



NORTHERN IRELAND ENVIRONMENT AGENCY

ANNUAL REPORT AND ACCOUNTS 2023-2024

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



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Northern Ireland Environment Agency
Gníomhaireacht Comhshaoil Thuaisceart Éireann
Norlin Airlan Environment Agency



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

www.daera-ni.gov.uk

Gníomhaireacht de chuid na Roinne
**Talmhaíochta, Comhshaoil
agus Gnóthaí Tuaithe**

An Agency wí'in the Department o
**Fairmin, Environment
an' Kintra Matters**

Northern Ireland Environment Agency

ANNUAL REPORT AND ACCOUNTS 2023-24

For the year ended 31 March 2024

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 5 July 2024



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ANNUAL REPORT

Chief Executive's Perspective on Performance

I am pleased to present the Northern Ireland Environment Agency's (NIEA, the Agency) 2023-24 Annual Report and Accounts, my first as incoming Chief Executive of NIEA. During the reporting period we achieved many of our targets while dealing with a wide range of challenges. Perhaps one of the most significant challenges we faced during the year was the operational response to the proliferation of blue-green algae at Lough Neagh and many of our other water bodies.

NIEA continued to focus on core business and the delivery against our targets which underpin the Agency's primary purpose "to protect and enhance Northern Ireland's environment and in doing so, deliver health and wellbeing benefits and support economic growth". Our 2023-24 Annual Report and Accounts reports that fourteen of the seventeen Group level targets were achieved or partially achieved, whilst three of the six NIEA Key Performance Targets were achieved or partially achieved. This is outlined in more detail in the Performance Report at page 13.

Some of the highlights during the year included:

- The protection of public health and the environment remained a driving principle of our work with ongoing effective and efficient regulation and enforcement of drinking water supplies;
- Our operational response to the blue-green algae crisis during the summer of 2023 and our contribution to the Lough Neagh Water Quality Review Group;
- The ongoing development and publication of Conservation Management Plans;
- The funding of 48 projects at a cost £5.1m under the Environment Fund which included support for habitats and species, improved water quality, engagement with nature and access to the countryside;
- We continued to support sustainable access to our precious natural environment which included the ongoing management and care of our seven country parks and sixty-five nature reserves, which alone attracted almost three million visitors in 2023; and
- The ongoing monitoring of the Mobuoy waste site and the development of a draft Remediation Strategy which will go to public consultation in 2025;

The blue-green algae blooms during the summer of 2023 shone the spotlight on the continuing impacts and consequences that all of us living here have on our natural environment. How we use and engage with our natural environment is having an impact and the need for urgent action is clear. As we look ahead to 2024-25, we will work in partnership with our colleagues in the Department of Agriculture, Environment and Rural Affairs (DAERA), the wider public sector and with our stakeholders in delivering better environmental outcomes in support of our Minister's priorities.

We also have to recognise that there are many areas where we need to improve, and we must ensure that appropriate structures are in place to best deliver our Ministerial priorities.

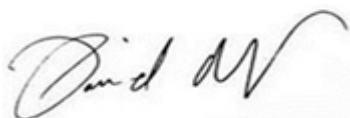
For example, whilst NIEA implemented a range of initiatives to improve planning response performance in 2023-2024, there is more work to be done so that we can better contribute to supporting economic growth whilst protecting our environment. We will also work to transform our regulatory system to improve effectiveness for businesses and citizens and do more to ensure our statutory advice is understood and implemented by planning authorities.

In navigating these and many other challenges including environmental regulation throughout the past year, I am grateful for the continued support of environmental organisations, and the other contributors from the voluntary, business, law enforcement and community sectors, for their valuable support during the past year. Engaging and collaborating with eNGO's, local government, citizens and business is key to building capacity, capability and awareness in tackling the nature and climate challenges.

Looking ahead it is essential that we continue to value all these contributions including the expertise and commitment of our people whose drive and desire to deliver for the environment continued unabated throughout 2023-2024.

Finally, I would like to thank the former Chief Executive of NIEA, Paul Donnelly and acknowledge his vast contribution to steering NIEA through the challenges and opportunities presented from June 2021 right through until Paul left the Agency in January of this year. Paul's leadership, dedication and commitment helped to move NIEA forward during an extremely challenging time.

I intend to build on the success of my predecessor and will continue to drive NIEA forward with a focus on targeting the Agency's limited resources on our key ministerial priorities. This will enable NIEA to respond to challenges and seize the opportunities that exist to ensure the ongoing protection and restoration of our natural environment to the benefit of all.

A handwritten signature in black ink, appearing to read 'David Reid', with a stylized flourish at the end.

David Reid
NIEA Chief Executive
2 July 2024

Non-Executive Board Members' Report

The year to 31 March 2024 has been another challenging period for the Northern Ireland Environment Agency (NIEA). As a complex and diverse operational organisation, the Agency continues to meet competing demands in this evolving environment, as it fulfils its regulatory, enforcement and operational duties to ensure compliance with current environmental legislation and standards. As non-executive members of the Agency Board, we've strategically inputted and supported NIEA's activities through contributing at the Board meetings and undertaking regular scrutiny reviews of progress and risks at each Audit Risk and Assurance Committee meetings, which I chair. We wish to record thanks to all the Agency staff for their effort and assistance throughout the last year.

NIEA Board

The Management Board met 8 times in 2023-24. In addition to considering papers on operational issues, the NIEA Board agenda included standing briefing papers on a wide range of strategic issues including finance and corporate governance, people, and Health & Safety.

Board Effectiveness

A Review of Board Effectiveness did not take place in 2023-24, but one has been commissioned after the end of the period covered by this report.

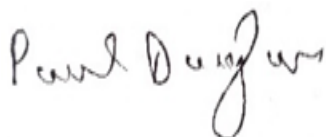
Audit and Risk Assurance Committee

The Audit Risk and Assurance Committee met on three occasions in 2023-24 and continued to support the Accounting Officer and Management Board in their responsibilities for issues of risk, control and governance.

In preparation for the end of the term of office of Paul Douglas, the role of chair transferred to Stephen Welch in January 2024. Paul Douglas would like to record his thanks to NIEA's Senior Management Team and Internal Audit for their support during his time as a non-executive member of the NIEA Board.

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

The committee note the NIAO audit opinion on the 2023-24 accounts and will continue to monitor going forward. The committee welcomes the satisfactory audit opinion presented by Internal Audit in their 2023-24 Annual Opinion and Report. The committee continued to reflect upon the recommendations in relation to risk management within the Agency.



Paul Douglas
2 July 2024



Stephen Welch
2 July 2024

1. PERFORMANCE REPORT

1.1 Performance Overview

Introduction

This commentary sets out the Northern Ireland Environment Agency's main objectives, comments upon the organisational context within which the Agency operated and provides a detailed report on performance during 2023-24.

History and Statutory Background

The Northern Ireland Environment Agency (NIEA, the Agency) hereby presents its Annual Report and Accounts for the year ended 31 March 2024.

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

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

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

Structure

NIEA is an executive agency within DAERA and works under the direction and control of the DAERA minister. The Agency is headed by a Chief Executive with the support of two operational Directors; Natural Environment Division and Resource Efficiency Division. A Non-Executive Board Member (NEBM) was appointed on 1 September 2018 for a three-year period which has been extended for a further three-year period with annual review. A second Non-Executive Board Member (NEBM) was appointed to the Board on 1 February 2023. The Business Support Team assists the Chief Executive and Directors in the delivery of key corporate functions such as strategic planning, governance, financial and budget management.

Business Priorities for 2023-24

For 2023-24, NIEA's primary purpose was ***'to protect and enhance Northern Ireland's environment, and in doing so, to deliver health and well-being benefits and support economic growth'***. This purpose underpinned and contributed to DAERA's 2023-24 vision of 'Sustainability at the heart of a living, working, active landscape valued by everyone'.

Of the 17 targets in the latest version of the NIEA 2023-24 Business Plan, no specific NIEA targets were included in the DAERA 2023-24 Business Plan, as a decision was taken to keep the Agency's targets separate.






Principal Activities

The 17 targets included in the 2023-24 NIEA Business Plan set out the Agency’s priorities for the year. These targets set the direction for the Agency so our people know what they have to deliver, our customers and stakeholders know what to expect from us and the public knows what we intend to deliver.

One of DAERA’s four strategic outcomes for 2023-24 was a “clean, healthy environment, benefitting people, nature and the economy”, which underpins the DAERA vision of “A living, working active landscape, valued by everyone.”

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

NIEA Key Priorities 2023-2024

	<p>NIEA Key Priority 1 Working towards a fully compliant regulated industry.</p>
	<p>NIEA Key Priority 2 Delivering freshwater environment at 'good status'.</p>
	<p>NIEA Key Priority 3 Tackling waste sector crime.</p>
	<p>NIEA Key Priority 4 Supporting good habitat, earth science and landscape quality and enhancing species abundance and diversity.</p>
	<p>NIEA Key Priority 5 Promotion of environmentally sustainable development, infrastructure and access to quality green and blue spaces.</p>

What We Do & How We Performed During 2023-24

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

What we do:

NIEA Key Priority 1 - Working towards a fully compliant regulated industry

To help achieve this key priority the NIEA:

- Promotes a sustainable approach to managing waste and land resources in Northern Ireland to protect our shared environment. This encourages resource efficiency and economic growth in a coordinated and sustainable manner.
- Monitors, audits, and regulates authorised and exempt waste facilities, waste carriers, certain waste movements and those organisations falling under the Producer Responsibility Regulations to protect and minimise impacts to the environment and human health. During 2023-24 reporting period the Agency conducted 1,076 scheduled monitoring inspections of authorised waste management facilities, including landfill sites.
- Monitors and regulates discharges to the aquatic environment. This key activity is underpinned by an extensive compliance sampling and reporting programme. 2,737 effluent sampling events took place, in relation to industrial consents with 88% being compliant with consent standards. The Agency provides advice and guidance to Northern Ireland Water to enhance its operational asset performance.
- Regulates all emissions from a range of industrial installations such as power generation, waste incineration, manufacture of cement, glass, chemicals, pharmaceuticals, food drink and milk processing, slaughterhouses & meat processing, rendering, plus farms rearing pig and poultry above prescribed thresholds, to ensure the latest EU and UK best available techniques are being used in order to protect and minimise impacts to the environment and human health.
- Monitors and regulates the use of radioactive substances. This includes an extensive environmental monitoring programme to assess the impacts of radiological discharges elsewhere into the NI aquatic environment.
- Undertakes a wide-ranging programme of visits to industrial, agricultural, construction, demolition, and other industrial sites providing prevention advice, carrying out risk assessments with the aim of minimising the impact of these activities on the environment.
- In partnership with HSENI is the joint competent authority for the Control of Major Accidents and Hazards (COMAH) for NI, responsible for carrying out inspections on higher and lower tier sites, reviewing safety reports for sites and participating in the planning and co-ordination of on and off-site emergency exercises.
- Undertakes cross-compliance farm inspections throughout Northern Ireland under three environmental Statutory Management Requirements (SMRs), and three Good Agricultural and Environmental Conditions (GAECs). These requirements cover a range of environmental conditions relating to protected Habitats, Birds, Groundwater, Buffer Strips, Irrigation Authorisations and the Nitrates Directive.

NIEA Key Priority 2 - Delivering freshwater environment at 'good status'

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

The majority of statutory river and lake water quality monitoring was undertaken as planned in 2023-24. During the 2023-24 year the Water Quality Monitoring Programme exceeded the 90% completion target, by achieving 99% delivery overall. The Water Chemistry laboratories continued to deliver an effective quality assured analytical service throughout 2023-24, delivering 98% of the water quality monitoring programme. The Freshwater Monitoring and Assessment group successfully delivered 100% of the freshwater ecology programme for Northern Ireland, completing over 900 samples and surveys compared to 500 samples last year. The team also reviewed over 300 reports of algal blooms of which 214 were confirmed as blue-green algae from 77 unique locations across Northern Ireland. The Freshwater Investigations (FI) team processed 150 Water Framework Directive (WFD) river biological invertebrate samples and 38 investigative invertebrate samples in 2023. This is an increase of 18% overall against the proposed targets for that year. Targeted priority catchment programme work was completed to 100% as requested by the WMU Catchments team, focusing on the Roe catchment in 2023. In response to the blue-green algal blooms in 2023, FI increased the in-situ temperature monitoring of Lough Neagh and its six main tributaries and implemented the Spring 2024 monitoring of 13 historical invertebrate sites around the lough.

NIEA has a key role in protecting water quality, with the aim of achieving 'good status' in groundwater and surface water systems. This is underpinned by a legislative framework supporting the objective of managing polluted clean waters, to ensure that sufficient water is available to support the natural environment and its users. NIEA as an operational policy implementer works in partnership with policy teams in Marine and Fisheries Division of DAERA and the Department for Infrastructure Water Policy and is responsible for the development of the River Basin Management Plan, to encourage a sustainability and integrated approach. The essential work done is based on robust scientific evidence derived from comprehensive, long-term monitoring and research programmes to understand the pressures and impacts affecting our water environment.

NIEA Key Priority 3 - Tackling Waste Sector Crime

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

NIEA's Regulation Unit monitors and regulates the licensed and permitted waste industry operations through its regulatory programme of site visits, inspections and audits which applies risk based compliance assessment models to support and direct regulatory activity. The Regulation Unit also monitors waste operators, waste carriers and brokers, waste processors, waste importers, exporters and businesses who fall within the Producer Responsibility Regulations. Where operators are non-compliant the Regulation Unit staff work with the operator to ensure that they undertake and implement appropriate actions to quickly come back into compliance. The Agency will, where and when necessary, undertake proportionate enforcement action in accordance with the Department's Enforcement Policy to protect land,

waterways, groundwater and drinking water. Environmental offenders can inflict large-scale and long-term damage on our environment and deprive the local economy of legitimate and sustainable revenue, whilst impacting upon legitimate businesses' ability to compete. Waste and environmentally damaging crimes can occur in a broad range of settings and circumstances, both within and external to the regulated waste sector. This can range from fly-tipping to large scale organised criminality such as illegal landfills, unlicensed end of life vehicle yards, and misdescription of waste materials. Such activity is frequently lucrative and blights our environment. It often has very significant impacts on surrounding land, air, and water within the local district.

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

NIEA Key Priority 4 – Supporting good habitat, earth science and landscape quality and enhancing species abundance and diversity.

Country Parks and Nature Reserves

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

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



Protection and Management of Habitats and Species

The key objective of nature conservation work is to get our priority habitats, species, and Earth science into favourable condition for now and well into the future. This includes reporting annually on the condition of all the special features in our Areas of Special Scientific Interest. This helps to inform public authorities and landowners on how these special features should be managed.

NIEA provides evidence, advice, and grant aid to key stakeholders to inform and support management and restoration of our priority habitats. There is growing demand for monitoring and surveillance of the natural environment and our natural capital assets. Reflecting this, the Agency, successfully re-launched the Centre for Environmental Data and Recording (CEDaR), to enable expansion of citizen scientist supported collection and interpretation of species data in partnership with National Museums Northern Ireland. In addition, NIEA continues to develop habitat mapping capabilities from satellite data through the Living Map of Northern Ireland project. This will enhance evidence on habitat extent, timely monitoring of change, and targeting of monitoring activity and conservation action across Northern Ireland.

The 40 out of 57 of our Special Areas of Conservation now have published conservation management plans in place to help us move towards their favourable management in support of future investment and protection.

The Agency continued to work closely with DAERA colleagues to inform evolving strategies to help address the environmental challenges we face. This included development of the Environmental Improvement Plan, Peatland Strategy, Nature Recovery Strategy and the Ammonia Strategy. Managing the impacts of air pollution on our natural environment continues to present a significant challenge and we will continue to work closely with our policy colleagues in helping to address that challenge.

NIEA Key Priority 5 – Promotion of environmentally sustainable development, infrastructure and access to quality green and blue spaces.

NIEA protects the natural environment through the regulation of a wide range of sectors. This includes the regulation of discharges to the aquatic environment from industry and sewerage providers.

NIEA Water Chemistry Group's laboratories provide an ISO17025/UKAS quality assured analytical service to various partners across the Agency and wider Department. The group facilitates analysis for a variety of regulatory, statutory and investigatory programmes. Importantly NIEA's laboratories continued to maintain their sampling and analysis UKAS Quality Accreditation ensuring independent quality assurance of activities underpinning regulatory and enforcement processes.

We also work closely with NI Water to ensure that drinking water is maintained to a quality that protects public health. We work closely with the DAERA College of Agriculture, Food and Rural Enterprise, Knowledge Advisory Service (KAS) to identify and agree key environmental issues, priorities and programmes, and provide specialist advice to ensure environmental outcomes are achieved.

The Planning Response Team provides a single point of contact for environmental advice on planning matters to councils, developers, and the public; and provides a single, integrated response for each consultation from each of the 7 Subject Matter Expert teams from across DAERA. The Agency received 4,863 consultations throughout 2023-24 and has implemented a range of initiatives to enhance performance and consultation response rates (74% of applications were responded to within the statutory deadline in 2023-24, the highest response rate of the past five years).

