

classified as good ecological status or better. This includes cross-border water bodies not wholly within Northern Ireland.

- 1.91 NIEA set up an inter-agency River Restoration and Continuity group in 2013. The group continues to co-ordinate and consolidate activities in this developing work area. A method to assess river continuity (i.e. accessibility for migratory fish) has been developed and piloted across NI. The group is co-ordinating field studies in particular areas with the aim of developing long-term work plans for practical improvements.
- 1.92 NIEA's scientists have continued to work closely with colleagues in the Republic of Ireland on a range of water related issues driven by EU Directives for Nitrates Control and Water Quality. Scientifically robust monitoring programmes for cross border water bodies have been developed, whereby the work is divided between the two jurisdictions for cost effective delivery.
- 1.93 NIEA continues to supplement its knowledge in the use of hydraulic fracturing (Fracking) through reviewing and engaging with emerging research, studying case studies from other parts of the world and liaising with counterparts in other Environment Agencies in Britain and Ireland, and other countries where fracking is currently proposed or taking place. NIEA is also co-funding an extensive research programme on this issue along with the authorities in the Republic of Ireland. The research programme is expected to last for 24 months and will report in late 2016.

Drinking Water Inspectorate

- 1.94 NIEA's Drinking Water Inspectorate (DWI) continued to work towards improving drinking water quality for both public and private water supplies. This work was carried out on behalf of the Department for Regional Development (DRD) in respect of public supplies and on behalf of the Department in relation to private water supplies. NIEA published 'Drinking Water Quality in Northern Ireland, 2014': the 19th report in a series published by this Unit, in which it gives an independent assessment of the quality of drinking water in Northern Ireland.
- 1.95 The Private Water Supplies Regulations (Northern Ireland) 2009 provide for the ongoing protection for consumers and users of private supplies. Contraventions of the regulatory standards continue to be investigated by DWI in conjunction with the Environmental Health Department of the relevant council in order to improve drinking water quality. Along with the requirement to monitor the drinking water quality there is also a requirement that risk assessments are carried out at private water supplies; this is in line with the drinking water safety plan approach detailed by the World Health Organization (WHO).
- 1.96 NIEA continues to work closely with district councils in implementing the Private Water Supplies Regulations through the provision of training and guidance. To support a competency framework, DWI issue warrant cards to environmental health staff carrying out sampling and risk assessments on its behalf. DWI currently holds a register of commercial and domestic private supplies which it monitors under the Regulations (the Regulations do not require monitoring of domestic supplies at single private dwellings). It also continues to provide advice and guidance on private water supplies to owners and users of all private supplies, including those to single private dwellings, and published a new Private Water Supplies Bulletin.
- 1.97 Amendments to the national drinking water legislation were introduced in October 2015 to implement the requirements of the Euratom Directive in Northern Ireland. NIEA completed a radon survey of all registered private water supply sites to establish baseline

levels in drinking water. DWI has been developing a new web-based application for undertaking risk assessments at private supplies to improve data collection and support more accurate risk identification..

- 1.98 NIEA continued to work closely with stakeholders, and engage at a UK and international level. An updated 'Private Water Supplies Sampling Manual – A Field Guide' for use UK-wide was published in May 2015. The changes to the sampling procedures were rolled out through training seminars to local council Environmental Health staff in June 2015. DWI continues to meet biannually with other UK regulators to ensure a consistent approach to the regulation of private water supplies across the region.

Carrier Bag Levy

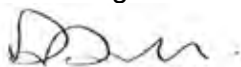
- 1.99 The carrier bag levy scheme was introduced on 8 April 2013. The scheme is managed, administered and reported on by the Department's Regulatory and Natural Resources Policy Division. £3.2m in carrier bag income was allocated by the Department to the Agency for NIEA environmental programmes. As the Minister was committed to ensuring that these proceeds were returned to local community environmental projects, most of this funding was channelled through the Challenge Fund and the Natural Environment Fund.

Planning Consultations

- 1.100 On 1 April 2015, the DOE transferred responsibility for the majority of planning functions to the 11 new local councils. The NIEA Planning Response Team was established to provide a single point of contact for coordinating NIEA responses to planning consultations and assumed operational responsibility with effect from 1 April 2015. From 1 April 2015 to 31 March 2016, 5,348 planning consultations were received under The Planning (General Development Procedure) Order (Northern Ireland) 2015 and 80% of these were responded to within the statutory period of 21 days or otherwise agreed timeframe.

Strategic Environmental Assessment (SEA)

- 1.101 As the Consultation Body for the Environmental Assessment of Plans and Programmes Directive (Strategic Environmental Assessment), NIEA seeks to influence plans and programmes to ensure that they take potential environmental impacts and preventative measures into consideration during their preparation and prior to adoption.
- 1.102 NIEA was consulted and provided advice on 18 plans and programmes developed by Government Departments and public bodies, from a wide variety of sectors such as waste management, energy, water management, marine, and spatial planning. Formal requests were received at a number of different stages of these plans including determinations, scoping and environmental reporting.
- 1.103 NIEA has continued to be involved in a number of informal meetings to advise on SEA requirements. The Agency has also engaged with informal trans-boundary consultations to help ensure that plans and programmes from other Member States do not have a significant effect on our environment.



David Small
Chief Executive
22 June 2016

ACCOUNTABILITY REPORT

Corporate Governance Report

Directors' Report

Management Board

NIEA's Management Board in the year ended 31 March 2016 comprised:

CHIEF EXECUTIVE

Wesley Shannon	-	(Acting) 1 April 2015 to 22 November 2015
Helen Anderson	-	(Acting) 23 November 2015 to 29 February 2016
David Small	-	From 1 March 2016

DIRECTOR OF NATURAL ENVIRONMENT DIVISION

Helen Anderson	-	1 April to 22 November 2015 and from 1 March 2016
Sara McGuckin	-	(Acting) 21 December 2015 to 29 February 2016

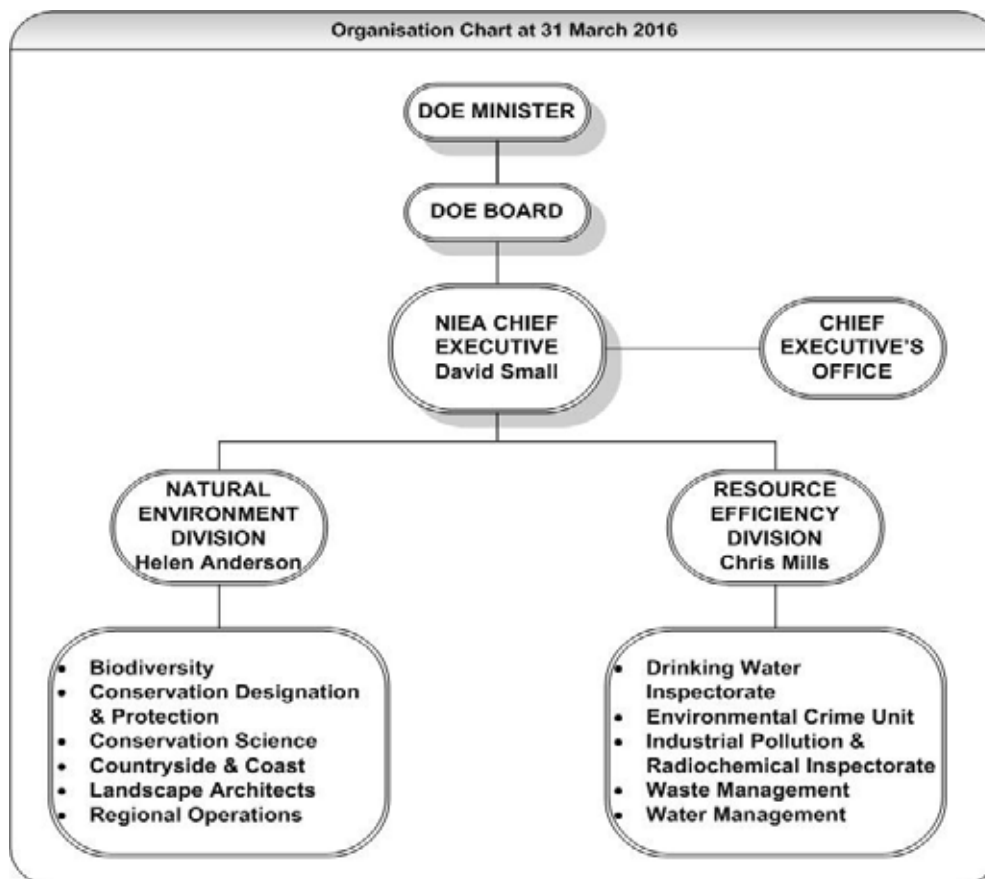
DIRECTOR OF RESOURCE EFFICIENCY DIVISION