As part of the Science Transformation Programme work has been continuing for the development of a Laboratory Information Management System to be used throughout DAERA along with a data warehouse to store science information. The new Enterprise Data Analytics Platform (EDAP) will allow data from a wide variety of cloud and on-premises data sources to be both stored and analysed. EDAP will create opportunities for advanced analysis of the many data sources available to help target measures to protect and enhance our aquatic environment.

Over the last year the ISLAND project team have been working with NIEA (and DAERA's Environment, Marine & Fisheries Group) laboratories on the scoping and design of an improved laboratory information management system. Following the system build, testing of the Core system has taken place and further draft scripts have been produced, specific to NIEA needs. These are currently undergoing a series of user acceptance testing by laboratory staff. Feedback from this testing will assist with refinement of the system to ensure the laboratory requirements are met. The next stage is to work towards a 'go live' date for the new system, scheduled to take place within the next quarter.

Further Information

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

Future Developments

The Agency's focus will support activities that deliver the priorities of the Minister and the Executive in the years ahead. This will include our response to Lough Neagh, targeted enforcement, supporting the delivery of key departmental policy frameworks on climate change and nature recovery. We will also work to continually improve how we regulate and the effectiveness of what we do.

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

The Agency continues to manage long term environmental challenges, for example in relation to water resources. Minister Muir will consider the final 3rd cycle River Basin Management Plan (RBMP) before bringing it to the Executive for approval and subsequent publication during 2024-25. The RBMP includes the Programme of Measures to improve and protect our water resources. NIEA hosted six working group meetings with internal and external stakeholders to co-ordinate the implementation of the Programme of Measures.

NIEA will continue to support the Department's development of a wide range of new environmental and climate strategies to support environmental improvement, climate adaptation and nature recovery. NIEA will work with colleagues to consider the implementation of these strategies and ensure that resources are appropriately aligned to deliver the most pressing strategic priorities on behalf of the Minister.

The Agency aims to deliver on core business that reflects its ethos and core values :

- Carrying out appropriate environmental regulatory compliance assessments, monitoring/surveillance, and enforcement that will ensure the protection and enhancement of the environment, and inform future evidence led policy, strategies, and decisions to deliver improved environmental outcomes;
- Responding effectively and efficiently to issues on the environment, and develop and feed into any appropriate public sector work;
- Taking appropriate enforcement action (where the offender can be identified) within 7 months on 90% of breaches in legislation which lead to significant environmental consequences; and
- Completing cross compliance inspections on at least 1% of all farms (to include 5% of those operating under a Nutrients Action Programme (NAP) derogation) by 31 December 2024.

Risk

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

- Failure to revise the Policies and Programmes that are no longer fit for the challenges faced;
- Failure to achieve annual NIEA Business Plan targets during the reporting year;
- Reputational damage. Subsequently, there is a risk that the Agency does not adequately control finances leading to significant overspend or underspend;
- NIEA will not have sufficient staff or the right people in the right place at the right time with the right capabilities to delivery NIEA Business Plan and Statutory Requirements;
- The operation of the department, health & wellbeing of staff and delivery of services due to ineffective or non-compliance with H&S policies & procedures;
- There is a reputational and organisational risk to NIEA from loss, mishandling, incorrect storage or incorrect disposal of information and sensitive data, which subsequently cost result in a major incident and/or GDPR breach; and
- NIEA does not have in place or develop effective contingency plans to be able to manage its response to evolving emergency situations.

1.2 Performance Analysis

The Agency had a total of 17 NIEA Group level targets during the 2023-24 reporting year. All of these Group level targets, including the 6 Key Performance Targets (KPTs), and the Year End position on these 6 KPTs were as follows:

- 2 Amber (i.e., Partially Achieved) – NIEA target 1 (KPT 1), and NIEA target 7 (KPT 3)
- 1 Green (i.e., Achieved) – NIEA target 11 (KPT 5); and
- 3 Red (i.e., Not Achieved) – NIEA target 6 (KPT 2), NIEA target 10 (KPT 4), and NIEA target 15 (KPT 6)

The below table illustrates the 6 NIEA Key Performance Targets for 2023-2024.

Please note, the achievements reported are subject to validation by the Department of Finance’s Internal Auditors.

NIEA Target number	TARGET	RESULT	Explanation for Result
1 KPT 1	<p>Support the delivery of strategic natural and freshwater environmental priorities through funding to not-for-profit partners.</p> <ul style="list-style-type: none"> • Commence and manage a new Environment Fund (EF) Strategic Strand and issue associated multi-year Letters of Offer to support at least 35 projects in 2023-2024 totalling over £7m. • Assess and award Water Quality and Improvement Grant Scheme funding. Manage implementation of scheme and drawdown of funds by successful applicants. • Launch Centre for Environmental Data & Recording 2023-2033. • Issue full payment on 90% of all claims submitted by 15 March 2024. 	Amber Partially Achieved	<ul style="list-style-type: none"> • 38 projects received Letters of Offer as part of the Strategic Strand of the Environment Fund (EF). • The total amount of EF related offers issued in 2023-24 was £6.8m. • An additional 26 projects were awarded funding through the Water Quality and Improvement Grant Scheme an EF Challenge Fund competition. • CEDaR 2023-2033 was successfully launched in 2023-24. • All claims submitted by 15 March 24 and cleared for payment by Client Officers have been processed.
6 KPT 2	<p>Continue statutory monitoring of the favourable condition of our Areas of Special Scientific Interest.</p> <p>Complete field condition (assessment) monitoring of 150 species, habitat and/or earth science Area Special Scientific Interest (ASSI) features.</p>	Red Not Achieved	<ul style="list-style-type: none"> • 145 field assessments were completed of which only 98 were written up within the required timeframe. As previously reported, late award of a substantial contract reduced the number of features possible to assess. This was further compounded following an injury to a contractor and unfavourable weather conditions (high water levels) preventing (not the contractor) field work.

<p>7 KPT 3</p>	<p>Maintain service standards in relation to natural heritage licencing and consenting.</p> <ul style="list-style-type: none"> Issue decisions for 95% of Wildlife Order licences within 15 working days. Issue decisions for 90% of Environment Order notifiable operations consent applications within 3 months. 	<p>Amber Partially Achieved</p>	<ul style="list-style-type: none"> 93.35% licences (477/511) issued within 15 workdays. 100% of Environment Order notifiable operations consent decisions issued within 3 months and assent decisions issued within 28 days.
<p>10 KPT 4</p>	<p>Help protect the environment by delivering 90% of regulatory inspections and monitoring programme for Waste PPC Permits, Waste Management licences and all IPRI regulated activities.</p> <p>a) Deliver 90% of regulatory inspections and monitoring programme for Waste PPC Permits, Waste Management licences and all IPRI regulated activities.</p> <p>b) All non-compliances to be recorded, categorised, and dealt with in accordance with IPRI's risk-based Quality Assurance procedures, including all substantial non-compliances to be subject to a case review.</p>	<p>Red Not Achieved</p>	<p>a) <u>Scheduled Monitoring Site Inspections:</u></p> <p>Waste Licensing:</p> <ul style="list-style-type: none"> Planned Inspections – 960 Inspected – 842 Overall Inspected – 87.7% <p>Waste PPC:</p> <ul style="list-style-type: none"> Planned Inspections – 296 Inspected – 234 Overall Inspected – 79% <p>Pollution, Prevention & Controls (PPC) Part A & B sites:</p> <ul style="list-style-type: none"> Planned Inspections – 502 Inspected – 452 Overall Inspected – 90% <p>Radioactive Substances Act (RSA):</p> <ul style="list-style-type: none"> Planned Inspections – 89 Inspected – 83 Overall Inspected – 93.3% <p>COMAH:</p> <ul style="list-style-type: none"> Planned Inspections – 13 Inspected – 13 Overall Inspected – 100% <p>Planned Inspections – 1,860 Inspected – 1,624 Overall Inspected - 87.3%</p> <p><i>Site Inspection monitoring programme not delivered to meet target.</i></p> <p><i>Lack of staff resources and competing priorities.</i></p> <p>b) This was not specifically reported on.</p>

<p>11 KPT 5</p>	<p>Protect public health and the environment by providing effective and efficient regulation and enforcement of Drinking Water supplies - 95% compliance with microbiological parameters at private drinking water supplies and 90% of events notified by NI Water categorised within 5 days.</p> <p>a) 95% compliance with microbiological parameters at private drinking water supplies.</p> <p>b) 90% of events notified by NI Water categorised within 5 days.</p> <p>c) *Contribute to the Water quality Operational Response and Review Teams in relation to the public drinking water supply provided by NI Water from Lough Neagh.</p> <p><i>* Note - This wording was added on 16 October 2023, in response to the Departmental approval process for the NIEA Business Plan.</i></p>	<p>Green Achieved</p>	<p>a) Monitoring of private water supplies continued according to the schedule, with 4 weeks of monitoring undertaken and 100 sampling visits. Due to the time taken for sample analysis and result reporting, data has been verified up to the end of December 2023. The % compliance with microbiological parameters at private drinking water supplies for the period Jan-Dec 2023 is 96.65%.</p> <p>b) Between January and March, 9 reports of water quality events were received by DWI from NI Water. 100% of these were categorised and reported to NI Water within 5 days of the 3-day report being received. Of the events reported, 3 were Significant; 1 Minor; 3 Not Significant; and 2 pending categorisations as the 3-day report has not yet been received.</p> <p>c) DWI attended and contributed to the outputs of the Blue-Green Algae (BGA) NIEA Review Input Group, BGA Inter-Agency Monitoring Group and BGA Innovation Group.</p> <p><i>All measures have been achieved.</i></p>
<p>15 KPT 6</p>	<p>Deliver the 2023 Cross Compliance programme for the protection of water resources and the conservation of wild birds, flora, and fauna to include at least 1% of farms and 5% of those operating under a derogation.</p> <p>Deliver the Water Management Unit element of the required 2023 Cross Compliance inspection programme.</p>	<p>Red Not Achieved</p>	<p>A total of 247 farm businesses inspected under cross compliance by 31 December 2023. This equates to a 1% inspection rate and includes 5% of farms operating under a derogation.</p> <p>The target for 2023-24 was changed to 31 March 2024 to allow time to complete the paperwork. Whilst the team worked hard to get all the site visits done by the end of December 2023, the extra time that had been factored into the new target (up to 31 March 24) to allow paperwork to be completed was not met due to work pressures and vacancies in the team and therefore at the end of March not all paperwork was completed.</p> <p><i>Staff had delivered the field element inspection programme by 31 December 2023, however the paperwork to be completed was not met at the end of March 2024.</i></p>

Fully Compliant Regulated Industry

Throughout 2023-24, NIEA has continued to regulate licensed and permitted waste management facilities. Direct engagement with operators through the Department's Waste Sector Group is ongoing in addition to engaging directly with the Councils on waste related matters through the Government Waste Working Group and through the Strategic Waste Partnership Group.

NIEA met its target for completing at least 90% of its planned inspection programme for operators regulated under the Pollution Prevention and Control (Industrial Emissions) Regulations (Northern Ireland) 2013, the Radioactive Substances Act 1993 and the Control of Major Accident Hazards Regulations (Northern Ireland) 2015.

Water regulation seek to contribute to maintaining and improving quality through the regulation of discharges and abstractions. In 2023-24 we have issued over 3,000 consents to discharge, and licences regulating and controlling discharges to the water environment from domestic dwellings, industry and water utilities and abstractions for a range of purposes. Through our monitoring programme we have determined that 88% of industrial discharges are compliant with their consent. We issued over 300 letters and notices to non-compliant sites, to help bring them back to compliance or begin suitable follow up enforcement action.

Future Regulation: Regulatory Transformation Programme

The Department's primary powers in the Environmental Better Regulation Act (Northern Ireland) 2016, provides new powers for secondary legislation that will deliver an integrated permitting framework for a number of existing regimes through its Regulatory Transformation Programme (RTP). This framework will integrate, the authorisation, compliance assessments and enforcement arrangements relating to waste management, water discharges, water abstraction and impoundment, pollution prevention and control and radioactive substances. This integrated regulatory system will significantly strengthen our risk-based regulation and polluters pay focusing on the environmental risks that matter the most in protecting our environment.

Digital transformation is an important part of this transformation programme. This work has been initiated with provision of on-line applications for a number of waste and water services in which 92.5% (against a 90% performance target) of new applications were received through an on-line application facility (where it is available) during this reporting period. Also new digital tools that aid our site inspection programme continue to be embedded and in the past year, 82% of our site inspections were completed using with the aid of digital site inspection tools which has aided the efficiency and reporting of our site inspection programme.

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

Minister Muir will review the final River Basin Management Plan before bringing it to the Executive for approval and publication during 2024-25. That will take account of recent reports by the Northern Ireland Audit Office and Rivers Trust on water quality and findings from the Lough Neagh Water Quality Review Group. NIEA commenced the co-ordination of the implementation of measures. Examples include thematic working group meetings with internal and external stakeholders; running of the Water Quality Improvement Strand of the Environment Fund and jointly developing calls for projects aimed at improving the water environment with the Special European Union Programmes Body (SEUPB) and our counterparts in Rol under the PEACEPLUS Programme.

However, NIEA alone cannot deliver the necessary improvements to water quality to meet the 2027 target. It requires input and action from a wide range of organisations and behavioural

changes from every sector and person living in Northern Ireland to implement the River Basin Management Plan and supporting Catchment Plans.

In 2023-24, the Agency held a Water Quality Improvement Strand (WQIS) of the Environmental Challenge Fund competition. The WQIS seeks to fund projects aiming to bring about improvements in water quality in our rivers, lakes, groundwater and coastal waters; or to raise public awareness of the value of good water quality and how to improve it including behavioural change. The fund supported up to 85 % of the total project cost, with the maximum of grant aid awarded to a single project limited to £30k or less. Twelve local communities and voluntary organisations were awarded a total of £260k in 2023-2024 to run small environmental water quality projects to bring about improvements in their local water environment.

During 2023-24, NIEA staff continued to engage and collaborate with colleagues in RoI and virtually attended both Border Regional Operational Committee meetings and the RoI Water Framework Directive Implementation and Coordination meetings.

In 2023, there were 1,851 incidents either reported to NIEA or discovered by NIEA staff during inspections or proactive work, of which 820 (44.3 per cent) were substantiated (confirmed) as having an impact on the water quality of the receiving waterway.

The total number of reported and discovered incidents increased by 20.5 per cent compared with last reported year (1,535) and the number of substantiated incidents in 2023 (820) increased by 21 per cent compared to 2022 (676). The total number of substantiated incidents in 2023 was 37.7 per cent lower than the average annual level recorded in the period 2001 – 2010 (1,316).

Substantiated pollution incidents are classified according to their environmental impact severity. A total of 165 (20.1 per cent) high and medium severity incidents were investigated during 2023. This was an increase of 85.4 per cent compared with the 2022 figure (89).

In 2023, Other (31 per cent), accounted for the largest proportion of substantiated incidents investigated by NIEA, followed by Farm (30 per cent), Industry (13.5 per cent), Domestic (13 per cent), Northern Ireland Water (10 per cent) and Transport (2.5 per cent).

This increase in water pollution incidents attributed to the Other category of 67.6 per cent from 2022 is associated with the 128 substantiated algal bloom events recorded as water pollution incidents mainly in Lough Neagh, Lower Bann and North Coast during 2023. The algal bloom events also account for the increase in the number of high and medium severity water pollution incidents, as the impact on the amenity value of identified and candidate bathing waters, as well as locations where outdoor swimming is known to occur was significant.

The total number of Water Order cases through Court during 2023 was 26 and the associated fines totalled £28,800.

Creating a Compliant Crime Free Waste Sector

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

Environmental Crime Unit processed a total of 481 incidents and opened 50 Enforcement Cases for further investigation. During the 2023-24 year, ECU secured 13 convictions which resulted in fines totalling £8,700, 2 conditional discharges and 6 suspended sentences. Over the same period, 15 Fixed Penalty Notices were issued equating to £5,700. A total of 80 "Article 27s" and warning letters and 84 incidents of advice and guidance were issued to appropriate parties to ensure waste was disposed of or treated effectively.

In addition, ECU has received 1 confiscation order totalling £20,000. ECU continues to manage 9 Restraint Orders covering 12 entities (1 corporate body and 11 individuals). The total value of these is £7,568,671.

NIEA remain fully committed to the agreements under the Fly Tipping Protocol with District Councils taking responsibility for small scale offending (under 20m³) and NIEA focusing on larger scale offending (over 20m³) and hazardous wastes. ECU is working to assist District Councils with regards any learning and development concerning enforcement powers.

Creating Good Habitat and Landscape Quality with Species Abundance

(a) Country Parks and Nature Reserves

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

Although down from peak visitor numbers which were achieved during the Covid pandemic (3.2 million in 2021) there was an estimated 2.99 million visits to NIEA parks and reserves in 2023, a slight increase on 2022 figures (2.9 million) despite the prevailing weather conditions and high levels of rainfall experienced. The number of visits to NIEA sites still remain significantly higher than the 2.78 million visits in 2020, which themselves saw a 20% increase on 2019 figures.

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

(b) Protection and Management of Habitats and Species

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

The Environmental Farming Scheme (EFS) aims to help protect and enhance habitats, biodiversity, water quality and to sequester carbon. A seventh Tranche of agreements commenced in 2024. Currently, over 3,400 farm businesses are participating in the scheme. Over 58,000ha of designated land or priority habitat is currently under favourable management

through the scheme. In total, since 2018, over 6,600 farm businesses have participated in the scheme and over 75,000ha of designated land or priority habitat has been under favourable management through EFS overall. Conservation Management Plans and detailed habitat mapping were completed and published for 40 Special Areas of Conservation in March 2024.

£5.1m in grant aid was funded by the Agency to support projects under the Environment Fund to help connect people to the environment and to manage priority habitats and species and improve water quality.

The new combined metric on the condition of Protected Site Features, in both the marine and terrestrial environment, was reported on in the 2023 Environmental Statistics Report. This showed that 38% of habitat features, 57% of species features and 94% of earth science features (overall 55%) were in favourable condition.

NIEA continued work to develop the *Strategic Way Forward* for addressing the wildfire issue in Northern Ireland.

Promoting Environmentally Sustainable Development and Infrastructure

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

During the year, Agency teams provided customer support, technical advice and assessment for 4,863 planning consultations.

NIEA continued to implement initiatives to seek to improve response rates holistically and enable casework officers to focus on completing assessments. NIEA also worked to reduce the number of unnecessary consultations and to improve the quality of consultations being submitted to DAERA. Customers were provided with technical advice and expert opinion on all development types across the development hierarchy and the necessary support, including published Standing Advice, to aid in the determination of the proposal. Specific sectoral engagement with agents was undertaken to improve the quality of information submitted with a consultation. The actions implemented to drive forward continuous improvements in our service covered a range of areas including Advice and Guidance, Casework Management, Stakeholder Engagement, Monitoring, and IT.

Other Measures of NIEA's Performance

Managing Our Human Resources Effectively

Throughout the reporting period NIEA continued to invest time in its workforce planning against a backdrop of high demand for staff by all departments and agencies, and by the employment market generally. The Agency also undertook to professionally support and develop staff through investing in professional membership training and ongoing membership fee reimbursement.

Human Rights

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

Anti-Corruption and Bribery

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

Managing Our Financial Resources Effectively Within a Strong Corporate Governance Framework

The NIEA 2023-24 Provisional Resource DEL overspend of £112K represents 0.35% of the closing net Resource budget (£31.602m), following the final in year monitoring round.

The Capital DEL underspend of £122K represents 3.10% of the closing Capital budget (£3.936m).

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

Funding

Our primary source of funding in terms of Resource and Capital Expenditure comes from Central Government however, 28% (2022-23: 32%) of expenditure in 2023-24 was funded from external sources including income from Regulatory Charges and the Carrier Bag Levy. The total net assets held by the Agency at 31 March 2024 were £23,913K (2022-23: £23,385K).

Results for the Year

The Statement of Comprehensive Net Expenditure is set out on page 70 and shows the net cost of operations as £40,857K (2022-23: £38,113K) representing an increase in net costs amounting to £2,744K (7.2%). The overall net increase is due to a significant increase in staff costs as a result of the 2023-24 pay award; a reduction in Carrier Bag Levy income; and a reduction in Environment Fund grants.

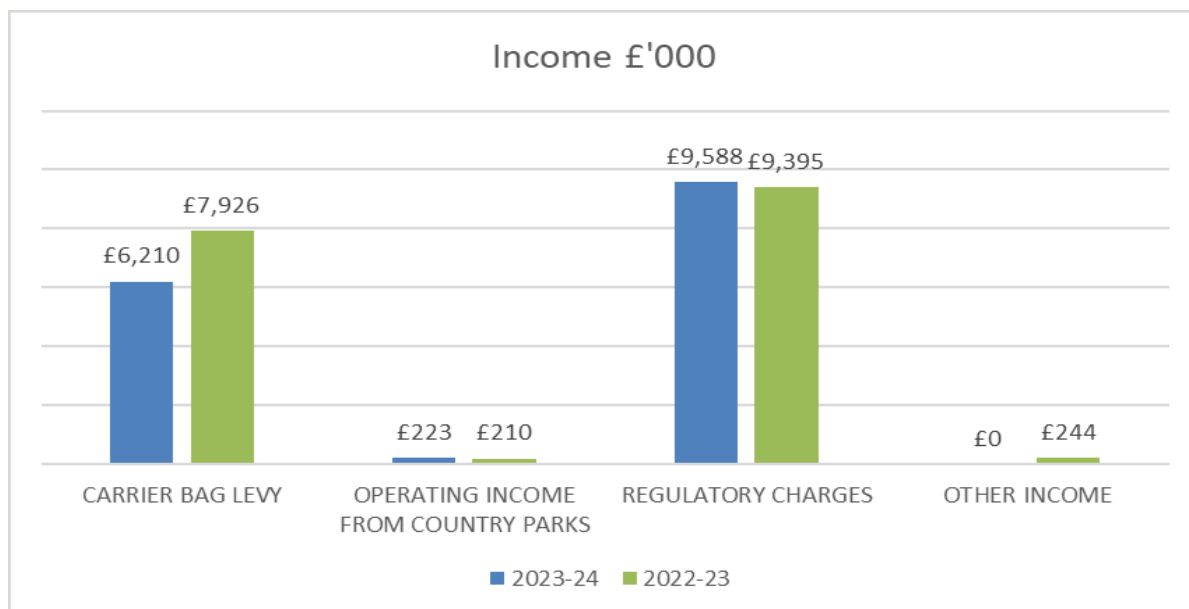
Income

Income has reduced by £1,754K (9.9%) on last year from £17,775K in 2022-23 to £16,021K in 2023-24.

The Agency’s share of income from the Carrier Bag Levy fell from £7,926K in 2022-23 to £6,210K in 2023-24, a decrease of 21.7%. This decrease reflects the overall reduction in carrier bag levy income (from £14.4m in 2022-23 to £13.1m in 2023-24) of some 9% as well as a reduction in the quantum of levy used to fund NIEA carrier bag levy environmental programmes. The reduction in carrier bag levy is the positive outworking of the policy change made in 2022-23 which ultimately aims to reduce the number of carrier bags in circulation.

Income from Regulatory Charges is up from £9,395 in 2022-23 to £9,588 in 2023-24, a rise of 2%. Likewise, income from Country Parks has increased by 6% from £210K in 2022-23 to £223K in 2023-24. There was no EU Grant Income in the current year compared to £244K in 2022-23.

The chart below provides a breakdown of income figures.

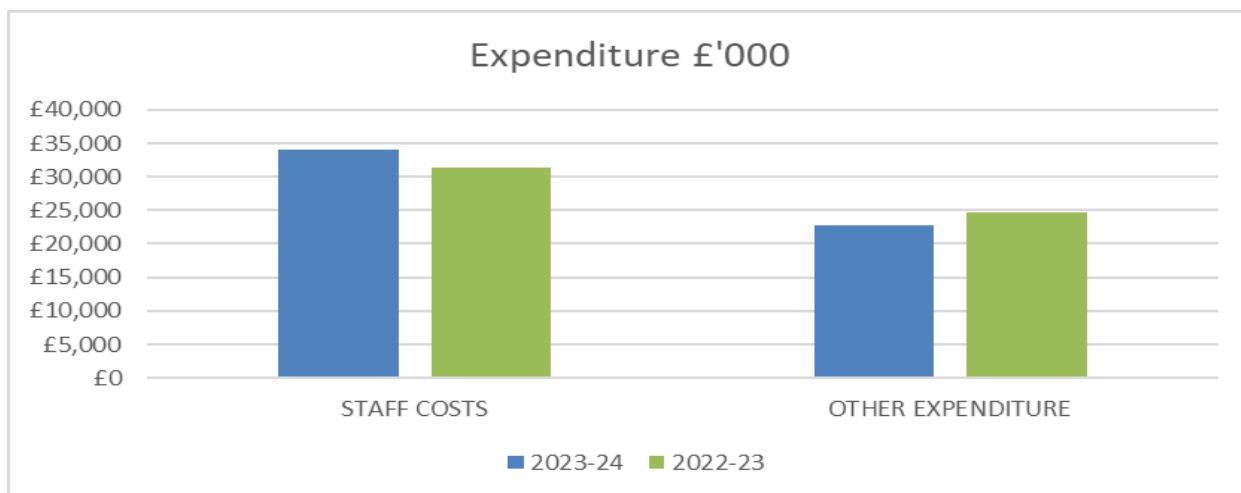


Expenditure

Total expenditure during the year was £56,878K (2022-23: £55,888K) representing a 1.8% increase on the previous year.

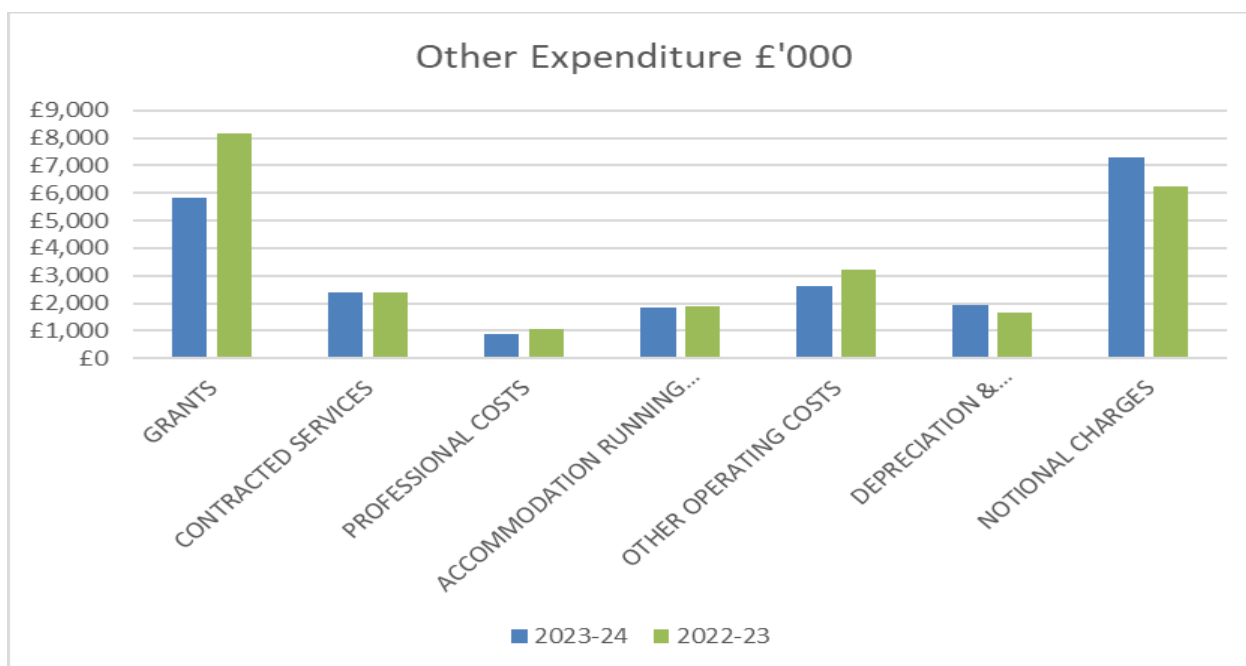
Staff costs amounting to £34,103K (2022-23: £31,288K) made up 60% (2022-23: 56%) of the total expenditure.

The chart below provides a breakdown of total expenditure.

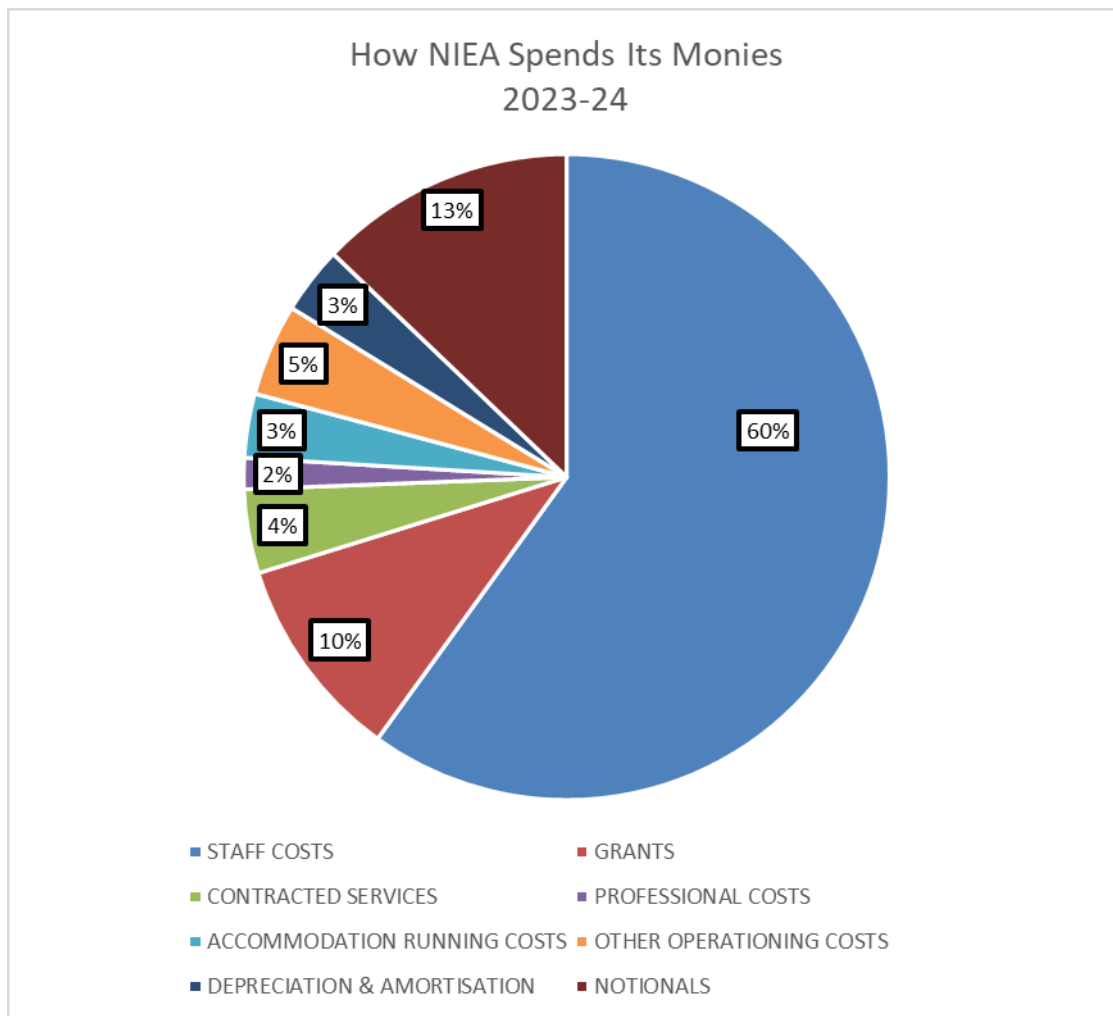


Notional costs of £7,310K (2022-23: £6,225k) made up 13% (2022-23: 11%) of the total expenditure. Grant costs of £5,823K (2022-23: £8,172K) represent 10% (2022-23: 15%) of the total. A breakdown of grants by directorate is included in Note 4 of these accounts.

The chart below provides a breakdown of other expenditure.

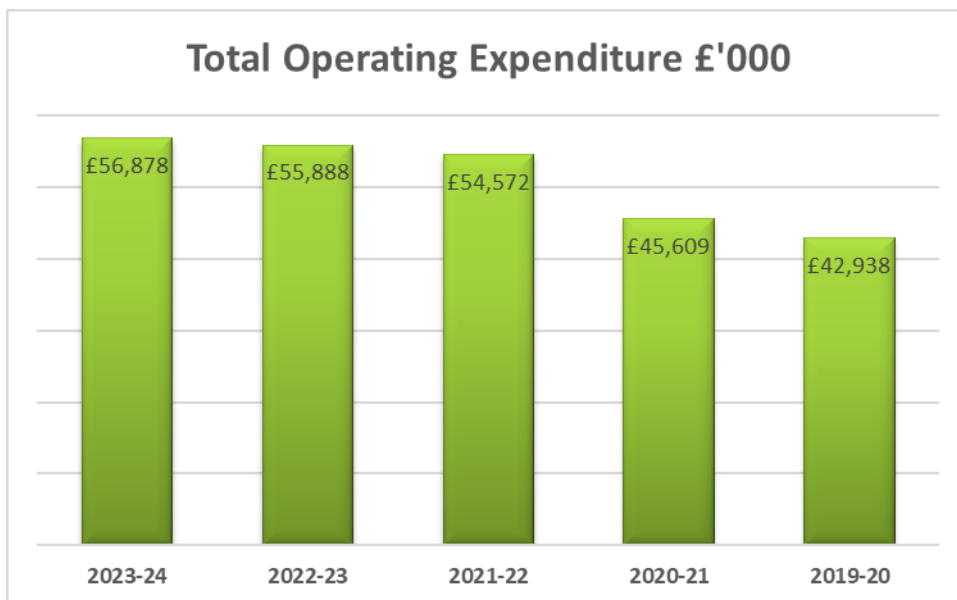


The graph below shows how the Agency spent the funding it received in 2023-24. For the 2023-24 financial year, the Agency was allocated a net opening budget of £29.3 million for resource expenditure and £4.2 million for capital expenditure. During the financial year bids and/or easements were submitted to the Department at each of the in-year monitoring rounds. In addition, the Agency also funds additional expenditure on programmes through income from services and the Carrier Bag Levy. Income received in 2023-24 was £16 million.