Chris Mills

DIRECTOR OF INNOVATION STRATEGIES DIVISION

Stephen Aston	-	1 April to 30 September 2015
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The work of Innovation Strategies Division was redistributed to the remaining two Divisions following the departure of the Director under the Northern Ireland Civil Service voluntary exit scheme.



Independent Board Members

There were no Independent Board Members during the 2015/16 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 2015/16 resulted in a notional audit fee of £17K which is included in the other operating expenditure 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.

I am content that there is no relevant audit information which the Agency's auditor should be aware of. I have taken all reasonable steps to ensure that the Agency'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 40) and Note 2 of the Accounts (page 66).

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 2015/16, 95.0% of invoices for goods or services were paid within 30 days (96.0% in 2014/15) and 84.2% were paid within 10 days (87.2% in 2014/15).

Charitable Donations

The Agency made no charitable donations within the financial year (2014/15: £nil).

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.

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 (2014/15: 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.

Sick Absence

Sick absence figures from April 2015 to March 2016 for non-industrial staff is 8.5 days (3.9%) (2014/15: 8.2 days, 3.7%) working days lost and for industrial staff, 15.3 days (6.9%) (2014/15: 7.3 days, 3.3%) working days lost. The overall NIEA absence rate for 2015/16 is 8.8 (4.0%) (2014/15: 8.2 (3.7%)) working days lost. The target for 2015/16 was 7.8 days (2014/15: 7.5 days).

Employee Involvement

The maintenance of a highly skilled and effective workforce is key to the future of our business. We support 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. Having 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. In April 2014, DOE achieved formal recognition as an 'Investor in People'.

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

Sustainability Report

NIEA recognises the importance of having sustainability at the core of its business not just because of the more positive environmental outcomes that result but also because of the direct cost savings that can be achieved and as evidence of leading by example. NIEA has contributed to the Executive's Sustainable Development Strategy Implementation Plan 2011-2014 which led to the development of a Sustainability statement. NIEA continues 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 support the delivery of sustainable development priorities. Examples include:

- Work with other Government Departments, key stakeholders and the Statutory Advisory Council (Council for Nature Conservation and the Countryside) on issues of importance in relation to the protection of biodiversity; and
- Partnerships for Strangford Lough, Mourne, and the Causeway Coast and Glens to ensure effective stakeholder engagement in the sustainable management of these strategically important areas.

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

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

NIEA continues to use a formalised Environmental Management System (EMS) (ISO 14001) to deliver improvements in environmental performance. NIEA has specific commitments to 'lead by example' through continual improvement of our environmental performance, prevent pollution and comply with relevant environmental legislation, regulations and public sector policies concerning our activities and to operate efficiently, cost effectively and with minimal disruption to the environment. These are reflected in the NIEA Environmental Policy. By managing our environmental footprint we drive business efficiency, ensure compliance with applicable legislation and deliver procurement ethically and sustainably. Significant reductions in energy usage, carbon emissions and cost savings have been achieved by the Agency since the introduction of EMS.

NIEA are actively involved in restoring this historic hydroscheme to its former use. Roe Valley Country Park is the site of the first Hydro Electric Power station in Northern Ireland which produced electricity from the 1890's to 1965. Whilst the restored scheme will produce a significant amount of electricity and reduce dependence on non-renewable fossil fuels, the scheme additionally aims to promote the industrial heritage and add educational and tourism value to the site to ensure the economic return on the project is balanced with the environmental protection of an environmentally sensitive area. The project aims to offset 50% of the Agency's total electricity consumption by the scheme's sustainable power generation. The project is in its final stage of construction and it is expected to be operational by June 2016.

NIEA continues to procure 95% of its electricity needs from renewable sources. The Agency has invested in voltage optimisation and implemented energy efficiency measures across the 4 sites to deliver carbon reductions and financial savings. Electricity usage has decreased by over 10% since 2010/11 despite increased building use outside office hours.;

NIEA have continued to reduce our overall carbon footprint with a total reduction of 27% over the last 5 years across the accredited sites. An internal publication detailing the achievements of the Agency over the last five years called "Pathway to a Greener Future" highlights the achievements over the last five years.

The Agency participated in the 2015 Northern Ireland Environmental Benchmarking Survey. The Survey, generated by Business in the Community's ARENA Network campaign, annually assesses top businesses in Northern Ireland for environmental management, performance and assurance, with 83 organisations from all sizes and sectors. The Agency maintained the top position of 'Platinum', demonstrating continuous improvement and that our environmental performance is up amongst the top performing businesses in Northern Ireland.

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 Departmental Information Security Committee (DISC) established under the Information Assurance Framework

strengthened the Department's approach to the management and security of information. 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.

Statement of Accounting Officer's Responsibilities

Under Section 11(2) of the Government Resources and Accounts Act (Northern Ireland) 2001, the Department of Finance and Personnel 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 and Personnel including the accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual, have been followed and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going concern basis.

The Principal Accounting Officer for the Department of the Environment for Northern Ireland 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 and Personnel.

Governance Statement

Introduction

As mentioned in my foreword this statement covers the financial period to 31 March 2016 when the Northern Ireland Environment Agency (NIEA) was an Executive Agency within the Department of the Environment (DOE) and operated within the context of that Department's overall vision and strategic objectives, before transferring to the new Department of Agriculture, Environment and Rural Affairs (DAERA) on 9th May 2016.

The statement therefore explains the governance arrangements of the NIEA, describes how risk is managed and outlines the system of internal control before the transfer of the Agency to DAERA and also examines the effectiveness of these arrangements during the 2015-16 financial year.

Our strategic objective is to create prosperity and well being through effective environment heritage and regulation.

We seek to achieve the 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.

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 weekly stock take meetings chaired by the Permanent Secretary to review key current issues.

As Chief Executive, I am also the designated Accounting Officer, in which capacity I am responsible to the Permanent Secretary (as the principal Accounting Officer) and the Minister for maintaining a sound system of internal control that supports the achievement of Agency policies, aims and objectives, 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 Committee;
- ◆ Agency Corporate Governance Sub Committee;

- ◆ Finance and Business Planning Division;
- ◆ Human Resources and Organisational Change Division;
- ◆ Internal Audit Service; and
- ◆ Statutory Advisory Councils.

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 Acting Chief Executive and Agency Accounting Officer in meeting my corporate governance responsibilities for the Agency. In addition to me as Chair, the Agency Management Board comprised the Agency's 3 Executive Directors until September 2015 (see page 27 of the Annual report for further details). The Director of Innovation Strategy Division left the Agency under the NICS Voluntary Exit Scheme (VES) in September 2015 and the Division's work was redistributed between the remaining two Divisions.

The Board, which meets on a monthly basis, operates under my leadership, to manage the running of the Agency. While strategic policy is determined by the 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. It does not usually direct any of its members on how their business areas should be run. 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 expenditure against budgets, 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 balanced scorecard targets, the risks in the corporate risk register are reviewed and any significant internal control issues that have been raised in the Chief Executive's Assurance Statement are 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. For the 2015-16 year I have outlined the alternative arrangements operated by the Agency in relation to Board membership as follows:-

One principle from the 'Good Practice' guide which the Board does not comply with is the inclusion of a professional Finance Director as a member on the Board. However, I am content with the current arrangement whereby both Finance and HR Business Partners attend all Board meetings to provide relevant advice and guidance to help support Board members in their executive decision making role.

The Agency operates under an Agency Management Board which provides advice and support in the exercise of the functions of the Agency as set out in the Department's Agency Framework

document. The exercise of the functions of the Agency was also overseen by the Departmental Board, which included two independent board members (IBMs). The Department's Principal Accounting Officer concluded, following consultation with the Minister of the Environment, that the arrangements for the corporate governance of the Department and agencies within the Department did not require the appointment of further IBMs to the board of the agencies within the Department.

Stewardship of Resources

Firstly, given the reductions to the NIEA budget over the last few years it is positive that over £1 million additional resource budget was secured for the Agency through the in year monitoring rounds in 2015-16.

In terms of financial performance for 2015-16, excluding additional receipts in excess of the budgeted receipts from the carrier bag levy, the Agency had an underspend on the resource expenditure budget of £242k, which represents 1% of the overall net resource budget for the Agency (£22.6m). This overall underspend was mainly attributable to underspends in relation to programmes funded from the carrier bag levy (£135k) for which approval has been sought from the Department of Finance and Personnel to carry forward these unspent funds, from 2015-16 to 2016-17. In regard to the Agency's overall capital budget (£684k), there was a marginal planned overspend (£4k – 0.6%).

Audit Committee

The role of the Audit Committee 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 Audit Committee reviews and monitors updates to audit action plans, updates to the corporate risk register and provides support and guidance on corporate governance issues. During 2015-16, the Committee was comprised of 3 independent members and three meetings were held during the financial year, in June, October and February.

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 from 1 March 2016)	1/1	0/0
Wesley Shannon (Acting Chief Executive from 1 April 2015 to 22 November 2015)	7/7	1/2
Helen Anderson (Director of Natural Environment; and Acting Chief Executive from 23 November 2015 to 29 February 2016)	12/12	3/3
Chris Mills (Director of Resource Efficiency)	10/12	2/3

Board Members	Meetings attended per Board and Audit Committee members out of the meetings eligible to attend	
	Board	Audit Committee
Stephen Aston (Director of Innovation Strategies from 1 April 2015 to 30 September 2015)	6/6	0/1
Sara McGuckin (Acting Director of Natural Environment from 21 December 2015 to 29 February 2016)	2/2	1/1

Audit Committee Members	Meetings attended per Audit Committee member out of the meetings eligible to attend
Jim Brooks	3/3
Jackie Kerr	2/3
Linda Drysdale	2/3

Corporate Governance Sub Committee

The Corporate Governance Sub Committee, which is a sub-committee of the NIEA Board, met a number of times during the year to help the Board review the progress in implementing audit recommendations, scorecard targets and the actions to improve controls contained in the Agency risk register. The Committee also discusses and reviews other ad hoc corporate governance issues. This enables the tabling of summary reports at the full NIEA Board meetings. The sub-committee meetings are therefore held before the Board meetings at which quarterly updates are provided on scorecard targets and risk registers.

I am pleased that at the October 2015 meeting of the NIEA Audit Committee, the members commended the Agency on the significant reduction in the number of outstanding audit recommendations.

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. No conflicts were declared during the year.

Agency Divisional Governance

In my overall assessment of the adequacy of control systems, I am supported by the Agency's Directors. Each Division provides a quarterly update to the Environment Group Business Partner Team (BPT). The BPT in turn provides the Board and Audit Committee (quarterly) with updates on the implementation of audit recommendations (resulting from both internal and external audit and the risk management processes). 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 Governance Statement.

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

Internal Audit

During 2015-16, the NIEA was audited by internal auditors from the Department for Regional Development 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 2015/16, the following internal audit assignments were completed in respect of the NIEA:

<i>Internal Audit Report Title</i>	IA Rating	No of Recommendations
Follow-up of Regional Operations within NIEA	Satisfactory	25
Planning Consultations within NIEA	Satisfactory	1
Corporate Governance within NIEA	Satisfactory	5
Water Management Unit within NIEA	Satisfactory	6
Enforcement	Limited	15
Drinking Water Inspectorate within NIEA	Satisfactory	3
2nd Follow-up of Biodiversity	Satisfactory	4
Pollution Prevention and Control within IPRI	Satisfactory	2
Conservation Designations and Protection within NIEA	Satisfactory	8
Follow-up of Regional Operations	Satisfactory	2
Follow-up of Water Management Unit within NIEA	Satisfactory	1
Follow-up of Environmental Crime Unit within NIEA	Satisfactory	4
Corporate Governance within NIEA 2015-16	Satisfactory	3
Waste Management within NIEA	Satisfactory	12

In addition, in preparation for the transfer to the new Department (DAERA), two management letters were issued, as below, which re-examined progress of priority 1 recommendations from previous reports. No issues were identified in these letters as summarised below.

<i>Internal Audit Management Letters (Priority 1 issues)</i>
NIEA Planning Consultations Follow-up
Conservation Designation & Protection within NIEA

I note that 13 of the 14 reports during the 12 month period have overall **satisfactory** audit opinions.

In relation to the Enforcement report, I have noted the limited assurance and also that three of the recommendations relate to Historic Environment Division (HED) that was transferred out of the Agency at the beginning of the financial year.

I will ensure that through reporting to the NIEA Corporate Governance Sub Committee, NIEA Board and NIEA Audit Committee, the timely implementation of the recommendations in all these audit reports will be progressed. I am particularly pleased with the 'satisfactory' assurance for the audit of the Agency's 'Corporate Governance' processes as well as the overall satisfactory assurance, provided in the Head of Internal Audit's Annual Opinion and Report, for the Agency's system of risk management, control and governance.

I have also taken assurance from the annual report on the services provided by the Department of Finance and Personnel (DFP) and specifically the overall satisfactory audit opinion for the Enterprises Shared Services.

Corporate Services

During 2015-16, finance, IT and HR services were provided by the DOE Core Department to NIEA. Responsibility for the governance of these services, and line management responsibility, fell to the two Departmental Directors of Finance and Business Planning Division and Human Resources and Organisational Change Division. Details on the services provided by these two divisions are also set out in respective Service Statements.

In regard to the delivery of corporate services functions to the whole Department, including the NIEA, I have noted the assurance ratings assigned to the following internal audit reports completed during the year, specifically the three substantial assurances:

- Emergency Planning and Business Continuity (Limited);
- Procurement/Contract Management (Satisfactory);
- Use of Consultants (Substantial);
- FoI/EIR follow-up review (Substantial); and
- Financial management (Substantial).

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. 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, Divisional and Business Unit levels are maintained and monitored on a quarterly basis. The Finance & Business Partner Team (BPT), which delivers the Agency's risk co-ordination function, 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 system of internal control has been in place in the Agency for the year ended 31 March 2016 and up to the date of approval of the annual report and accounts. As a result of an Internal Audit recommendation I have noted that the BPT delivered Risk Management training during September and October 2015 for all relevant staff in NIEA. The general feedback from staff on the training has been 'positive'.