Long Term Expenditure Trends

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



The overall increase in spend in 2023-24 was largely due to a 9% increase in staff costs following the 2023-24 pay award less a reduction in Environment Fund grant expenditure.

Property, Plant and Equipment and Intangible Assets

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

Supplier Payment Policy

The Agency is committed to the prompt payment of bills for goods and services received in accordance with the Better Payment Practice Code. Unless otherwise stated in the contract, payment is made within 30 days of the receipt of the goods and services, or presentation of a valid invoice or similar demand, whichever is later. In November 2008, the Executive sought payments to be made within 10 days to help local businesses in the current economic climate. In 2023-24, 98.5% of invoices for goods or services were paid within 30 days (2022-23: 95.8%) and 93.9% were paid within 10 days (2022-23: 90.8%).

Political and Charitable Donations

The Agency made no political or charitable donations within the financial year (2022-23: £Nil).

Sustainability Report

The Northern Ireland Government Department's Sustainability Activities

In June 2022 Northern Ireland obtained its first regional level climate change legislation. The Climate Change Act (Northern Ireland) 2022 (the Act) sets a clear statutory target of net zero emissions by 2050. This legislation places a statutory duty on all Government departments to exercise their functions in a manner that is consistent with achieving that target as far as possible. The legislation requires the publication of a series of Climate Action Plans which set out how carbon budgets will be achieved across five yearly intervals. These Plans contain policies, proposals and actions submitted by all departments to meet sector specific emissions targets.

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

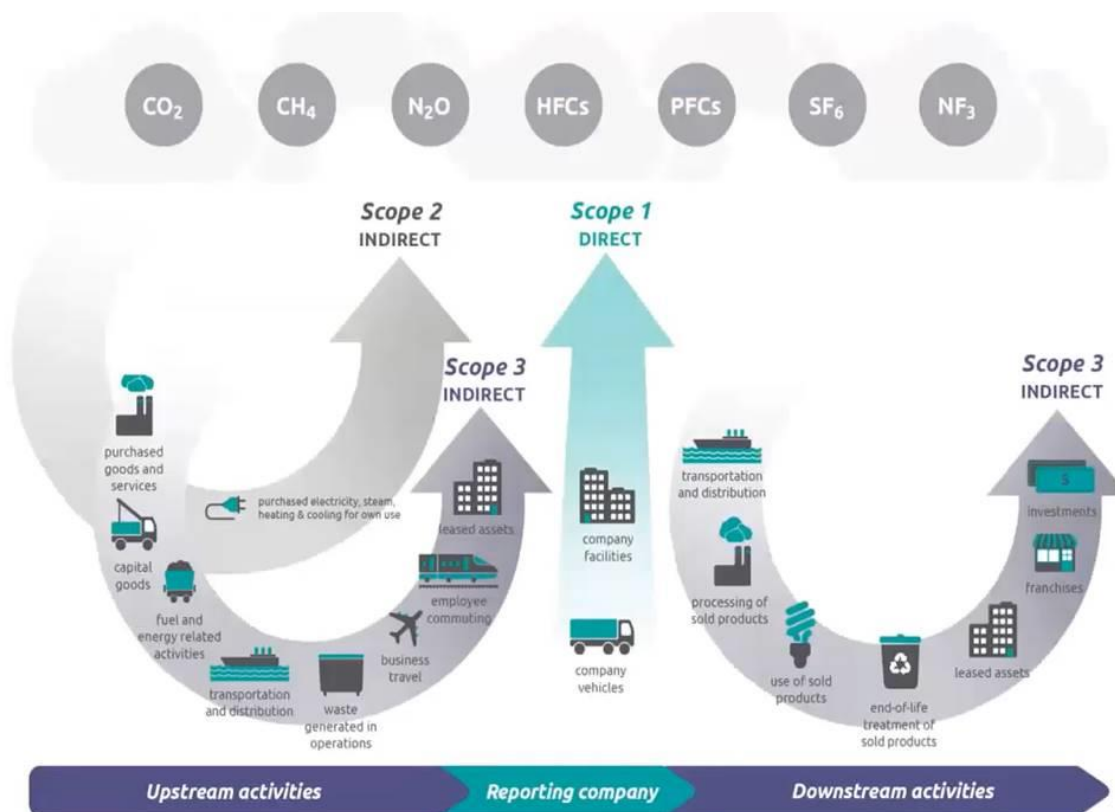
The requirements contained within the Act are underpinned by a number of additional key strategic drivers which require actions that contribute to achieving Net Zero, a clean environment rich in biodiversity and promoting a sustainable economy. These include for example: draft Programme for Government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

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

It is essential that Government departments lead by example by delivering net zero operational carbon emissions with improved biodiversity, increased efficiency and procurement that aligns with 'green growth' and the furthering of sustainable development. The purpose of this guidance is to provide departments with advice on how to report on sustainability performance to demonstrate how sustainability is an essential characteristic within strategic objectives, operations and policy making.

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

Greenhouse Gas Scopes and Emissions



Source: World Business Council Sustainable Development

Northern Ireland Environment Agency

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

Estate Sustainability Actions

The Departmental Estate Sustainability Forum (ESF), established in 2021, and including representations from NIEA and key external stakeholders, continues to utilise the knowledge and skills across the Department in co-ordinating the actions required in bringing forward energy efficiency, sustainability, and carbon reduction initiatives within the DAERA built estate. The Forum held an in-person meeting at CAFRE Greenmount on 7 March 2024 which included updates on a number of work-streams along with a number of guest speakers from DfE Energy team and DoJ Estates and Sustainability Branch.

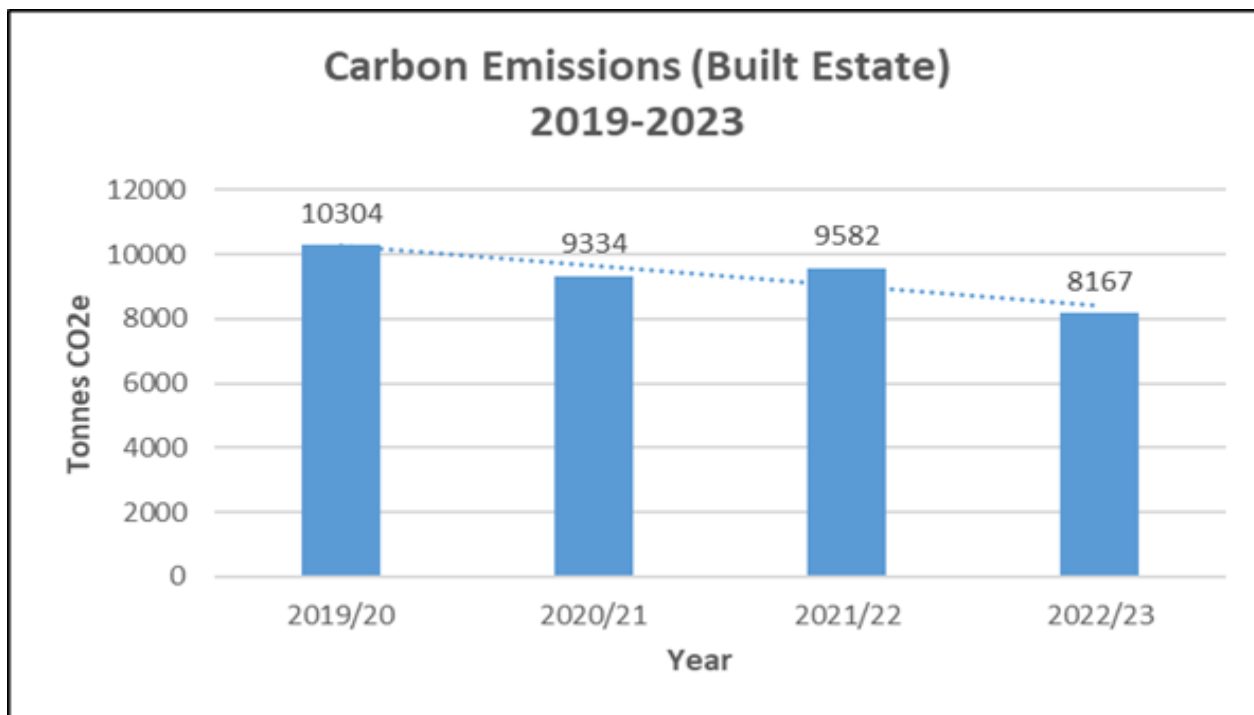
DAERA has agreed an Estate Sustainability Action Plan for the Built Estate (2022-27). The Plan details 43 actions being taken under the key themes of People, Energy, Carbon, Water, Buildings, Resources, and Biodiversity to help reduce the Department’s carbon emissions,

reduce energy usage and promote sustainability measures across the built estate. The work undertaken within the plan and through DAERA's Estate Sustainability Forum will contribute to net zero carbon emissions by 2050. A carbon baseline exercise along with the production of a pilot site decarbonisation plan was completed in 2023-24 and this work will assist DAERA in prioritising and planning future energy efficiency and emissions reductions programmes across the built estate. Work has also been undertaken across the range of estate new build projects to reduce their operational carbon footprints when constructed.

In terms of the wider NIEA natural estate, recovery recycling is employed at the Agency's country parks in order to reduce the amount of waste going to landfill. In addition, the number of litter bins has been reduced strategically at a number of key sites, further promoting greater public sustainability through the "leave no trace" principal to reduce the levels of waste being generated at sites by the public. Single use plastics have also been prohibited from use at NIEA country park concessions. E-car charging points have been installed across a number of country parks. These have recently been upgraded to provide a more efficient service. Two official electric vehicles have been procured, and a substantive element of the country park vehicle fleet has been changed from 4X4 vehicles to lower emission All-Terrain vehicles, which are more versatile and have lower fuel consumption.

On energy DAERA has been working towards reducing our energy usage and carbon emissions through implementing energy efficiency measures, installation of low and zero carbon technologies and renewables, and in considering alternative low carbon fuels. Across the four areas of energy usage for 2022-23, the breakdown is electricity (41%) and Gas/LPG (33%) with these two sources accounting for nearly three quarters of the energy consumed, followed by oil (20%), and renewables (6%).

The overall DAERA emissions reported over the last four years in tonnes CO_{2e} are showing a downward trend due to reductions in energy usage through energy efficiency work and the use of lower emission fuel sources. These figures are calculated in line with the Department for Business, Energy and Industrial Strategy (BEIS) factors used to calculate carbon emissions.



A programme to install Automatic Meter Readers (AMRs) in several high energy usage sites completed in March 2024. These AMRs can deliver energy and CO_{2e} savings of up to 5% by monitoring half hourly usage through a dedicated software package which provides better oversight and control of electricity, gas, oil, and water usage. The system can also alert users to possible unexpected and abnormal usage patterns.

A replacement boiler programme was completed at NIEA Lisburn in September 2023. The oil-fired boilers at the site, which were approaching end of life, were replaced with a more efficient natural gas heating system with lower carbon emissions. The transition to natural gas will also ensure the site will be able to benefit from proposed future roll out of decarbonisation plans for the gas network with the introduction of biogas. Scoping work has been progressed in-year at the site to consider on-site renewable electricity generation through installation of photovoltaic (PV) panels which plans to complete in 2024-25.

An external LED lighting scheme was completed in early 2023-24 period where approximately 60 end of life external lights were replaced with more efficient LED alternatives which will reduce energy usage, running costs and carbon emissions.

Nature Recovery

NIEA has initiated, progressed and continues to fund programmes that will contribute to strategic approaches to addressing the twin climate and nature crisis as well as deliver local action supporting Nature Recovery. During 2023-24 NIEA completed the first phase of the 'islands to networks' review which provides an important stock take of NIs Protected Site network. The work makes recommendations on progressing a Protected Area Programme as a key component to international targets for protection and recovery of nature. Protected or Designated Sites are the cornerstone to the successful stewarding of our nature assets, and form core elements of Nature Recovery Networks.

Sustainable management of such areas is of course key. To date, 40 draft Conservation Management Plans (CMPs) for our Special Areas of Conservation (SAC) have been completed to inform management approaches. These have been developed using a common approach consisting of the development of a habitat map, identification of the pressures and threats, stakeholder engagement and subsequent development of appropriate management actions. Work is continuing with partners to deliver the remaining plans and prepare completed draft plans for sharing with delivery partners.

Evidence to inform action and measure efficacy is also a key aspect to achieving nature recovery. NIEA has continued work streams that inform action, e.g. the monitoring of protected site features and review of priority species, and measure impact e.g. the monitoring of the Environmental Farming Scheme. However, NIEA recognises that much more is required to inform the actions that will enable broad scale nature recovery at scale.

Environment Fund

- The Environment Fund continues to fund to projects that support Nature and Climate Recovery: Building Ecological and Climate Resilience; Connecting People with the Environment; and Water Quality Improvement.
- Project themes include those targeted on specific species recording, protection, management and increasing of biodiversity (e.g. raptors, butterflies, bats, invertebrates, marine mammals), habitat protection and management (a variety of land, freshwater and marine-centred projects) and the expansion of the 30x30 agenda. Other projects are linked to enabling a broad range of environmental goals and work of a variety of eNGOs e.g. Northern Ireland Environment Link, Keep Northern Ireland Beautiful, Heritage Trusts and councils in relation to management within AONBs, promotion of outdoor recreation and access, and the monitoring and recording of data.

These projects will contribute towards:

- Landscape, water, habitats, species, and earth science condition maintained or improved and extent increased;
- Development and delivery of management measures which significantly contribute to maintaining and increasing the area of protected area in favourable condition;
- Developing Nature Recovery Networks; and
- Providing climate adaptation and resilience.
- Protecting and improving our water environment.

Fleet Management

NIEA is aware of its environmental responsibilities in relation to the management of its fleet vehicles and has previously explored various options for utilising emerging technologies in this area, primarily driven by the wider infrastructure footprint coupled with the availability of vehicles. The Agency will further develop its Fleet Strategy to consider the correct placement of vehicles in line with evolving business needs, including exploring fuel types best suited to the operational needs of the business.

The current fleet structure was developed in a different period where staff were primarily office based with availability to travel point to point whilst making best use of all available staff time resources in meeting business objectives. Given the recent adoption of hybrid and devolved working this has created an opportunity to reframe our fleet needs to position and realign resources to meet current needs and objectives.

The Agency's long-term aim for its fleet is to transition to electric or zero emissions vehicles and it will pursue other ultra-low emission solutions where electric or zero emissions vehicles are not viable. The feasibility of this will be considered as part of a wider review of fleet management that is currently underway.

NIEA commenced a Fleet Management Strategy Review during January 2024 to address the wide range of issues identified by Internal Audit and will be completed in 2024.

Shared Buildings

DAERA is very active in supporting the decarbonisation of its estate and improving energy efficiency across its buildings.

During the latter part of 2023-24 NIEA relocated from the Klondyke Building to Clare House and Water Management Unit in Lisburn.

The transfer of the headquarters building to Lisburn and Clare House supported an opportunity to further utilise hybrid and devolved working to support the wider business development and to support the flexible use of the Agency and DAERA estate. This has enabled NIEA to release a significant estate footprint that was no longer required back onto the market, enabling significant reductions in NIEA's own carbon footprint.

This move coupled with operational developments will support our ongoing commitment to reduce carbon emissions and help to protect our environment for future generations.