The risk management cycle is a "top-down" and "bottom-up" exercise that ensures that 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. Using this broad approach significant risks have been identified that might impact upon the Agency's objectives and actions to improve the existing controls have

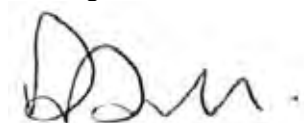
been agreed accordingly, and monitored on a quarterly basis. The Agency's top level risk register is reviewed quarterly by the Board. The Board also receives periodic reports on internal control issues from Divisional Managers, including their tri-annual Assurance Statements, and from the BPT which monitors progress against commitments given by functional units in response to both internal and external audit reports. The functions of strategic planning, risk management, financial planning and accountability, HR (specifically recruitment issues), procurement, fraud, systems and information management, are addressed in the range of control issues covered by Divisional Managers' tri-annual assurance statements. In particular, the completion of these statements 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 VFM reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Agency Board and the Agency Audit Committee and I am confident in the plan to address weaknesses and ensure continuous improvement of the control system.

Significant Issues

Following the loss of a significant number of senior staff from the Agency through the Voluntary Exit Scheme (VES) coordinated by the Department of Finance and Personnel (DFP), I have been reassured by the subsequent re-organisation of divisions to ensure that they can still deliver appropriate management functions. However I acknowledge that this has resulted in many staff fulfilling roles which are new to them and they will therefore require time to become familiar with their new responsibilities and will have specific training requirements. Although temporary promotion has also been used to help manage the loss of these staff, the Board has agreed to fill a small number of posts in 2016-17. I secured agreement from the Department of Agriculture and Rural Development (DARD) Top Management Group Resourcing sub-group to fill a small number of posts in the Agency in line with the similar agreement given to the wider DARD business areas. These NIEA posts are affordable as some require the suppression of other Agency posts, while some are funded from fees.

I am pleased that the transfer of the Agency to the new Department (Department of Agriculture, Environment and Rural Affairs (DAERA)) on the 9th May was successful. I therefore acknowledge all the work undertaken by key DOE and Agency staff in providing input to colleagues from the DARD for this major restructuring programme.



David Small
Chief Executive
22 June 2016

Remuneration Report and Staff Report

(A) Remuneration Report

Remuneration policy

The Minister of Finance approves the pay remit for Senior Civil Servants (SCS) staff. The SCS remuneration arrangements are based on a system of pay scales for each SCS grade containing a number of pay points from the minima to maxima, allowing progression towards the maxima based on performance. In 2012, upon creation, there were 11 points on each scale. This was subsequently reduced to 10 points in 2014 and 9 points in 2015 to allow progression through the pay scales within a reasonable period of time.

Service contracts

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	2015-16					2014-15				
	Salary	Bonus Payments	Benefits in kind (to nearest £100)	Pension Benefits	Total	Salary	Bonus Payments	Benefits in kind (to nearest £100)	Pension Benefits	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Mr W Shannon Acting Chief Executive (until 22/11/15)	55-60 (80-85 full year equivalent)	Nil	Nil	126	180-185	N/A	N/A	N/A	N/A	N/A
Mrs H Anderson Director of Natural Environment (from 1/4/15 to 22/11/15) Acting Chief Executive (from 23/11/15 to 29/2/16) Director of Natural Environment (from 1/3/16)	70-75	Nil	Nil	73	140-145	60-65	Nil	Nil	17	80-85
Mr D Small Chief Executive (from 1/3/16)	5-10 (85-90 full year equivalent)	Nil	Nil	3	10-15	N/A	N/A	N/A	N/A	N/A
Mr C Mills Director of Resource Efficiency	75-80	Nil	Nil	27	100-105	50-55 (75-80 full year equivalent)	Nil	Nil	20	70-75
Dr S McGuckin Acting Director of Natural Environment (from 21/12/15 to 29/2/16)	10-15 (65-70 full year equivalent)	Nil	Nil	16	25-30	N/A	N/A	N/A	N/A	N/A

Officials	2015-16					2014-15				
	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 S Aston Director of Innovation Strategies (until 30/9/15)	25-30 (50-55 full year equivalent)	Nil	Nil	(633)	(605- 610)	60-65	Nil	Nil	(19)	40-45

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

	2015-16	2014-15
Band of Highest Paid Director's Total Remuneration	£85k-£90k	£90k-£95k
Median Total Remuneration	28,838	27,271
Ratio	3.0	3.4

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 the Northern Ireland Environment Agency in the financial year 2015-16 was £85k-£90k (2014-15: £90k-£95k). This was 3.0 times (2014-15: 3.4 times) the median remuneration of the workforce, which was £28,838 (2014-15: £27,271).

In 2015-16 nil (2014-15: nil) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £15,600 to £89,486 (2014-15: £15,108 to £94,789).

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.

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 are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2015-16 relate to performance in 2015-16 and the comparative bonuses reported for 2014-15 relate to performance in 2014-15. There were no bonuses paid in 2015-16 (2014-15 Nil).

Pension Entitlements (audited)

Officials	Accrued pension at pension age as at 31/3/16 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/16 £'000	CETV at 31/3/15 £'000	Real increase in CETV £'000	Employer contribution to partnership pension account Nearest £100
Mr W Shannon Acting Chief Executive (until 22/11/15)	40-45 plus lump sum of 120-125	5-7½ plus lump sum of 15-17½	920	786	125	Nil
Mrs H Anderson Director of Natural Environment (from 1/4/15 to 22/11/15) Acting Chief Executive (from 23/11/15 to 29/2/16) Director of Natural Environment (from 1/3/16)	25-30 plus lump sum of 75-80	2½-5 plus lump sum of 10-12½	509	413	60	Nil
Mr D Small Chief Executive (from 1/3/16)	40-45 plus lump sum of 120-125	0-2½ plus lump sum of 0-2½	812	786	3	Nil

Officials	Accrued pension at pension age as at 31/3/16 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/16 £'000	CETV at 31/3/15 £'000	Real increase in CETV £'000	Employer contribution to partnership pension account Nearest £100
Mr C Mills Director of Resource Efficiency	0-5 no lump sum	0-2½ no lump sum	45	18	18	Nil
Dr S McGuckin Acting Director of Natural Environment (from 21/12/15 to 29/2/16)	10-15 plus lump sum of 25-30	0-2½ plus lump sum of 0-2½	165	142	18	Nil
Mr S Aston Director of Innovation Strategies (until 30/9/15)	5-10 plus lump sum of 35-40	(25-27½) plus lump sum of (115-117½)	150	776	(628)	Nil

Northern Ireland Civil Service (NICS) Pension Arrangements

Pension benefits are provided through the Northern Ireland Civil Service pension arrangements which are administered by Civil Service Pensions (CSP). Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (classic, premium, and classic plus). These arrangements are unfunded with the cost of benefits met by monies voted by the Assembly each year. From April 2011 pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Consumer Prices Index (CPI). Prior to 2011, pensions were increased in line with changes in the Retail Prices Index (RPI). New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account). New entrants joining on or after 30 July 2007 are eligible for membership of the nuvos arrangement or they can opt for a partnership pension account. Nuvos is a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%. CARE pension benefits are increased annually in line with increases in the CPI.

A new pension scheme, alpha, was introduced for new entrants from 1 April 2015. The majority of existing members of the NICS pension arrangements have also moved to alpha from that date. Members who on 1 April 2012 were within 10 years of their normal pension age 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 also a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of the scheme membership. The rate is 2.32%. CARE pension benefits are increased annually in line with increases in the CPI.

Increase in public service pension are the responsibility of HM Treasury. Pensions are reviewed each year in line with the cost of living. Increases are applied from April and are determined by the CPI figure for the preceding September. The CPI in September 2015 was negative (-0.1%) and HM Treasury has announced that there will be no increase to public service pensions from April 2016. Therefore public service pensions will remain at their current level.

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

Scheme Year 1 April 2016 to 31 March 2017

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

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 3% and 14.7% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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

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 CSP arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. The actuarial factors used to calculate CETVs changed during the 2015-16 year and, consequently, CETV figures increased even without any further pension accrual. However, the real increase calculation uses common actuarial factors at the start and end of the period so that it disregards the effect of any changes in factors and focuses only on the increase that is funded by the employer.