David Reid
Chief Executive
2 July 2024

ACCOUNTABILITY REPORT

Corporate Governance Report

Directors' Report

Management Board

NIEA's Management Board during the year ended 31 March 2024 comprised:

CHIEF EXECUTIVE

David Reid (Joined the Board 8 January 2024)

Paul Donnelly (Left the Board 7 January 2024)

DIRECTOR OF NATURAL ENVIRONMENT DIVISION

Liz Loughran (Joined the Board 31 July 2023 and left 7 January 2024) *

Mark Hammond (Left the Board 30 July 2023)

DIRECTOR OF RESOURCE EFFICIENCY DIVISION

Richard Crowe

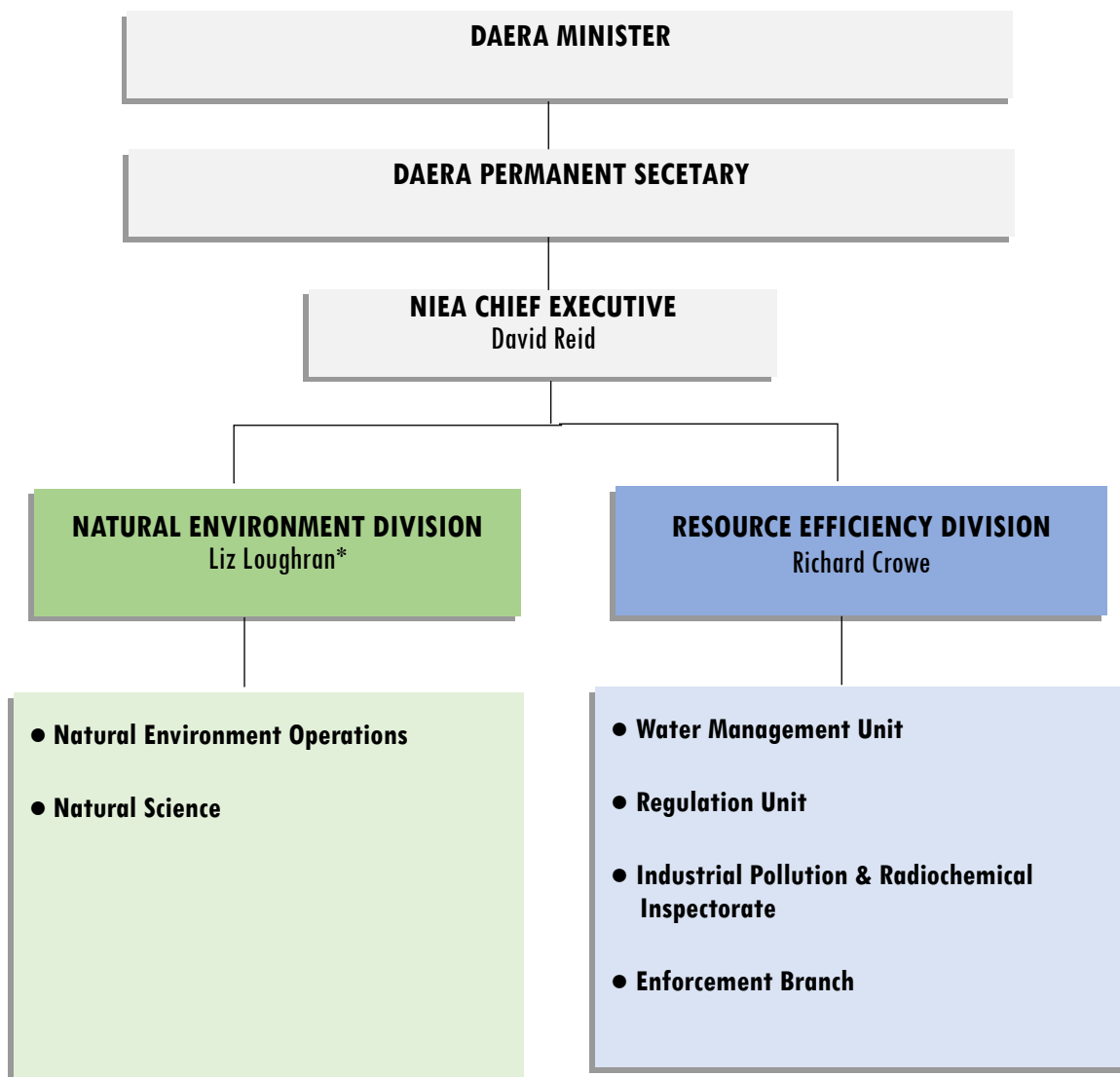
NON-EXECUTIVE DIRECTOR

Paul Douglas (Appointed 1 September 2018)

Stephen Welch (Appointed 1 February 2023)

*Liz Loughran left the Board on a temporary basis to support another DAERA role. Post remained vacant at 31 March 2024.

NIEA Organisation Chart 1 April 23 - 31 March 24



*Liz Loughran left the Board on a temporary basis on 7 January 2024 to support another DAERA role. Post remained vacant at 31 March 2024.

Independent Board Members

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

Company Directorships

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

Auditor

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

The audit of the financial statements for 2023-24 resulted in a notional audit fee of £18,100 (2022-23: £17,700) which is included in operating costs in the Statement of Comprehensive Net Expenditure. As far as I am aware, there is no relevant audit information of which the entity's auditor is unaware. I have taken all the steps that ought to have been taken to make myself aware of any relevant audit information and to establish that the Agency's auditor is also aware of that information.

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

Pension Liabilities

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

Further information on Pensions is provided in the Remuneration Report (page 45) and Note 2 of the Accounts (page 83).

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 225 (2022-23: 176) 'Requests for Information', falling within the terms of this legislation, were received within the period of this report.

Health & Safety

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

Employee Involvement

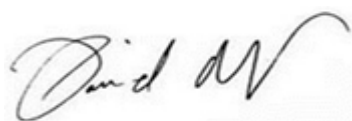
The maintenance of a highly skilled and effective workforce is key to the future of our business. The Agency supports them in updating their skills through the Agency's training and development opportunities. We also encourage staff to remain well-informed on new developments and to network with, for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

Our commitment to, and recognition of staff, is integral to our business performance. DOE first achieved the Investors in People (IIP) standard in the spring of 2009, and the Agency was involved in (IIP) reassessment in 2012-13 as part of the wider departmental review. Following the restructure of NICS Departments in May 2016 DAERA's IIP status was reassessed and the Department's formal recognition as an 'Investor in People' was retained in February 2017. DAERA's IIP reaccreditation assessment commenced in March 2023 and the Department were awarded Standard Investors in People Accreditation on 29 June 2023. This accreditation is valid until 7 February 2026.

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

Information Management

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



David Reid
Chief Executive
2 July 2024

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

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

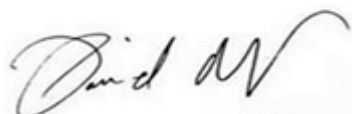
In preparing the accounts the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

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

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

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

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



David Reid
Chief Executive
2 July 2024

GOVERNANCE STATEMENT

Introduction

This is the Annual Governance Statement for the Northern Ireland Environment Agency (NIEA, the Agency) as required by DAO (DFP) 10/12 Requirement to Complete a Governance Statement. This statement sets out the governance, risk management and internal control arrangements that have operated in the Agency from 1 April 2023 to 31 March 2024.

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

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

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

Governance Structures

General

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

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

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

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

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

Management Board

The work of NIEA is co-ordinated and monitored by a Management Board which I Chair, and which provides corporate leadership to the organisation, takes responsibility for the Agency's performance, as well as providing advice to the Department's Permanent Secretary and DAERA's Minister on environmental matters.

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

The Agency Management Board under my chairmanship currently comprises the Agency's two Executive Directors (see page 31 of the Annual Report for further details). The Board operates with the support of a Business Support Team led by a Deputy Director, which operates as an internal shared service function offering services across the Agency and to a division within DAERA.

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

During 2023-24, the Board ordinarily met monthly under my leadership, to supervise the operational management of the Agency. Whilst strategic policy is ultimately determined by the DAERA Minister, the Agency Board considers policy development and implementation in the context of analysing options, strategic planning, and operational management. The Agency Board acts in an advisory and consultative capacity, offering relevant support to the Department and Minister, as required. Although significant, contentious, or cross-cutting policy decisions are normally brought to the Board for discussion and endorsement; day-to-day operational matters are the responsibility of the Agency's relevant Executive Directors. The Board takes collective decisions on relevant matters referred to it in keeping with the Nolan principles of public life. If after consideration a consensus cannot be reached I, in my role as Chief Executive, undertake to make the final decision.

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

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

Conflict of Interest

At every Agency Board meeting a standard agenda item on declarations of interest is included and brought to the attention of Board Members by the chair. Board Members with a conflict of interest on a specific agenda discussion will leave the Board meeting for that item. No conflicts of interest were declared in 2023-24.

Audit and Risk Assurance Committee

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

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

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

The ARAC reviews action plans and the Agency corporate risk register, providing support and guidance on key governance issues. During 2023-24, the Committee was comprised of three independent members and three meetings were held, in June 2023, October 2023 and January 2024. Paul Douglas, the NED, continued to chair the Committee until the October 2023 meeting. The chair of the Committee transferred to Stephen Welch at the January 2024 meeting.

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

- Internal and External Audit strategies and reports;
- Mobuoy Waste Site Remediation;
- Risk Management;
- NIEA Annual Report and Accounts 2022-23;
- Governance Statement 2022-23; and
- HR recruitment delays and the resultant impact on service delivery, particularly in the scientific grades.

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

During the reporting period the Committee specifically noted:

- The number of Internal Audit Reports receiving a satisfactory Internal Audit opinion which continued to give the committee reasonable assurance regarding NIEA operations;
- The continued satisfactory assurance rating provided by Internal Audit in their 2023-24 Annual Opinion and Report;
- The progress that the Agency made in implementing audit recommendations during the reporting period; and
- That the Comptroller and Auditor General (C&AG) certified the 2022-23 financial statements with an unqualified audit opinion without modification. No report on the account was required and no priority one recommendations were made in relation to regularity and the internal control environment.

ARAC Annual Report

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

Board and Audit Committee attendance

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

Board Members	Meetings attended per Board and Audit Committee members out of the meetings eligible to attend	
	Board	Audit Committee
David Reid (Chief Executive, appointed 8 January 2024)	2/2	1/1
Paul Donnelly (Acting Chief Executive, appointed 28 June 2021 until 7 January 2024)	6/6	2/2
Richard Crowe (Director of Resource Efficiency Division, appointed 28 February 2022)	8/8	2/3
Liz Loughran (Director of Natural Environment Division, appointed 31 July 2023 to 7 January 2024)	3/4	1/1
Mark Hammond (Acting Director of Natural Environment Division, appointed 27 June 2022 to 30 July 2023)	2/2	1/1
Paul Douglas (Non-Executive Director)	8/8	3/3
Stephen Welch (Non-Executive Director appointed 1 February 2023)	8/8	3/3

Audit and Risk Assurance Committee Members	Meetings attended per Audit Committee member out of the meetings eligible to attend
Paul Douglas (Chair at June & October meetings)	3/3
Stephen Welch (Chair at January meeting)	3/3
Anthony Carleton	2/3
Leah Scott	0/1
Colin Jack	3/3
Deirdre Ward	3/3

Leah Scott's final term of appointment to the committee ended June 2023.

Review of Board Effectiveness

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

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

The Agency undertook a NIEA Board Effectiveness Review at the end of the current financial year, with a plan to discuss the results of this effectiveness review during the summer of 2024.

Agency Divisional Governance

In my overall assessment of the adequacy of control systems, I am supported by the Agency's Directors. Each Division provides quarterly updates to the Business Support Team (BST). The BST in turn provides the ARAC with updates on the implementation of both internal and external audit recommendations, and revisions to the Agency Risk Register. The main purpose of this reporting process is to support the implementation of audit recommendations by improving outcomes and corporate governance in all areas of the Agency. This assists me in reviewing the Tri-annual Stewardship Reports (6, 9 and 12 months) which are completed from each of the directors which underpin the overall annual Governance Statement.

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

Internal Audit

During 2023-24, NIEA was audited by internal auditors from the NICS Internal Audit Service who operate using the Public Sector Internal Audit standards (PSIAS) framework. Internal Audit submit regular reports to me which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the Agency's system of internal control together with recommendations for improvement.

I am pleased to note the overall Satisfactory opinion provided by Internal Audit on the overall adequacy and effectiveness of the Agency's governance, risk management and control arrangements during the 2023-24 financial year. Although the final Fleet Management review report, which had an unsatisfactory opinion assigned, remained under consideration at the year-end there were a number of recommendations presented in the report, with significant progress to resolve them being made at the time of producing the 2023-24 accounts.

During 2023-24, the following internal audit assignments were completed in respect of NIEA:

Title of Audit	Date	Opinion	No of recommendations
Planning Response Team	April 2023	Satisfactory	1
Health & Safety	April 2023	Satisfactory	1
RTP Governance	June 2023	Satisfactory	10
Chemical Regulation	May 2023	Satisfactory	5
Validation of NIEA KPT	June 2023	Validation exercise	N/A

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

Corporate Services

During 2023-24, IT services were provided by the Department's Digital Services Division. Financial management, governance, business planning, risk management and coordination processes and exercises were delivered by the Agency's Business Support Team (BST). Other corporate services were provided by DoF's Enterprise Shared Services as outlined below.

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

No data security breaches were identified during the year.

Whistleblowing

During 2023-24, the Agency continued to operate the Whistleblowing recording system. This requires all Divisions to maintain a Whistleblowing Register to record all disclosures received in each Division. The maintenance of Registers is a mandatory requirement across the Department. All whistleblowing notifications are investigated and addressed by the relevant business area under the supervision of the relevant Director, or in cases of suspected fraud an investigation by the Department of Finance (DoF) Fraud Investigation Service is requested.

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

During 2023-24 no whistleblowing notifications were received by the Agency.

Enterprise Shared Services

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

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

Business Continuity Management

NIEA functional business areas and major premises have separate business continuity plans to ensure that there are procedures in place to facilitate the recovery and continuation of business activities in the event of a business level disruptive event. Business Continuity Plans were previously and successfully activated in response to the COVID-19 pandemic, which provided me with assurances around their effectiveness. I am pleased to note again the support of Digital Services Division ensured that staff could quickly and effectively maintain NIEA operations under the New Ways of Working (NWoW) initiative throughout 2023-24.

Risk management and control framework

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

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

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

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

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

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

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

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

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

Significant Issues

There are a limited number of issues that are actively being managed including information provided to the Dalradian Public Inquiry, which has been subject to internal review and action plan to support this statutory inquiry.

I received a draft Internal Audit report on NIEA Fleet, which the Business Support Team are actively supporting. This report has been actively considered by the Business Support team and a comprehensive action plan has been prepared offering a range of remedial actions to address the concerns identified.

As a significant corporate entity we encountered a limited number of managed issues that my team are working to mitigate including addressing any control issues associated with the Agency's corporate systems underpinning those activities in the 2023-24 financial year.

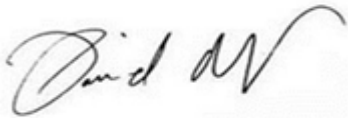
The Comptroller & Auditor General has advised in her certificate that the Agency's financial statements should include an additional provision of £107 million for the cost of remediating the impact of illegal dumping at the Mobuoy site. The Agency has reached a different conclusion for the reasons set out below.

The principle for remediation of environmental damage is that the polluter should pay and the Agency is firmly committed to continuing the enforcement action against the former operators.

- The figure proposed for inclusion as a provision comes from a draft of an outline business case prepared by consultants and commissioned by NIEA in relation to the Mobuoy site. The completion of this business case will be informed by the public consultation exercise in due course.
- Decisions on remediation by the Agency will be taken by ministers.

- NIEA considers that there is no current legal obligation as it does not own the land, although the Agency has duties under the Water (NI) Order 1999 and the Environment (NI) Order 2002. Therefore, alongside the ongoing enforcement action, NIEA is incurring expenditure to monitor the site and a provision of £495k has been included to reflect the duty under the above two Orders.

Having applied careful professional judgement informed by all of the analyses, contextual factors, legal obligations and wider considerations in relation to this issue including the Minister's statement on this issue in the Assembly on 19 February 2024, it is the Agency's view that it is appropriate to only recognise a provision for the ongoing monitoring costs over the next year and a contingent liability beyond that in these financial statements.

A handwritten signature in black ink, appearing to read 'David Reid', with a stylized flourish at the end.

David Reid
Chief Executive
2 July 2024

Agency Remuneration and Staff Report

Remuneration and Pension Entitlements

Remuneration Policy

The pay remit for the Northern Ireland Civil Service, including senior civil servants (SCS), is normally approved by the Minister of Finance. Following the Secretary of State for Northern Ireland's 27th April 2023 Written Ministerial Statement (WMS) on the budget, the NI public sector pay policy guidance was published on 31st May 2023 in FD (DoF) 05/23. This was subsequently updated on 12th March 2024 in FD (DoF) 04/24 to reflect the return of Executive Ministers and revised departmental budgets.

Annual NICS pay awards are made in the context of the wider public sector pay policy. The pay award for NICS non-industrial staff, including SCS, for 2023-24 has been finalised and is due to be paid in June 2024. The 2023-24 pay award for NICS industrial staff has also been finalised and is due to be paid in June 2024.

The pay of NICS staff is based on a system of pay scales for each grade, including SCS, containing a number of pay points from minimum to maximum, allowing progression towards the maximum based on performance.

Service Contracts

1. The Civil Service Commissioners (NI) Order 1999 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The [Recruitment Code](#) published by the Civil Service Commissioners for Northern Ireland specifies the circumstances when appointments may be made by exception to merit.
2. Unless otherwise stated, the officials covered by this report hold appointments that are open-ended. Early termination, other than for misconduct, would result in consideration of the individual receiving compensation as set out in the Civil Service Compensation Scheme¹.

Remuneration (including salary) and pension entitlements

The following sections provide details of the remuneration and pension interests of the most senior management (i.e., Board Members) of the agency.

¹ [Civil Service Commissioners for Northern Ireland \(nicscommissioners.org\)](https://www.nicscommissioners.org)

Remuneration and pension entitlements (Audited)

Officials	Salary £'000		Benefits in kind (to nearest £100)		Pension Benefits * £'000		Total £'000	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Mr D Reid Chief Executive (from 08/01/24)	20-25 (95-100 full year equivalent)	N/a	Nil	N/a	(1)**	N/a	20-25	N/a
Mr P Donnelly Chief Executive (to 07/01/24)	75-80 (95-100 full year equivalent)	95-100	Nil	Nil	1	18	75-80	115-120
Dr R Crowe Director of Resource Efficiency Division	75-80	75-80	Nil	Nil	(6)**	(4) **	70-75	70-75
Ms L Loughran Director of Natural Environment Division (from 31/07/23 to 07/01/24)	35-40 (80-85 full year equivalent)	N/a	Nil	N/a	(4)**	N/a	30-35	N/a
Dr M Hammond Director of Natural Environment Division (to 30/07/23)	25-30 (75-80 full Year equivalent)	55-60 (70-75 full year equivalent)	Nil	Nil	14	37	35-40	90-95

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

** A negative pension benefit represents a decrease in pension entitlements in real terms. A number of factors may have contributed to this including the effects of any pay increases or extra service being insufficient to offset the inflation increase; the age of the official and whether they are older than their normal pension age; and the type of pension scheme the official is a member of.

Salary

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation and any severance or ex gratia payments. This report is based on accrued payments made by NIEA and thus recorded in these accounts.

Benefits in kind

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

Bonuses

Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2023-24 relate to performance in 2023-24 and the comparative bonuses reported for 2022-23 relate to the performance in 2022-23. There were no bonus payments during the financial years 2023-24 and 2022-23.

Fair Play Disclosures (Audited)

Pay Ratios

The banded remuneration of the highest-paid director in NIEA in the financial year 2023-24 was **£95,000 - £100,000** (2022-23, £95,000 - £100,000). The relationship between the mid-point of this band and the remuneration of the organisation's workforce is disclosed below.

<u>2023-24</u>	25th percentile	Median	75th percentile
Total remuneration (£)	29,258	32,880	40,300
Pay ratio	3.3:1	3.0:1	2.4:1

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

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

For 2023-24 and 2022-23, the 25th percentile, median and 75th percentile remuneration values consisted solely of salary payments.

In 2023-24, Nil (2022-23: Nil) employees received remuneration in excess of the highest-paid director.

Remuneration ranged from £21,053 to £97,500 (2022-23, £19,121 to £97,500).

Percentage Change in Remuneration

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

Percentage change for:	2023-24 v 2022-23	2022-23 v 2021-22
Average employee salary and allowances	2.6%	-0.3%
Highest paid director's salary and allowances	0.0%	0.0%
Average employee performance pay and bonuses	N/a ¹	-100% ¹
Highest paid director's performance pay and bonuses	N/a ²	N/a ²

¹ The Northern Ireland Civil Service special bonus scheme was withdrawn with effect from 31 March 2022.

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

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

Pension Entitlements (Audited)

Officials	Accrued pension at pension age as at 31/3/24 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/24 £'000	CETV at 31/3/23** £'000	Real increase in CETV £'000	Employer contribution to partnership pension account Nearest £100
Mr D Reid Chief Executive <i>(from 08/01/24)</i>	30-35 plus lump sum of 80-85	0-2½ plus lump sum of 0	623	616	(3)	Nil
Mr P Donnelly Chief Executive <i>(to 07/01/24)</i>	30-35 plus lump sum of 85-90	0-2½ plus lump sum of 0	695	653	(9)	Nil
Dr R Crowe Director of Resource Efficiency Division	30-35 plus lump sum of 80-85	0-2½ plus lump sum of 0	708	662	(17)	Nil
Ms L Loughran Director of Natural Environment Division <i>(from 31/07/23 to 07/01/24)</i>	30-35 plus lump sum of 75-80	0-2½ plus lump sum of 0	622	611	(8)	Nil
Dr M Hammond Director of Natural Environment Division <i>(to 30/07/23)</i>	20-30	0-2½	476	442	10	Nil

** 31 March 2023 CETV values included above will not match those disclosed in last year's accounts (2022-23) due to the McCloud remedy and subsequent rollback of the system.

Northern Ireland Civil Service (NICS) Pension Schemes

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

The alpha pension scheme was initially introduced for new entrants from 1 April 2015. The alpha scheme and all previous scheme arrangements are unfunded with the cost of benefits met by monies voted each year. The majority of members of the Classic, Premium, Classic Plus and Nuvos pension arrangements (collectively known as the Principal Civil Service Pension Scheme (Northern Ireland) [PCSPS(NI)]) also moved to alpha from that date. Transitional protection measures introduced alongside these reforms meant any members who on 1 April 2012 were within 10 years of their normal pension age remained in their previous scheme arrangement (full protection) and those who were between 13.5 years and 10 years of their normal pension age were given a choice between moving to alpha on 1 April 2015 or at a later date determined by their age (tapered protection).

McCloud Judgment

In 2018, the Court of Appeal found that the transitional protections put in place back in 2015 that allowed older workers to remain in their original scheme, were discriminatory on the basis of age. As a result, steps have been taken by the Department of Finance to remedy this discrimination.

The Department has now made regulations which remedy the discrimination by:

- ensuring all active members are treated equally for future service as members of the reformed alpha scheme only from 1 April 2022, and
- providing each eligible member with options to have their pension entitlements for the period when the discrimination existed between 1 April 2015 and 31 March 2022 (the remedy period) retrospectively calculated under either the current (reformed) scheme rules, or the old (pre-reform) legacy rules which existed before 2015.

This means that all active NICS Pension Scheme members are in the same pension scheme, alpha, from 1 April 2022 onwards, regardless of age. This removes the discrimination going forwards in providing equal pension provision for all scheme members.

The Department is now implementing the second part of the remedy, which addresses the discrimination which was incurred by affected members between 1 April 2015 and 31 March 2022.

Eligible members with relevant service between 1 April 2015 and 31 March 2022 (the Remedy Period) will now be entitled to a choice of alternative pension benefits in relation to that period. i.e. calculated under the pre-reformed PCSPS(NI) 'Classic', 'Premium' or 'Nuvos' rules or alternatively calculated under the reformed alpha rules. As part of this 'retrospective' remedy most active members will now receive a choice about their remedy period benefits at the point of retirement. This is known as the Deferred Choice Underpin (DCU). For those members who already have pension benefits in payment in relation to the Remedy Period, they will receive an Immediate Choice which will be issued by 31 March 2025.

At this stage, allowance has not yet been made within CETVs for this remedy. Further information on the remedy will be included in the NICS pension scheme accounts which, once published, are available at <https://www.finance-ni.gov.uk/publications/dof-resource-accounts>

As part of the remedy involves rolling back all remediable service into the relevant legacy PCSPS(NI) arrangement for the 7-Year Remedy Period, the value of pension benefits may change for affected members and some figures previously reported may change. The 2023-24 pension disclosures above are calculated based on HM Treasury guidance using;

- a. Rolled back opening balance
- b. Rolled back closing balance
- c. CETV calculated by CSP on the rolled back basis
- d. No restatement of prior year figures where disclosed.

Alpha

Alpha is a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current accrual rate is 2.32%.

From 1 April 2015, all new entrants joining the NICS can choose between membership of alpha or joining a 'money purchase' stakeholder arrangement with a significant employer contribution (Partnership Pension Account).

Information on the PCSPS(NI) – Closed Scheme

Staff in post prior to 30 July 2007 were eligible to be in one of three statutory based 'final salary' legacy defined benefit arrangements (Classic, Premium and Classic Plus). From April 2011, pensions payable under these arrangements have been reviewed annually in line with changes in the cost of living. New entrants who joined on or after 1 October 2002 and before 30 July 2007 will have chosen between membership of Premium or joining the Partnership Pension Account.

New entrants who joined on or after 30 July 2007 were eligible for membership of the legacy PCSPS(NI) Nuvos arrangement or they could have opted for a Partnership Pension Account. Nuvos was also a CARE arrangement in which members accrued pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The rate of accrual was 2.3%.

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

Partnership Pension Account

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

Active members of the pension scheme will receive an Annual Benefit Statement. The accrued pension quoted is the pension the member is entitled to receive when they reach

their scheme pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. The normal scheme pension age in alpha is linked to the member's State Pension Age but cannot be before age 65. The Scheme Pension age is 60 for any pension accrued in the legacy **Classic**, **Premium**, and **Classic Plus** arrangements and 65 for any benefits accrued in **Nuvos**. Further details about the NICS pension schemes can be found at the website www.finance-ni.gov.uk/civilservicepensions-ni.

All pension benefits are reviewed annually in line with changes in the cost of living. Any applicable increases are applied from April and are determined by the Consumer Prices Index (CPI) figure for the preceding September. The CPI in September 2023 was 6.7% and HM Treasury has announced that public service pensions will be increased accordingly from April 2024.

Employee contribution rates for all members for the period covering 1 April 2024 – 31 March 2025 are as follows:

Scheme Year 1 April 2024 to 31 March 2025

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution rates – All members
From	To	From 01 April 2024 to 31 March 2025
£0	£26,302.49	4.6%
£26,302.50	£59,849.99	5.45%
£59,850.00	£160,964.99	7.35%
£160,965.00 and above		8.05%

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NICS pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) Regulations 1996 (as amended) and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may have been due when pension benefits are taken. The Lifetime Allowance will end in April 2024 and will be replaced by the Lump Sum Allowance and The Lump Sum and Death Benefit Allowance.

HM Treasury provides the assumptions for discount rates for calculating CETVs payable from the public service pension schemes. On 27 April 2023, HM Treasury published guidance on the basis for setting the discount rates for calculating cash equivalent transfer values payable by public service pension schemes. In their guidance of 27 April 2023, HM

Treasury advised that, with immediate effect, the discount rate adopted for calculating CETVs should be in line with the new SCAPE discount rate of 1.7.% above CPI inflation, superseding the previous SCAPE discount rate of 2.4% above CPI inflation. All else being the same, a lower SCAPE discount rate leads to higher CETVs. The HM Treasury Guidance of 27 April 2023 can be found at <https://www.gov.uk/government/publications/basis-for-setting-the-discount-rates-for-calculating-cash-equivalent-transfer-values-payable-by-public-service-pension-schemes/basis-for-setting-the-discount-rates-for-calculating-cash-equivalent-transfer-values-payable-by-public-service-pension-schemes>.

Real increase in CETV

This reflects the increase in CETV that is 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 (which therefore disregards the effect of any changes in factors).

Compensation for loss of office (Audited)

No compensation payments were made or are due to any of the senior management in the Northern Ireland Environment Agency under the Civil Service Compensation Scheme (Northern Ireland) (CSCS(NI)) in the year ending 31 March 2024 or 31 March 2023.

Staff numbers and related costs (Audited)

Staff costs comprise:

			2023-24 £000	2022-23 £000
	Permanently employed staff	Others	Total	Total
Wages and salaries	22,475	3,127	25,602	23,243
Social security costs	2,251	-	2,251	2,087
Other pension costs	6,250	-	6,250	5,958
Total*	30,976	3,127	34,103	31,288
Of which	Charged to Administration	Charged to Programme	Total	
	-	34,103	34,103	

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

Pension Arrangements

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

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

The Government Actuary's Department (GAD) is responsible for carrying out scheme valuations. The Actuary reviews employer contributions every four years following the scheme valuation. The 2020 scheme valuation was completed by GAD in October 2023. The outcome of this valuation was used to set the level of contributions for employers from 1 April 2024 to 31 March 2027.

The Cost Cap Mechanism (CCM) is a measure of scheme costs and determines whether member costs or scheme benefits require adjustment to maintain costs within a set corridor. Reforms were made to the CCM which was applied to the 2020 scheme valuations and included the introduction of a reformed-scheme-only cost control mechanism which

assesses just the costs relating to reformed schemes (alpha for the NICS) and introduced an economic check. Prior to the cost control mechanism reforms, legacy scheme (PCSPS(NI)) costs associated with active members were also captured in the mechanism. The reformed-scheme-only design and the economic check were applied to the 2020 scheme valuations for the devolved public sector pension schemes, including the NICS pension scheme. The 2020 scheme valuation outcome was that the core cost cap cost of the scheme lies within the 3% cost cap corridor. As there is no breach of the cost control mechanism, there is no requirement for the Department of Finance to consult on changes to the scheme. Further information can be found on the Department of Finance website <https://www.finance-ni.gov.uk/articles/northern-ireland-civil-service-pension-scheme-valuations>.

For 2023-24, employers' contributions of £6,249,948 were payable to the NICS pension arrangements (2022-2023: £5,958,014) at one of three rates in the range 28.7% to 34.2% of pensionable pay, based on salary bands.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £19,356 (2022-2023: £16,552) were paid to one or more of the panels of two appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (2022-23, 8% to 14.75%) of pensionable pay.

The partnership pension account offers the member the opportunity of having a 'free' pension. The employer will pay the age-related contribution and if the member does contribute, the employer will pay an additional amount to match member contributions up to 3% of pensionable earnings.

Employer contributions of £639 0.5% (2022-2023: £500, 0.5%) of pensionable pay, were payable to the NICS Pension schemes to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions due to the **partnership** pension providers at the reporting period date were £Nil. Contributions prepaid at that date were £Nil.

There was one (2022-2023: two) early retirement as a result of ill-health, and the total additional accrued pension liabilities in the year amounted to £6,035 (2022-2023: £15,123).

Average Number of Persons Employed (Audited)

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

Number			2023-24	2022-23
	Permanent staff	Others	Total	Total
Natural Environment	221	9	230	232
Resource Efficiency	340	61	401	399
Strategic Planning & Change	39	2	41	41
Total	600	72	672	672

Staff Turnover

Staff turnover rates for 2023-24 are shown below. The Agency continues to monitor turnover rates and support initiatives to maintain a healthy level of turnover. The annual Civil Service People Survey, coupled with other research, helps us to understand our people's experience of working in the Agency and take appropriate action to improve effectiveness, including where turnover becomes problematic.

	2023-24	2022-23
Agency Turnover Rate	7.5%	10.0%
General Turnover Rate	5.7%	6.5%

Civil Service HR guidance defines Agency Turnover as staff leaving the Civil Service or a particular department, and General Turnover as staff leaving the Civil Service as a whole. Turnover includes permanent and temporary staff, and those who left the NICS while on career break.

Employee Engagement

When launching the 2023 NICS People Survey in April 2023, the Head of the Civil Service issued a message that the frequency of the Survey was changing from yearly to every other year to allow for proper targeting of actions, and so a People Survey is not due to take place in 2024.

The 2023 NICS People Survey is therefore the most recent survey and was conducted by NISRA across the nine NICS ministerial Departments as well as the Public Prosecution Service and the Health & Safety Executive for NI. All staff working in these organisations were invited to take part in the survey. For DAERA there were 3,564 (2021: 3,442)

permanent staff invited to complete the survey, of which 1,817 (2021: 1,686) participated, a response rate of 48.3% (2021: 49%). The Employee Engagement Index (EEI) is the weighted average of the responses to the five employee engagement questions, and it ranges from 0% to 100%. DAERA responses indicated an Employee Engagement Index of 57% (2021: 62%), compared to the NICS average of 54% (2021: 57%). The full survey can be accessed at <https://www.finance-ni.gov.uk/publications/nics-people-survey-results>

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

The NIEA Management Board comprises the Chief Executive (male), Executive Director of Natural Environment Division (post vacant at 31 March 2024), Executive Director of Resource Environment Division (male), and two Non-Executive Directors (male).

685 (2022-23: 711) staff were in post at 31 March 2024 of which 372 (2022-23: 388) were male and 313 (2022-23: 323) were female.

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

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	-/(-)	-/(-)	-/(-)
£10,000 - £25,000	-/(-)	-/(-)	-/(-)
£25,000 - £50,000	-/(-)	1/(-)	1/(-)
£50,000 - £100,000	-/(-)	-/(-)	-/(-)
£100,000- £150,000	-/(-)	-/(-)	-/(-)
£150,000- £200,000	-/(-)	-/(-)	-/(-)
Total number of exit packages	-/(-)	1/(-)	1/(-)
Total resource cost /£'000	-/(-)	36/(-)	36/(-)

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme (Northern Ireland) (CSCS (NI)), a statutory scheme made under the Superannuation (Northern Ireland) Order 1972. The table above shows the total cost of exit packages agreed and accounted for in 2023-24 and 2022-23. £36,014 exit costs were paid in 2023-24, the year of departure (2022-23 £Nil). 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.

Off-Payroll Engagements

Temporary off-payroll worker engagements as at 31 March 2024, earning £245 per day or greater.

	2023-24	2022-23
Number of existing engagements as of 31 March 2024	1	-
Of which have existed for:	-	-
Less than one year at time of reporting	-	-
Between one and two years at time of reporting	-	-
Between two and three years at time of reporting	1	-
Between three and four years at time of reporting	-	-
Four or more years at time of reporting	-	-

All existing off-payroll engagements outlined above have been subject to risk-based assessment. This is to determine whether assurance is required that the individual is paying the right amount of tax, and that assurance has been sought.

Expenditure on Consultancy

No consultancy expenditure was incurred in 2023-24.

Equality, Diversity and Inclusion

The NICS values and welcomes diversity and is committed to creating a truly inclusive workplace for all.

The NICS Diversity Champions Network includes senior colleagues as designated Diversity Champions for each of the nine NICS departments, as well as four thematic leads for gender, race and ethnicity, disability and LGBTQ+. The network alongside the NICS corporate HR function, People and Organisational Development, develops and delivers an annual NICS Diversity Action Plan, which sets out priorities for action by diversity and inclusion theme and cross-cutting priorities.

Equality is a cornerstone consideration in the development and review of all HR policies which determine how staff are recruited and appointed, their terms and conditions, how they are managed and developed, assessed, recognised and rewarded. Further information is available in the [Equality, Diversity and Inclusion Policy](#).