Compensation for loss of office

Stephen Aston and Wesley Shannon left under Voluntary Exit terms on 30 September 2015 and 30 November 2015 respectively. They received compensation of £33k and £42k. No compensation payments were made or are due to any other 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 2016.

(B) Staff Report

Staff numbers and related costs

Staff costs comprise:

	2015-16 £000			2014-15 £000
	Permanently employed staff	Others	Total	Total
Wages and salaries	14,395	1,771	16,166	22,376
Social security costs	1,074	-	1,074	1,427
Other pension costs	3,293	-	3,293	3,841
Early Departure Costs	3,088	-	3,088	-
Total	21,850	1,771	23,621	27,644

Pension Arrangements

The Northern Ireland Civil Service pension arrangements are unfunded multi-employer defined benefit schemes but the Northern Ireland Environment Agency, through its parent Department, the Department of the Environment, is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DoF Superannuation and Other Allowances Annual Report and Accounts as at 31 March 2016.

For 2015-16, employer contributions of £3,284,450 were payable to the NICS pension arrangements (2014-15: £3,832,500) 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 a new career average earning scheme from April 2015. From 2016-17, the rates will range from 20.8% to 26.3%. The contribution rates are set to meet the cost of the benefits accruing during 2015-16 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer contributions of £8,535 (2014-15: £7,862) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 14.7% (2014-15: 3% to 12.5%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £430, 0.5% (2014-15: £418, 0.8%) of pensionable pay, were payable

to the NICS Pension Arrangements to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the reporting period were £Nil (2014-15: £Nil). Contributions prepaid at that date were £Nil (2014-15: £Nil).

3 individuals (2014-15: 2 individuals) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £ 2,696 (2014-15: £3,420).

Average Number of Persons Employed

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

<i>Number by activity</i>			2015-16	2014-15
	Permanently employed staff	Others	Total	Total
Natural Environment	154	3	157	206
Historic Environment	0	0	0	119
Resource Efficiency	311	38	349	405
Innovation Strategy	20	1	21	19
Total	485	42	527	749

Reporting of Civil Service and other compensation schemes – exit packages

Exit package cost band			2015-16	2014-15
	Number of Voluntary Exit Scheme packages agreed	Number of other departures agreed	Total number of exit packages by cost band	Total number of exit packages by cost band
<£10,000	-	-	-	-
£10,000 - £25,000	26	-	26	-
£25,000 - £50,000	32	-	32	1
£50,000 - £100,000	19	1	20	1
£100,000 - £150,000	2	-	2	-
Total number of exit packages	79	1	80	2
Total resource cost £'000	3,078	54	3,132	89

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme (Northern Ireland), a statutory scheme made under the Superannuation (Northern Ireland) Order 1972. Exit costs are accounted for in full in the year of departure. Where the 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.

Voluntary Exit Scheme (VES)

The Northern Ireland Civil Service launched a Voluntary Exit Scheme (VES) across all Departments on 2 March 2015. The purpose of the Exit Scheme was to address the significant budget pressures facing Departments in the context of the agreed 2015-16 Budget, by delivering an NICS pay bill reduction. Under the scheme staff volunteering to leave the NICS could receive a compensation payment. The value of the payment each staff member received varied depending upon a number of factors including their length of time in the NICS and the individual's age. 79 staff left NIEA in four tranches during the financial year.



David Small
Chief Executive
22 June 2016

Northern Ireland Environment Agency

Assembly Accountability and Audit Report

i. Long Term Expenditure Trends

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



The overall trend shows reducing expenditure which reflects reductions to the NIEA budget over recent years. The transfer of HED functions from NIEA to DOE at the start of 2015/16 contributed to the reductions in expenditure in that year.

ii. Losses and Special Payments

Losses Statement

	Number of cases	2015-16 £000	Number of cases	2014-15 £000
Administrative write offs	42	89	31	12
Other losses	5	1	11	12
Total losses	47	90	42	24

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

Special Payments

	Number of cases	2015-16 £000	Number of cases	2014-15 £000
Employer's liability	1	19	1	4
Public liability	-	-	-	-
Compensation schemes	3	58	-	-
Total special payments	4	77	1	4

iii. Business Activities Attracting Fees and Charges

Resource Efficiency Pollution

	2015-16 £000	2014-15 £000
Fees and Charges	7,394	7,521
Operating Costs:		
Staff Costs	4,717	4,964
Administration & Accommodation	1,129	1,299
Notional Charges	1,412	1,220
Total Costs	7,258	7,483
Operating Surplus/(Deficit)	136	38

The above figures 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.

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

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

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

I certify that I have audited the financial statements of the Northern Ireland Environment Agency for the year ended 31st March 2016 under the Government Resources and Accounts Act (Northern Ireland) 2001. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration and Staff Report and the Assembly Accountability Disclosures that is described in that report as having been audited.

Respective responsibilities of the Chief Executive and auditor

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. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Northern Ireland Environment Agency's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Northern Ireland Environment Agency; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

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

Opinion on other matters

In my opinion:

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

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.



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

27 June 2016

FINANCIAL STATEMENTS

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

		2015-16 £000	2014-15 £000
	<i>Note</i>		
Income from Resource Efficiency Charges	7	(7,523)	(7,645)
Other Operating Income	7	(3,690)	(5,428)
Total Operating Income		(11,213)	(13,073)
Staff Costs	2	23,621	27,644
Current Grants	3	2,553	10,321
Accommodation Running Costs	3	1,077	1,249
Depreciation and Amortisation Charges	3	1,358	1,705
Provision Expense	3	208	152
Other operating expenditure	3	10,955	15,553
Total Operating Expenditure		39,772	56,624
Net Operating Expenditure		28,559	43,551
Finance Income / Expense		0	0
Net Expenditure for the year		28,559	43,551
Items that will not be reclassified to net operating costs:			
Net (gain)/loss on revaluation of Property, Plant and Equipment		(283)	(154)
Net (gain)/loss on revaluation of Intangibles		(4)	(6)
Comprehensive Net Expenditure for the year		28,272	43,391

The notes on pages 59 to 87 form part of these accounts.

Statement of Financial Position as at 31 March 2016

		2015-16 £000	2014-15 £000
	Note		
Non-current assets			
Property, plant and equipment	8(i)	22,076	26,063
Heritage assets	8(iii)	1,568	2,167
Intangible assets	8(v)	257	446
Total non-current assets		23,901	28,676
Current assets			
Inventories	11	100	163
Trade and other receivables	12	970	1,911
Cash and cash equivalents	13	3	3
Total current assets		1,073	2,077
Total assets		24,974	30,753
Current liabilities			
Trade and other payables	14	(4,350)	(8,035)
Provisions	15	(70)	(411)
Total current liabilities		(4,420)	(8,446)
Total assets less current liabilities		20,554	22,307
Non-current liabilities			
Provisions	15	-	-
Total non-current liabilities		-	-
Total assets less total liabilities		20,554	22,307
Taxpayers' equity & other reserves:			
General fund		12,862	13,167
Revaluation reserve		7,692	9,140
Total taxpayers' equity		20,554	22,307



Chief Executive
22 June 2016

The notes on pages 59 to 87 form part of these accounts.