As part of the NICS' efforts to ensure equality of opportunity, the NICS continually conducts comprehensive reviews into the composition of its workforce and recruitment activity, publishing a wide range of data. The statistics are available on the [Northern Ireland Statistics and Research Agency \(NISRA\)'s website](#).

The NICS continues to meet its statutory obligations under the Fair Employment & Treatment (NI) Order 1998, which includes submission of an annual Fair Employment Monitoring Return and a tri-annual Article 55 Review to the Equality Commission for NI (ECNI), both of which assess the composition of the NICS workforce and the composition of applicants and appointees. Although not a statutory requirement, the NICS also conducts a

similar formal review of the gender profile of its workforce. The findings from both tri-annual reviews are published in the NICS [Workforce Review](#)

The NICS uses the findings of all the equality monitoring and analysis to inform its programme of targeted outreach activity to address any areas of under-representation.

As a public authority, the NICS has due regard to the need to promote equality of opportunity and regard to the desirability of promoting good relations across a range of categories outlined in the Section 75 of the Northern Ireland Act 1998 in carrying out its functions. Further information on the department's equality scheme is available on its website: [Department of Agriculture and Rural Affairs](#)

Employee Consultation and Trade Union Relationships

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

Human Capital Management

(i) Career Development

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

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

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

(ii) Learning & Development

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

Development and delivery of generic staff training is centralised in NICSHR¹. Training is delivered using a variety of learning delivery channels (including classroom delivery, on-line, and virtual classrooms), providing flexible access to learning. Coherent learning pathways are aligned to both corporate need and the NICS Competency Framework.

¹ NICSHR is the NICS' centralised human resources operational delivery function, falling under the responsibility of the Department of Finance

Talent management is a key theme and highlights the importance of the development conversation between managers and staff, with a number of resources available within a talent management toolkit.

The NICS offers a wide range of career development opportunities through mentoring, secondment and interchange opportunities, elective transfers, temporary promotion, job rotation and job shadowing.

(iii) Pay policy

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

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

Current pay scales are available online. The NI public sector pay policy for 2022-23 is now in place and formal negotiations with trades unions on the 2023-24 pay award have been concluded during the financial year.

(iv) Application of Business Appointment Rules (BARs)

The NICS Standards of Conduct Policy, (Section 8 and Annexes 4) sets out the rules on the acceptance of outside business appointments, employment, or self-employment for staff after they leave the NI Civil Service, including procedures to make staff aware of these rules and provides that the Permanent Secretary of the Department is responsible for the effective operation of the Business Appointment Rules within their Department. Further detail is available in the [NICS Standards of Conduct Policy](#).

In compliance with Business Appointment rules, the Department is transparent in the advice given to individual applications for senior staff, including special advisers. Summary information in respect of applications from Senior Civil Service Grade 5 and above, including equivalent grades, and Special Advisers can be found at <https://www.daera-ni.gov.uk/northern-ireland-environment-agency>.

Employment, training and advancement of disabled persons

The NICS is a lead partner of Employers for Disability NI (EFDNI) and in 2023 was accredited as a [Disability Positive](#) employer.

The NICS delivers an annual programme of communications and training on disability awareness and understanding and has policies in place to support inclusive workplaces. A review of the NICS reasonable adjustment process for in-work support commenced in 2023 and a new reasonable adjustment policy and supporting resources is anticipated to launch

during 2024. The NICS Disability Working Group, which includes representatives from the disability sector and colleagues with lived experience is a key stakeholder in the reasonable adjustment policy review.

The NICS is committed to the employment of disabled people and offers work experience for disabled people through the [NICS Work Experience Scheme for Disabled People](#) and annual participation in International Job Shadow Day (IJSB).

To encourage job applications from disabled people, positive action advertising and targeted advertising alongside a programme of outreach are used. The NICS operates a Guaranteed Interview Scheme (GIS) which ensures a guaranteed number of disabled applicants, who meet the minimum essential eligibility criteria for the role they have applied for, are offered an interview. Further information can be found on the “Information for disabled applicants” section of the [NICS recruit website](#).

All selection panel members complete mandatory recruitment and selection training, and appointments to the NICS are made on merit on the basis of fair and open competition, adhering to the [Recruitment Code](#).

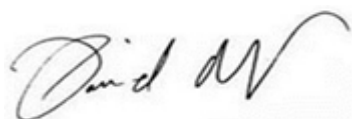
Sickness Absence

As you are aware the official validated annual sickness absence figure for 2023-24 is unlikely to be available in time for the inclusion in the annual report and accounts. As in previous years, it is recommended that Departments use the following approach:

The Agency had an overall sickness absence rate of 9.5 days lost per employee in 2022-23. Annual sickness absence figures can be found in the “Sickness Absence in the Northern Ireland Civil Service 2022/23” report at [Sickness Absence in the Northern Ireland Civil Service 2022/23 | Northern Ireland Statistics and Research Agency \(nisra.gov.uk\)](#).

Number of SCS Staff by Band

The Agency’s Chief Executive, David Reid, Grade 3; the Director of Natural Environment Division, Liz Loughran, Grade 5; the Director of Resource Efficiency Division, Richard Crowe, Grade 5; the Director of Natural Environment Division, Mark Hammond, Grade 5 were the organisations only Senior Civil Servants.



David Reid
Chief Executive
2 July 2024

Assembly Accountability and Audit Report

Regularity of Expenditure (Audited)

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

Remote Contingent Liabilities (Audited)

In addition to contingent liabilities reported within the meaning of IAS 37, the Agency also reports liabilities for which the likelihood of a transfer of economic benefits in settlement is too remote to meet the definition of contingent liability.

Losses and Special Payments (Audited)

Losses Statement

	Number of Cases	2023-24 £'000	Number of Cases	2022-23 £'000**
Administrative Write Offs	2	3	1	-
Total	2	3	1	-

**£Nil due to rounding

Special Payments

	Number of Cases	2023-24 £'000	Number of Cases	2022-23 £'000
Public Liability Claims	2	11	4	29
Employee Liability Claims	1	1	-	-
Industrial Tribunal Claims	1	50	-	-
Total	4	62	4	29

Cases include accidental damage to property, personal injury, bad debts written off and Industrial Tribunal claims.

Fees and Charges (Audited)

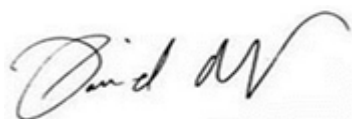
The Agency is required to review the services that it provides and supply a detailed Memorandum Trading Account (MTA) detailing forecast income and expenditure in support of the charging proposals for schemes/services. The figures below represent services where the full cost of the service is in excess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

Business Activities Attracting Fees and Charges

	2023-24 £'000	2022-23 £'000
Fees and Charges	9,588	9,395
Operating Costs		
Staff Costs	7,438	7,017
Administration and Accommodation	433	491
Notional Charges	1,292	1,161
Total Charges	9,163	8,669
Operating Surplus/(Deficit)	425	726

Payments to Past Directors (Audited)

There have been no payments to past directors (2022-23: £Nil)



David Reid
Chief Executive
2 July 2024

NORTHERN IRELAND ENVIRONMENT AGENCY

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

Qualified Opinion on financial statements

I certify that I have audited the financial statements of the Northern Ireland Environment Agency for the year ended 31 March 2024 under the Government Resources and Accounts Act (Northern Ireland) 2001. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes including significant accounting policies. The financial reporting framework that has been applied in the preparation of the Northern Ireland Environment Agency financial statements is applicable law and UK adopted international accounting standards as interpreted and adapted by the Government Financial Reporting Manual.

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

In my opinion, except for the effects of the matter described in the basis of opinions section of my certificate, the financial statements:

- give a true and fair view of the state of the Northern Ireland Environment Agency's affairs as at 31 March 2024 and of its net operating expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance directions issued thereunder.

Opinion on regularity

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

Basis for opinions

At Note 16 to the financial statements, the Agency has included disclosure of a contingent liability relating to the Mobuoy site noting that the Department continues to consider the long-term options to protect water quality on the River Faughan. I disagree with this accounting treatment as it is my opinion that the conditions are met for the costs to be accounted for by way of a provision in the financial statements. The quantum of the provision is £107m.

An external consultancy firm was commissioned by the NI Environment Agency to provide expert technical advice around the potential means of remediation of the site and the associated costs. A draft business case has been prepared setting out a number of options with associated financial consequences and a preferred option has been proposed. The estimated costs of implementing the various options range from £17m to £700m, with the preferred option being £107m. On that basis, £107m is deemed to be a reliable estimate of the potential costs of remediation.

The Agency has chosen not to adjust the quantum of its provisions in the financial statements for the 2023-24 financial year to reflect the £107m estimated cost of remediation of the Mobuoy site. Therefore, on that basis, I have qualified my true and fair opinion on the Agency's 2023-24 financial statements for the omission of a provision of £107m for the 2023-24 year.

The result is that the provisions figure in the Statement of Financial Position is materially understated, as is the net operating expenditure figure in the Statement of Comprehensive Net Expenditure. In addition, a contingent liability has been disclosed in the notes to the financial statements when the conditions for doing so are not met.

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

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

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

Conclusions relating to going concern

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

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

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

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

Other Information

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

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

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

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

Matters on which I report by exception

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

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

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer Responsibilities, the Accounting Officer is responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- ensuring the annual report, which includes the Remunerations and Staff Report, is prepared in accordance with the applicable financial reporting framework; and
- assessing the Northern Ireland Environment Agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Northern Ireland Environment Agency will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

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

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

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

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to the Northern Ireland Environment Agency through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included the Government Resources and Accounts Act (Northern Ireland) 2001;
- making enquires of management and those charged with governance on the Northern Ireland Environment Agency's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;

- completing risk assessment procedures to assess the susceptibility of the Northern Ireland Environment Agency's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, expenditure recognition, posting of unusual journals and unreasonable management estimates;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- documenting and evaluating the design and implementation of internal controls in place to mitigate risk of material misstatement due to fraud and non-compliance with laws and regulations;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate and inquiries of management and those charged with governance;
- addressing the risk of fraud as a result of management override of controls by:
 - performing analytical procedures to identify unusual or unexpected relationships or movements;
 - testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
 - assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
 - investigating significant or unusual transactions made outside of the normal course of business; and
- applying tailored risk factors to datasets of financial transactions and related records to identify potential anomalies and irregularities for detailed audit testing.

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

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

My detailed observations are included in my report attached to the financial statements.



Dorinnia Carville

Comptroller and Auditor General

Northern Ireland Audit Office

106 University Street

BELFAST

BT7 1EU

5 July 2024

FINANCIAL STATEMENTS

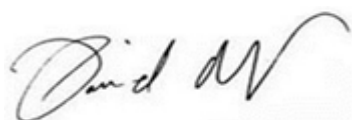
Statement of Comprehensive Net Expenditure for the period ended 31 March 2024

		2023-24 £000	2022-23 £000
	Note		
Revenue from Contracts with Customers	7	(9,588)	(9,395)
Other Operating Income	7	(6,433)	(8,380)
Total Operating Income		(16,021)	(17,775)
Staff Costs	2	34,103	31,288
Current Grants	3	3,776	4,528
Capital Grants	3	2,047	3,644
Accommodation Running Costs	3	1,824	1,868
Depreciation and Amortisation Charges	3	1,917	1,659
Provision Expense	3	242	675
Other operating expenditure	3	12,969	12,226
Total Operating Expenditure		56,878	55,888
Net Operating Expenditure		40,857	38,113
Other comprehensive net expenditure			
Items that will not be reclassified to net operating costs:			
Net gain on revaluation of Property, Plant and Equipment		(125)	(610)
Net gain on revaluation of Intangibles		-	-
Comprehensive Net Expenditure for the year		40,732	37,503

The notes on pages 75 to 104 form part of these accounts.

Statement of Financial Position as at 31 March 2024

		2023-24 £000	2022-23 £000
	Note		
Non-current assets			
Property, plant and equipment	8(i)	29,694	29,719
Heritage assets	8(iii)	2,197	2,197
Intangible assets	8(v)	1	1
Total non-current assets		31,892	31,917
Current assets			
Inventories	11	83	83
Trade and other receivables	12	1,573	1,927
Cash and cash equivalents	13	3	3
Total current assets		1,659	2,013
Total assets		33,551	33,930
Current liabilities			
Trade and other payables	14	(9,032)	(9,674)
Provisions	15	(585)	(846)
Total current liabilities		(9,617)	(10,520)
Total assets less current liabilities		23,934	23,410
Non-current liabilities			
Other payables	14	(21)	(25)
Total non-current liabilities		(21)	(25)
Total assets less total liabilities		23,913	23,385
Taxpayers' equity & other reserves:			
General fund		14,277	13,436
Revaluation reserve		9,636	9,949
Total taxpayers' equity		23,913	23,385



Chief Executive
2 July 2024

The notes on pages 75 to 104 form part of these accounts.

Statement of Cash Flows

for the period ended 31 March 2024

		2023-24 £000	2022-23 £000
	Note		
Cash flows from operating activities			
Net operating cost		(40,857)	(38,113)
<i>Adjustments for non-cash transactions:</i>			
Depreciation and amortisation	8	1,917	1,659
Profit on disposal of property, plant and equipment	3	(8)	(11)
Notional Charges	6	7,310	6,225
Provisions expensed	15	242	675
Bad Debts Provision	3	49	(13)
Revaluations	3	-	(18)
Decrease/(Increase) in trade and other receivables	12	354	(599)
Less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure		(49)	13
Increase in inventories	11	-	-
(Decrease)/Increase in trade payables	14	(638)	(1,241)
Less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure		-	537
Use of provisions	15	(503)	(660)
Net cash outflow from operating activities		(32,183)	(31,546)
Cash flows from investing activities			
Purchase of property, plant & equipment and heritage assets		(1,767)	(2,149)
Proceeds of disposal of property, plant & equipment		8	23
Net cash outflow from investing activities		(1,759)	(2,126)

Statement of Changes in Taxpayers' Equity for the period ended 31 March 2024

	General Fund £000	Revaluation Reserve £000	Taxpayers' Equity £000
	Note		
Balance at 31 March 2022	10,044	9,704	19,748
IFRS 16 Adjustment **	1,235	-	1,235
Restated balance at 1 April 2022	11,279	9,704	20,983
Net Assembly Funding	33,680	-	33,680
Comprehensive Net Expenditure for the year	(38,113)	610	(37,503)
Non-cash charges – notional costs	6	6,207	-
Auditors' Remuneration	6	18	-
Transfers between reserves	365	(365)	-
Balance at 31 March 2023	13,436	9,949	23,385
Net Assembly Funding	33,950	-	33,950
Comprehensive Net Expenditure for the year	(40,857)	125	(40,732)
Non-cash charges – notional costs	6	7,292	-
Auditors' Remuneration	6	18	-
Transfers between reserves	438	(438)	-
Balance at 31 March 2024	14,277	9,636	23,913

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

** The Agency adopted IFRS 16 'Leases' from 1 April 2022. As a result, Peppercorn Leases, previously recognised as Operating Leases, are now classified as non-current assets in the Statement of Financial Position and were professionally valued by LPS at this date. The differences between the carrying amount of the non-current assets and lease liabilities have been included as part of the adjustment to the opening balances of the Taxpayer's Equity. Carrying amounts are disclosed in Note 8(i) to the accounts.

The notes on pages 75 to 104 form part of these accounts.

Notes to the Accounts

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2023-24 *Government Financial Reporting Manual (FReM)* issued by the Department of Finance. The accounting policies contained in the *FReM* apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

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

1.1 Accounting convention

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

1.2 Property, Plant and Equipment

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

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

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

Land and buildings are carried at the last professional valuation, in accordance with the Appraisal and Valuation Manual produced jointly by the Royal Institute of Chartered Surveyors (RICS), the Incorporated Society of Valuers and Auctioneers (ISVA) and the Institute of Revenues Rating and Valuation (IRRV). Professional revaluations of land and buildings are undertaken every five years, with the last full valuation of land and buildings undertaken by Land and Property Services (LPS) as at 1 April 2021 with the next full valuation due to take place as at 1 April 2026. Properties are valued on the basis of open market value existing use, unless they are specialised, in which case they are valued on the basis of depreciated replacement cost.

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

Notes to the Accounts

1.3 Intangible Assets

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

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

1.4 Depreciation and Amortisation

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

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

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

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

1.5 Heritage Assets

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

Notes to the Accounts

Surveyors (RICS), the Incorporated Society of Valuers and Auctioneers (ISVA) and the Institute of Revenue Rating and Valuation (IRRV). Professional revaluations of heritage land are undertaken every five years, with the last full valuation undertaken by Land and Property Services (LPS) at 1 April 2021 with the next full valuation due to take place as at 1 April 2026.

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

Additional information relating to the management of heritage assets can be found in the Performance Report section of this report under headings 'Country Parks and Nature Reserves' on pages 8 and 18. This section also contains details of visitor numbers and future developments. Detailed records are maintained for each heritage asset and site management plans are maintained and regularly updated. Many heritage assets, nature reserves, are open to the public and access is encouraged, where practical. Heritage assets are purchased for their long term protection by the state.

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

1.6 Operating Income

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

1.7 Classification of Expenditure

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

1.8 Employee Benefits including Pensions

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

Notes to the Accounts

untaken leave that has been earned at the year end. This cost has been calculated using employees daily rate costs applied to any untaken leave balance at 31 March 2024.