Statement of Cash Flows for the year ended 31 March 2016

		2015-16 £000	2014-15 £000
	Note		
Cash flows from operating activities			
Net operating cost		(28,559)	(43,551)
Adjustments for non-cash transactions:			
Depreciation	8	1,358	1,705
Disposal of Fixed Assets	3	(4)	(15)
Notionals	6	6,729	7,766
Take-up and Revaluation of Provisions	15	230	169
Bad Debts Provision	3	(22)	(18)
Revaluations	3	(52)	(53)
Transfer of Opening Provisions from NIEA to DOE Core	15	(236)	-
Transfer of HED Inventories from NIEA to DOE Core	14	42	-
Net transfer of Fixed Assets from DOE Core to NIEA	8	-	(34)
Net transfer of Fixed Assets from NIEA to DOE Core	8	4,445	-
Decrease/(Increase) in trade and other receivables	12	941	2,314
Less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure		22	18
Decrease/(Increase) in inventories	11	21	32
(Decrease)/Increase in trade payables	14	(3,685)	82
Less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure		376	71
Use of provisions	15	(335)	(270)
Net cash outflow from operating activities		(18,729)	(31,784)
Cash flows from investing activities			
Purchase of property, plant & equipment and heritage assets		(1,022)	(2,051)
Purchase of intangible assets		(45)	(63)
Proceeds of disposal of property, plant & equipment		5	24
Net cash outflow from investing activities		(1,062)	(2,090)

Cash flows from financing activities

Funding from Parent Department DOE	19,811	33,876
Net financing	19,811	33,876
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund	20	2
Payments to Consolidated Fund	(20)	(2)
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 59 to 87 form part of these accounts.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2016

		General Fund £000	Revaluation Reserve £000	Taxpayers' Equity £000
Balance at 31 March 2014	Note	14,653	9,416	24,069
Net Assembly Funding		33,876	-	33,876
CFERs payable to Consolidated Fund		(12)	-	(12)
Comprehensive Net Expenditure for the year		(43,551)	159	(43,392)
Non-cash charges – notional costs	6	7,745	-	7,745
Auditors Remuneration		21	-	21
Transfers between reserves		435	(435)	-
Balance at 31 March 2015		13,167	9,140	22,307
Net Assembly Funding		19,810	-	19,810
CFERs payable to Consolidated Fund		(20)	-	(20)
Comprehensive Net Expenditure for the year		(28,559)	287	(28,272)
Non-cash charges – notional costs	6	6,712	-	6,712
Auditors Remuneration		17	-	17
Transfers between reserves		1,735	(1,735)	-
Balance at 31 March 2016		12,862	7,692	20,554

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 59 to 87 form part of these accounts.

Notes to the Accounts

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2015-16 *Government Financial Reporting Manual (FReM)* issued by the Department of Finance and Personnel. The accounting policies contained in the *FReM* apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

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

1.1 Accounting convention

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

1.2 Property, Plant and Equipment

Expenditure on property, plant and equipment of over **£1,000** is capitalised, with the exception of computer hardware, which is capitalised if expenditure is over **£500**. On initial recognition property, plant and equipment is measured at cost including any expenditure, such as installation, directly attributable to bringing them into working condition.

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

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

Land and buildings are carried at the last professional valuation, in accordance with the Appraisal and Valuation Manual produced jointly by the Royal Institute of Chartered Surveyors (RICS), the Incorporated Society of Valuers and Auctioneers (ISVA) and the Institute of Revenues Rating and Valuation (IRRV). Professional revaluations of land and buildings are undertaken every five years, with the last full valuation of land and buildings undertaken by Land and Property Services (LPS) as at 1 April 2011 with the next full valuation due to take place as at 1 April 2016. Properties are valued on the basis of open market value existing use, unless they are specialised, in which case they are valued on the basis of depreciated replacement cost.

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

Notes to the Accounts

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

1.3 Intangible Assets

Expenditure on intangible assets over **£500** is capitalised. On initial recognition intangible assets are measured at cost including any expenditure such as installation, directly attributed to bringing them to working condition. Intangible assets are carried at fair value. Fair value is estimated by restating the value annually, by reference to indices compiled by the Office of National Statistics (ONS). Upward revaluations of intangible assets are credited to the revaluation reserve unless they reverse previously recognised downward revaluations in which case they are credited to the Statement of Comprehensive Net Expenditure to the extent the downward revaluation has been recognised with the remainder credited to the revaluation reserve. Downward revaluations of intangible assets are debited to the revaluation reserve to the extent that they reverse previously recognised upward revaluations with any remaining downward revaluation recognised in the Statement of Comprehensive Net Expenditure.

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

1.4 Depreciation and Amortisation

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

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

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

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

1.5 Heritage Assets

The Northern Ireland Environment Agency holds certain heritage assets that have been purchased. The assets relate to various land located throughout Northern Ireland and are regarded as non-operational heritage assets. These are either declared as National Nature Reserves, Nature Reserves or Areas of Special Scientific Interest. On initial recognition the assets are recognised at cost. They are revalued annually, using indices provided by the Office for National Statistics. No depreciation is provided on any heritage assets. Heritage Lands are subject to professional valuations and annual revaluations in accordance with the Appraisal and

Notes to the Accounts

Valuation Manual produced jointly by the Royal Institute of Chartered Surveyors (RICS), the Incorporated Society of Valuers and Auctioneers (ISVA) and the Institute of Revenues Rating and Valuation (IRRV). Professional revaluations of heritage land are undertaken every five years, with the last full valuation undertaken by Land and Property Services (LPS) at 1 April 2011 with the next full valuation due to take place as at 1 April 2016.

Non-operational heritage assets which have not been purchased have no valuation placed on them as it is neither practical nor appropriate to do so, due to the special characteristics of these assets. We 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 DFP 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 12. 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 and Personnel. 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 2016.

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.

Notes to the 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.

Notes to the Accounts

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

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

- IFRS 13 – Fair Value Measurement (new); and
- IAS 36 – Impairment of assets' on recoverable amount disclosures (amendment).

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

Notes to the Accounts

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

1.20 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 numbers and related costs

Staff costs comprise:

	2015-16 £000	2014-15 £000
	Total	Total
Wages and salaries	16,166	22,376
Social security costs	1,074	1,427
Other pension costs	3,293	3,841
Early Departure Costs	3,088	-
Total	23,621	27,644

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

		2015-16 £000	2014-15 £000
	Note		
Current Grants	4	2,553	10,321
Other current expenditure	5	4,045	7,491
Accommodation Running Costs		1,077	1,249
Travel & Subsistence Costs		229	353
Training Costs		1	1
Computer Expenses		7	10
Non-cash items			
Provisions – provided/(reduced) in year	15	230	170
Bad Debt provision		(22)	(18)
<i>Notional charges:</i>			
Department of Finance and Personnel	6	3,191	3,858
Intra-Departmental Notionals	6	3,424	3,720
Central Services (provided by DRD)	6	97	161
NIAO Auditor's Remuneration	6	17	21
Other Departments	6		6
<i>Non current assets:</i>			
Depreciation	8(i)	1,185	1,521
Amortisation	8(v)	173	184
Net Revaluation Charge to the Statement of Comprehensive Net Expenditure		(52)	(53)
Loss/(Profit) on disposal of property, plant and equipment		(4)	(15)
Total		16,151	28,980

4. Grants

	2015-16 £000	2014-15 £000
Natural Environment	2,224	2,301
Historic Environment	-	4,608
Resource Efficiency	-	1,605
EU Grant (Interreg IVa)	329	1,807
Total	2,553	10,321
<i>Natural Environment Grants comprise :</i>		
Conservation Grant	-	958
Natural Heritage Fund Grant	-	1,252
Heritage Led Development - Capital	-	91
Conservation Grant	1,759	-
Natural Heritage Fund Grant	403	-
Heritage Led Development - Capital	62	-
Total	2,224	2,301
<i>Historic Environment Grants comprise :</i>		
Listed Buildings Grants	-	2,877
Heritage Led Development Grants - Capital	-	1,695
Ulster Architectural Heritage Society Grant	-	36
Total	-	4,608
<i>Resource Efficiency Grants comprise :</i>		
Tidy Northern Ireland Grant	-	-
Challenge Fund Grant	-	1,236
Strategic Partnership Grant	-	-
Water Quality Improvement Grant	-	-
Sustainability Innovation Fund Grant	-	369
Total	-	1,605
<i>Innovation Strategy Grants comprise :</i>		
EU Grant (Interreg IVA)	329	1,807

Notes to the Accounts

5. Other Current Expenditure

	2015-16 £000	2014-15 £000
Divisional costs comprise:		
Natural Environment	1,263	2,020
Historic Environment	-	1,876
Resource Efficiency	2,107	2,827
Innovation Strategy	675	768
Total	4,045	7,491
Natural Environment costs comprise:		
Maintenance and Monitoring of Country Parks	1,211	1,953
Management Agreements	51	66
Better Regulation - Non Salaries	1	1
Total	1,263	2,020
Historic Environment Operating costs comprise:		
Publicity, Marketing	-	1,159
Management Agreements	-	15
Archaeology and Maintenance of Monuments	-	702
Total	-	1,876
Resource Efficiency Operating costs comprise:		
Pollution Control	2,105	2,450
Better Regulation – Non Salaries	2	377
Total	2,107	2,827
Innovation Strategy Costs comprise:		
Other Current Expenditure	675	768

6. Notional Charges

	2015-16 £000	2014-15 £000
Intra - Departmental:		
Personnel and Management	1,564	2,189
Finance	1,112	891
HR Connect	298	360
Centre of Applied Learning	177	179
NI Statistics and Research Agency	273	101
Total	3,424	3,720
Services provided by other Departments		
Department of Finance and Personnel:		
Accommodation	1,152	1,481
IT Assist	1,023	1,341
Account NI	848	815
Departmental Solicitor's Office	31	52
Information Strategy and Innovation	118	125
Land and Property Services	19	44
	3,191	3,858
Department for Regional Development	97	161
Other Departments	-	6
	97	167
NIAO Audit Fees	17	21
Total Notional Charges	6,729	7,766

Notes to the Accounts

7. Income

	2015-16 £000	2014-15 £000
EU Grant Income	246	1,355
Carrier Bag Levy	3,214	3,515
Operating Income from - Country Parks	227	147
- Historic Monuments	-	286
Resource Efficiency Charges:		
Resource Efficiency Pollution Costs Recovered	7,394	7,521
Resource Efficiency Criminal Assets Seizures	129	124
Funding from Heritage Lottery fund	-	122
Other Income	3	3
Total	11,213	13,073

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 £000	Buildings excluding Dwellings £000	Transport Equipment £000	Plant & Machinery £000	Information Technology £000	Fixtures & Fittings £000	Assets under Construction £000	Total £000
Cost or valuation								
At 1 April 2015	5,807	15,968	3,000	4,839	314	3,048	4,319	37,295
Additions	-	82	165	86	25	-	332	690
Disposals			(85)	(27)	(1)	(8)	-	(121)
Revaluations	51	106	7	(18)	(1)	4	-	149
Reclassifications	-	339	-	4	-	153	(496)	-
Transfers	(140)	(2,664)	(761)	(408)	(2)	(2,212)	(680)	(6,867)
At 31 March 2016	5,718	13,831	2,326	4,476	335	985	3,475	31,146
Accumulated Depreciation								
At 1 April 2015	-	2,363	2,284	4,019	155	2,411	-	11,232
Charged in year	-	508	212	313	49	103	-	1,185
Disposals			(85)	(27)	(1)	(7)	-	(120)
Revaluations	-	21	(70)	(103)	(3)	(31)	-	(186)
Reclassifications								
Transfers	-	(424)	(522)	(282)	(1)	(1,812)	-	(3,041)
At 31 March 2016		2,468	1,819	3,920	199	664	-	9,070
Carrying amount at 31 March 2016	5,718	11,363	507	556	136	321	3,475	22,076
Carrying amount at 31 March 2015	5,807	13,605	716	820	159	637	4,319	26,063
Asset financing:								
Owned 2016	5,718	11,363	507	556	136	321	3,475	22,076

Notes to the Accounts

8(ii) Property, Plant and Equipment

	Land £000	Buildings excluding Dwellings £000	Transport Equipment £000	Plant & Machinery £000	Information Technology £000	Fixtures & Fittings £000	Assets under Construction £000	Total £000
Cost or valuation								
At 1 April 2014	5,749	15,709	3,159	4,451	197	3,440	2,749	35,454
Additions	5	-	15	79	108	7	1,725	1,939
Disposals	-	-	(131)	(238)	-	-	-	(369)
Revaluations	53	164	10	42	-	3	-	272
Reclassifications	-	95	(53)	505	9	(401)	(155)	-
Transfers	-	-	-	-	-	(1)	-	(1)
At 31 March 2015	5,807	15,968	3,000	4,839	314	3,048	4,319	37,295
Accumulated Depreciation								
At 1 April 2014	-	1759	2,161	3,596	113	2,377	-	10,006
Charged in year	-	573	286	364	33	265	-	1,521
Disposals	-	-	(122)	(238)	-	-	-	(360)
Revaluations	-	25	11	29	-	1	-	66
Reclassifications	-	6	(52)	268	9	(231)	-	-
Transfers	-	-	-	-	-	(1)	-	(1)
At 31 March 2015	-	2,363	2,284	4,019	155	2,411	-	11,232
Carrying amount at 31 March 2015	5,807	13,605	716	820	159	637	4,319	26,063
Carrying amount at 31 March 2014	5,749	13,950	998	855	84	1,063	2,749	25,448
Asset financing:								
Owned 2015	5,807	13,605	716	820	159	637	4,319	26,063

Notes to the Accounts

8(iii) Heritage Assets

	Non Operational Heritage Land (Purchased) £000	Non Operational Heritage Buildings (Purchased) £000	Total Non Operational Heritage Assets (Purchased) £000
Cost or valuation			
At 1 April 2015	2,165	2	2,167
Disposals	-	-	-
Revaluations	-	-	-
Reclassifications	-	-	-
Transfers	(597)	(2)	(599)
At 31 March 2016	1,568	-	1,568
Carrying amount at 31 March 2016	1,568	-	1,568
Carrying amount at 31 March 2015	2,165	2	2,167

Professional revaluations of heritage land are undertaken every five years, with the last full valuation undertaken by LPS at 1 April 2011 and the next full valuation due to take place at 1 April 2016.

8(iv) Heritage Assets

	Non Operational Heritage Land (Purchased) £000	Non Operational Heritage Buildings (Purchased) £000	Total Non Operational Heritage Assets (Purchased) £000
Cost or valuation			
At 1 April 2014	2,165	2	2,167
Disposals	-	-	-
Revaluations	-	-	-
Reclassifications	-	-	-
Transfers	-	-	-
At 31 March 2015	2,165	2	2,167
Carrying amount at 31 March 2015	2,165	2	2,167
Carrying amount at 31 March 2014	2,165	2	2,167

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 2016.

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

There were no disposals of heritage assets during the five year period to 31 March 2016 and no heritage assets acquired by donation during the periods. £599k of Heritage Assets transfer to DOE Core along with the HED functions on 1 April 2015. At the last valuation date at 1 April 2011 none of the assets were impaired.

Notes to the Accounts

8(v) Intangible Assets

	Information Technology £000	Software Licenses £000	Total £000
Cost or valuation			
At 1 April 2015	1,034	164	1,198
Additions	-	-	-
Revaluations	7	1	8
Transfers	(31)	-	(31)
At 31 March 2016	1,010	165	1,175
Amortisation			
At 1 April 2015	632	120	752
Charged in year	158	15	173
Revaluations	5	(1)	4
Transfers	(11)	-	(11)
At 31 March 2016	784	134	918
Carrying amount at 31 March 2016	226	31	257
Carrying amount at 31 March 2015	402	44	446
Asset financing:			
Owned 2015	226	31	257

8(vi) Intangible Assets

	Information Technology £000	Software Licenses £000	Total £000
Cost or valuation			
At 1 April 2014	887	163	1050
Additions	94	1	95
Revaluations	14	-	14
Transfers	39	-	39
At 31 March 2015	1,034	164	1,198
Amortisation			
At 1 April 2014	454	101	555
Charged in year	165	19	184
Revaluations	8	-	8
Transfers	5	-	5
At 31 March 2015	632	120	752
Carrying amount at 31 March 2015	402	44	446
Carrying amount at 31 March 2014	433	62	495
Asset financing:			
Owned 2015	402	44	446

9. Statement of Operating Costs by Operating Segment

	Resource Efficiency £000	Natural Environment £000	Historic Environment £000	Innovation Strategy £000	Total £000
Staff costs	16,276	6,528	-	817	23,621
Other Operating Expenditure	2,597	1,954	-	808	5,359
Grants	-	2,224	-	329	2,553
Non Cash Expenditure	546	613	-	7,080	8,239
Income	(7,493)	(250)	-	(3,470)	(11,213)
Net Operating Cost 2015-16	11,926	11,069	-	5,564	28,559

	Resource Efficiency £000	Natural Environment £000	Historic Environment £000	Innovation Strategy £000	Total £000
Staff costs	16,003	6,595	3,923	1,123	27,644
Other Operating Expenditure	3,332	2,801	2,086	885	9,104
Grants	1,605	2,301	4,608	1,807	10,321
Non Cash Expenditure	5,181	2,526	1,668	180	9,555
Income	(7,793)	(408)	(4)	(4,868)	(13,073)
Net Operating Cost 2014-15	18,328	13,815	12,281	(873)	43,551

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 2015-16 the Agency comprised 3 Divisions; Resource Efficiency Division, Natural Environment Division, and Innovation Strategies Division, each Directorate fulfilling a role in achieving the overall Agency objective to protect, conserve and promote the natural environment of Northern Ireland for the benefit of present and future generations. The management board review financial information at Divisional level for decision making purposes and this information is analysed into Administration and Programme costs. Reportable segments have been identified on this basis. There have been no changes to the methods used to identify reportable segments since the prior year.

Notes to the Accounts

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

In preparation for Departmental Re-structuring to take effect from May 2016, the Historic Environment Division of the NIEA was transferred into the Core Department on 1st April 2015. In 2015-16 year the Historic Environment Division costs and net assets have been reported in the Department's Resource Accounts. In 2014-15 the Net Operating Cost of the Historic Environment Division amounted to £12,281K and net assets are estimated to be cira £4.3m.

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

	2015-16 £000	2014-15 £000
Retail	-	32
Operational	100	131
Total	100	163

12. Trade Receivables and Other Current Assets

	2015-16 £000	2014-15 £000
Amounts falling due within one year:		
Trade Receivables	267	296
Other Receivables	174	497
Amounts due from EU	-	491
Prepayments & Accrued Income	529	627
Total	970	1,911

12. Trade receivables and other current assets (continued)

Included within trade receivables is £nil (2014-15 £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:

	2015-16 £000	2014-15 £000
Balance at start of year	(170)	(188)
Impairment losses recognised/ derecognised on receivables	22	18
Balance at end of year	(148)	(170)

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:

	2015-16 £000	2014-15 £000
Neither past due nor impaired trade receivables	147	62
1 – 30 days	30	11
31 – 60 days	9	6
61 – 90 days	18	110
91 – 180 days	7	32
181 – 361 days	56	75
361 days plus	-	-
Gross carrying value	267	296

12.1 Intra-Government Balances

Receivables: Amounts falling due within one year

	2015-16 £000	2014-15 £000
Balances with other central government bodies	276	1,052
Balances with local authorities	17	37
Balances with public corporations and trading funds	325	362
Balances with NHS trusts	2	3
Subtotal: Intra-government balances	620	1,454
Balances with bodies external to government	350	457
Total receivables at 31 March	970	1,911

13. Cash and cash equivalents

	2015-16 £000	2014-15 £000
Balance at 1 April	3	3
Net change in cash and cash equivalent balances	-	-
Balance at 31 December	3	3
The following balances at 31 December were held:		
Cash in hand	3	3

14. Trade Payables and Other Current Liabilities

	2015-16 £000	2014-15 £000
Amounts falling due within one year:		
Trade Payables	41	175
Accruals & Deferred Income	4,309	7,860
Total	4,350	8,035

14.1 Intra-Government Balances

Payables: Amounts falling due within one year

	2015-16 £000	2014-15 £000
Balances with other central government bodies	1038	665
Balances with local authorities	185	810
Balances with public corporations and trading funds	1	9
Balances with NHS trusts	-	-
Subtotal: Intra-government balances	1,224	1,484
Balances with bodies external to government	3,126	6,551
Total payables at 31 March	4,350	8,035

15. Provisions for liabilities and charges

	Public/ Employer's Liability £000	Equal Pay Settlement £000	Judicial Reviews £000	Total £000
Balance at 1 April 2015	348	5	58	411
Provisions not required written back	(24)	-		(24)
Provided in the year	37	-	217	254
Transfer To HED	(236)	-	-	(236)
Provisions utilised in the year	(80)	-	(255)	(335)
Balance at 31 March 2016	45	5	20	70
Analysed as follows:				
Current provision	45	5	20	70
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	45	5	20	70
Later than 1 year and not later than 5 years	-	-	-	-
Later than 5 years	-	-	-	-
Balance at 31 March 2016	45	5	20	70

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 2014	463	3	45	511
Provisions not required written back	(54)	-	-	(54)
Provided in the year	202	2	20	224
Provisions utilised in the year	(263)	-	(7)	(270)
Balance at 31 March 2015	348	5	58	411

Analysed as follows:

Current provision	348	5	58	411
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	348	5	58	411
Later than 1 year and not later than 5 years	-	-	-	-
Later than 5 years	-	-	-	-
Balance at 31 March 2015	348	5	58	411

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

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

Notes to the Accounts

16. Contingent liabilities disclosed under IAS 37

The Agency has the following contingent liabilities:

	Public Liability (Number of cases)	Employer's Liability (Number of cases)	Total cases
Natural Environment	1	1	2
Total	1	1	2

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 2015-16, analysed by the period during which the commitment expires, are as follows:

	2015-16 £000	2014-15 £000
Not later than one year	2,446	1,296
Later than one year and not later than five years	-	-
Later than five years	-	-
Balance at 31 March	2,446	1,296

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.

	2015-16 £000	2014-15 £000
Obligations under operating leases for the following periods comprise:		
Land and Buildings		
Not later than one year	35	35
Later than one year and not later than five years	47	82
Later than five years	-	-
	82	117
Information Technology		
Not later than one year	1	1
Later than one year and not later than five years	-	1
Later than five years	-	-
	-	2
Total	83	119

19. Financial Targets

The Department of the Environment does not consider it appropriate to set financial targets for the Agency.

20. Related Party Transactions

The Department of the Environment is regarded as a related party as it is the Agency's parent Department. During the year NIEA has had various material transactions with the Department, and with other entities to which the Department is regarded the parent Department such as, DVAL and DVAT.

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 Agriculture and Rural Development
- Department of Education and Learning
- Department for Regional Development
- Department of Finance and Personnel
- Department of Health, Social Services and Public Services

20. Related Party Transactions (continued)

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

The Stormont House Agreement contained a commitment to reduce the number of NICS Departments from 12 to 9 following the Assembly election in May 2016. Following the Assembly Election in May 16 the Department of Environment was dissolved and NIEA became an Executive Agency of the Department of Agriculture, Environment and Rural Affairs.

Date of Authorisation of Issue

The annual report and accounts were authorised to be issued on 27 June 2016.



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