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

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

1.9 Grants Payable

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

1.10 Value Added Tax

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

1.11 Inventories

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

1.12 Contingent Liabilities

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

These comprise:

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

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to the

Notes to the Accounts

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

1.13 Leases

The Agency adopted IFRS 16 'Leases' from 1 April 2022. IFRS 16 represents a significant change in lessee accounting by removing the distinction between operating leases (off-statement of financial position financing) and finance leases (on-statement of financial position financing) and introduces a single lessee accounting model. IFRS 16 requires recognition of assets and liabilities for all leases in the Statement of Financial Position (SoFP), with exemption given to low value leases and short-term leases, i.e. those with lease terms of less than 12 months. The adoption of the standard results in the recognition of a right-of-use asset, representing a right to use the underlying leased asset and a lease liability, representing an obligation to make lease payments.

Leases previously classified as operating leases: transition to IFRS 16

The Agency has adopted IFRS 16 on the cumulative catch-up basis as mandated in the FReM, and therefore the cumulative impact on previous years' results has been recognised within reserves at the beginning of the period. As such, the prior year comparative information has not been restated and note 1.13(i) applies for the prior year. Under the 'grandfathering' rules mandated in the FReM for the initial transition to IFRS 16, a right-of-use asset and lease liability has been recognised for all relevant leases not previously recognised as finance leases for accounting purposes under IAS 17.

Peppercorn Leases:

As mandated by the FReM, the definition of a lease is expanded to include arrangements with nil consideration. Peppercorn leases are examples of these, they are defined by HM Treasury as lease payments significantly below market value. On initial recognition, these assets are measured at fair value. On transition, any differences between the discounted lease liability and the right-of-use asset are included as part of the adjustment to the opening balance of taxpayers' equity. Any differences between the lease liability and right-of-use asset for new leases after implementation of IFRS 16 are recorded in income as required by IAS 20 as interpreted by the FReM.

Measurement of Right-of-Use asset on transition

On initial application, the right-of-use asset is measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Statement of Financial Position immediately before the date of initial application.

Measurement of lease liability on transition

On initial application, the lease liability is measured at the present value of the remaining lease payments using the incremental borrowing rate at the date of initial application. The incremental borrowing rate is either:

- The interest rate implicit in the lease
- HM Treasury discount rate where interest rates implicit in the lease cannot be readily determined

Notes to the Accounts

1.14 Critical Accounting Estimates and Key Judgements

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

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

1.15 Government Grant Receivable

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

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

1.16 Financial Instruments

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

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

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

Notes to the Accounts

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

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

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

1.17 Provisions

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

1.18 Impending application of newly issued accounting standards not yet effective

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

IFRS 16

The Amendments add requirements explaining how a seller-lessee subsequently accounts for sale and leaseback transactions with variable lease payments that do not depend on an index or rate.

In particular, the Amendments require a seller-lessee to subsequently measure such leaseback liabilities in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease. The Department does not expect any impact on the financial statements from the amendment to IFRS 16.

IFRS 17

IFRS 17 (Insurance Contracts) will replace IFRS 4 (Insurance Contracts) and is effective for accounting periods beginning on or after 1 January 2023. In line with the requirements of the FReM, IFRS 17 will be implemented, as interpreted and adapted for the public sector, with effect from 1 April 2025. The Department does not expect any impact on the financial statements from the introduction of IFRS 17.

Notes to the Accounts

IFRS 18

IFRS 18 (Presentation and Disclosure in Financial Statements) was issued in April 2024, replacing IAS 1 (Presentation of Financial Statements), and is effective for accounting periods beginning on or after 1 January 2027. IFRS 18 will be implemented, as interpreted and adapted for the public sector if required, from a future date (not before 2027-28) that will be determined by the UK Financial Reporting Advisory Board in conjunction with HM Treasury following analysis of this new standard.

IAS 1

The IASB issued an amendment to IAS 1, which was effective from 1 January 2024. Classification of Liabilities as Current or Non-current clarifies a criterion in IAS 1 Presentation of Financial Statements for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

The Non-current Liabilities with Covenants amendments specify that debt covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require an entity to disclose information about these covenants in the notes to the financial statements. No amendment to FReM was deemed necessary as a result of this amendment.

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

1.19 Management Agreements

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

Notes to the Accounts

2. Staff Costs

Staff costs comprise:

	2023-24 £000	2022-23 £000
Wages and Salaries	25,602	23,243
Social Security Costs	2,251	2,087
Other Pension Costs	6,250	5,958
Total	34,103	31,288

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

Notes to the Accounts

3. Other Operating Expenditure

		2023-24 £000	2022-23 £000
	Note		
Current Grants	4	3,776	4,528
Capital Grants	4	2,047	3,644
Other Current Expenditure	5	3,280	3,458
Accommodation Running Costs		1,824	1,868
Advertising & Publicity Costs		16	19
Communication Costs		144	147
Operating Leases		16	2
Other Office Services		554	562
Other Staff Costs		107	126
Travel & Subsistence Costs		198	186
Staff Training & Development		157	224
Vehicle & Boat Costs		305	319
Other Operating Costs		841	1,000
Non-cash items			
Provisions – (written back)/expensed in year	15	242	675
Bad Debt Provision		49	(13)
<i>Notional charges:</i>			
Department of Finance	6	2,477	2,389
Intra-Departmental Notionals	6	4,815	3,818
External Auditor's Remuneration	6	18	18
<i>Non-current assets:</i>			
Depreciation	8(i)	1,917	1,659
Amortisation	8(v)	-	-
Profit on disposal of property, plant and equipment		(8)	(11)
Revaluations		-	(18)
Total		22,775	24,600

Notes to the Accounts

4. Grants

	2023-24 £000	2022-23 £000
Natural Environment	5,571	8,132
Resource Efficiency	252	40
Total	5,823	8,172

Natural Environment Grants comprise:

Environment Fund: Strands 1 and 2	3,524	4,489
Environment Fund: Strand 3 Challenge Fund - Capital	1,336	3,399
Rural Development Programme - Capital	711	244
Total	5,571	8,132

Resource Efficiency Grants comprise:

Environment Fund: Water Quality Improvement	252	40
Total	252	40

5. Other Current Expenditure

	2023-24 £000	2022-23 £000
Divisional costs comprise:		
Natural Environment	1,316	1,039
Resource Efficiency	1,964	2,419
Total	3,280	3,458

Natural Environment costs comprise:

Contracted Services	1,116	846
Professional Costs	200	193
Total	1,316	1,039

Resource Efficiency costs comprise:

Contracted Services	1,273	1,531
Professional Costs	691	888
Total	1,964	2,419

Notes to the Accounts

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

6. Notional Charges

	2023-24 £000	2022-23 £000
Intra-Departmental Charges		
Department of Agriculture, Environment and Rural Affairs	4,815	3,818
Total	4,815	3,818
Services provided by other Departments		
Department of Finance:		
Accommodation	645	652
IT Assist	791	768
Personnel	675	564
Account NI	286	250
Departmental Solicitor's Office	-	4
Information Strategy and Innovation	80	151
Total	2,477	2,389
External Audit Fees	18	18
Total Notional Charges	7,310	6,225

Notes to the Accounts

7. Income

	2023-24	2022-23
	£000	£000
Revenue from Contracts with Customers		
Resource Efficiency Charges	9,588	9,395
Total	9,588	9,395
Other Operating Income		
Carrier Bag Levy	6,210	7,926
Operating Income from Country Parks	223	210
Other	-	244
Total	6,433	8,380
Total Income	16,021	17,775

Other income in 2022-23 comprised EU funding in respect of the Rural Development Programme capital grant scheme. In 2023-24, EU funding ceased, and the scheme was wholly funded by UK national monies only.

Notes to the Accounts

8(i) Property, Plant and Equipment

	Land	Buildings excluding Dwellings	Transport Equipment	Plant & Machinery	Information Technology	Fixtures & Fittings	Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
2023-24								
Cost or valuation								
At 1 April 2023	7,645	23,920	2,878	5,233	97	1,302	3,220	44,295
Additions	-	17	125	86	-	132	1,407	1,767
Disposals	-	-	(44)	-	-	-	-	(44)
Revaluations *	-	23	15	97	-	44	-	179
Reclassifications	-	2,281	-	79	-	247	(2,607)	-
At 31 March 2024	7,645	26,241	2,974	5,495	97	1,725	2,020	46,197
Depreciation								
At 1 April 2023	23	8,476	2,142	3,352	89	494	-	14,576
Charged in year	23	1,209	159	402	8	116	-	1,917
Disposals	-	-	(44)	-	-	-	-	(44)
Revaluations	-	4	9	37	(1)	5	-	54
At 31 March 2024	46	9,689	2,266	3,791	96	615	-	16,503
Carrying amount at 31 March 2024	7,599	16,552	708	1,704	1	1,110	2,020	29,694
Carrying amount at 31 March 2023	7,622	15,444	736	1,881	8	808	3,220	29,719
Asset financing:								
Owned 2024	6,394	16,527	708	1,704	1	1,110	2,020	28,464
Leased 2024	1,205	25	-	-	-	-	-	1,230
Carrying amount at 31 March 2024	7,599	16,552	708	1,704	1	1,110	2,020	29,964

* Professional revaluations of land and buildings are undertaken every five years, with the last full valuation undertaken by LPS at 1 April 2021 and the next full valuation due to take place at 1 April 2026. The valuation methods applied in intervening years are detailed in note 1.2 Property, Plant and Equipment on page 75.

IFRS 16 Leases has been implemented from 1 April 2022 which introduces a single lease accounting model that requires a lessee to recognise assets and liabilities for all leases. This replaces the previous standard, IAS 17. The following leases, previously classified as Operating Leases under IAS 17, have been recognised in the Statement of Financial Position:

Notes to the Accounts

	Land £000	Buildings excluding Dwellings £000	Total £000
Right-of-Use Assets:			
At 1 April 2023	8	29	37
Depreciation charged in year	(8)	(4)	(12)
At 31 March 2024	-	25	25
Peppercorn Leases:			
Restated at 1 April 2023*	1,220	-	1,220
Depreciation charged in year	(15)	-	(15)
At 31 March 2024	1,205	-	1,205
Right-of-Use Assets:			
At 1 April 2022**	16	33	49
Depreciation charged in year	(8)	(4)	(12)
At 31 March 2023	8	29	37
Peppercorn Leases:			
At 1 April 2022**	1,235	-	1,235
Depreciation charged in year (restated)*	(15)	-	(15)
Restated at 31 March 2023*	1,220	-	1,220
**Total IFRS 16 Adjustment	1,251	33	1,284

* Due to a clerical error in last year's published accounts depreciation charges of £15K were omitted from the table above and disclosed as £Nil. The £1,235K closing balance at 31 March 2023 as reported in the 2022-23 accounts has been updated and amended to £1,220K in the 2023-24 accounts.

** The valuation of Right-of-Use assets is measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the SoFP immediately before the date of initial application. An analysis of lease liabilities is available in Note 18 to the accounts.

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

Notes to the Accounts

8(ii) Property, Plant and Equipment

	Land £000	Buildings excluding Dwellings £000	Transport Equipment £000	Plant & Machinery £000	Information Technology £000	Fixtures & Fittings £000	Assets under Construction £000	Total £000
2022-23								
Cost or valuation								
At 1 April 2022	6,131	23,824	2,855	3,589	90	1,666	2,490	40,645
IFRS 16 Adjustment**	1,251	33	-	-	-	-	-	1,284
Restated at 1 April 2022	7,382	23,857	2,855	3,589	90	1,666	2,490	41,929
Additions	-	-	55	134	-	694	730	1,613
Disposals	-	-	(123)	-	-	-	-	(123)
Revaluations	263	63	91	360	7	92	-	876
Reclassifications	-	-	-	1,150	-	(1,150)	-	-
At 31 March 2023	7,645	23,920	2,878	5,233	97	1,302	3,220	44,295
Depreciation								
At 1 April 2022	-	7,370	2,053	2,560	76	716	-	12,775
Charged in year	23	1,072	148	248	7	161	-	1,659
Disposals	-	-	(111)	-	-	-	-	(111)
Revaluations	-	34	52	155	6	6	-	253
Reclassifications	-	-	-	389	-	(389)	-	-
At 31 March 2023	23	8,476	2,142	3,352	89	494	-	14,576
Carrying amount at 31 March 2023	7,622	15,444	736	1,881	8	808	3,220	29,719
Carrying amount at 31 March 2022 **	7,382	16,487	802	1,029	14	950	2,490	29,154
Asset financing:								
Owned 2023 (restated)*	6,394	15,415	736	1,881	8	808	3,220	28,462
Leased 2023	1,228	29	-	-	-	-	-	1,257
Carrying amount at 31 March 2023	7,622	15,444	736	1,881	8	808	3,220	29,719

* Updated to exclude leased assets at 31 March 2023.

** The Agency adopted IFRS 16 'Leases' on 1 April 2022, and as a result, the following leases, previously classified as Operating Leases, were recognised in the Statement of Financial Position:

	Land £000	Buildings excluding Dwellings £000	Total £000
Right-of-Use Assets	16	33	49
Peppercorn Leases	1,235	-	1,235
Total IFRS 16 Adjustment	1,251	33	1,284

Notes to the Accounts

8(iii) Heritage Assets

	Non Operational Heritage Land (Purchased) £000	Total Non Operational Heritage Assets (Purchased) £000
2023-24		
Cost or valuation		
At 1 April 2023	2,197	2,197
Disposals	-	-
Revaluations*	-	-
Reclassifications	-	-
Transfers	-	-
At 31 March 2024	2,197	2,197
Carrying amount at 31 March 2024	2,197	2,197
Carrying amount at 31 March 2023	2,197	2,197

* Professional revaluations of heritage assets are undertaken every five years, with the last full valuation undertaken by LPS at 1 April 2021 and the next full valuation due to take place at 1 April 2026. The valuation methods applied in intervening years are detailed in note 1.5 Heritage Assets on page 76. There has been no movement in the annual ONS indices applied to these assets between 2022-23 and 2023-24.

Purchased Heritage Assets

Heritage Assets, which are underpinned by an arm's length transaction, are capitalised in the year of acquisition with reference to the purchase price. The existence of the transaction provides a reliable and practical basis of valuation. There were no purchases or disposals of heritage assets during the five-year period to 31 March 2024 and no heritage assets acquired by donation during the periods.

Notes to the Accounts

8(iv) Heritage Assets

	Non Operational Heritage Land (Purchased) £000	Total Non Operational Heritage Assets (Purchased) £000
2022-23		
Cost or valuation		
At 1 April 2022	2,193	2,193
Disposals	-	-
Revaluations	4	4
Reclassifications	-	-
Transfers	-	-
At 31 March 2023	2,197	2,197
Carrying amount at 31 March 2023	2,197	2,197
Carrying amount at 31 March 2022	2,193	2,193

Notes to the Accounts

8(v) Intangible Assets

	Information Technology £000	Software Licenses £000	Total £000
2023-24			
Cost or valuation			
At 1 April 2023	357	228	585
Additions	-	-	-
Disposals	-	-	-
Revaluations	16	4	20
Reclassifications	-	-	-
At 31 March 2024	373	232	605
Amortisation			
At 1 April 2023	356	228	584
Charged in year	-	-	-
Disposals	-	-	-
Revaluations	16	4	20
Reclassifications	-	-	-
At 31 March 2024	372	232	604
Carrying amount at 31 March 2024	1	-	1
Carrying amount at 31 March 2023	1	-	1
Asset financing:			
Owned 2024	1	-	1

Notes to the Accounts

8(vi) Intangible Assets

	Information Technology £000	Software Licenses £000	Total £000
2022-23			
Cost or valuation			
At 1 April 2022	321	219	540
Additions	-	-	-
Disposals	-	-	-
Revaluations	36	9	45
Reclassifications	-	-	-
At 31 March 2023	357	228	585
Amortisation			
At 1 April 2022	320	219	539
Charged in year	-	-	-
Disposals	-	-	-
Revaluations	36	9	45
Reclassifications	-	-	-
At 31 March 2023	356	228	584
Carrying amount at 31 March 2023	1	-	1
Carrying amount at 31 March 2022	1	-	1
Asset financing:			
Owned 2023	1	-	1

Notes to the Accounts

9. Statement of Operating Costs by Operating Segment

	Resource Efficiency £000	Natural Environment £000	Strategic Planning & Change £000	Total £000
Staff costs	20,096	11,636	2,371	34,103
Other Operating Expenditure	3,582	2,876	984	7,442
Grants	252	5,571	-	5,823
Non Cash Expenditure	1,124	1,017	7,369	9,510
Income	(10,111)	(5,507)	(403)	(16,021)
Net Operating Cost 2023-24	14,943	15,593	10,321	40,857

	Resource Efficiency £000	Natural Environment £000	Strategic Planning & Change £000	Total £000
Staff costs	18,668	10,768	1,852	31,288
Other Operating Expenditure	4,092	2,916	903	7,911
Grants	40	8,132	-	8,172
Non Cash Expenditure	880	1,115	6,522	8,517
Income	(11,635)	(6,140)	-	(17,775)
Net Operating Cost 2022-23 **	12,045	16,791	9,277	38,113

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 2023-24 the Agency comprised 2 Operational Divisions; Resource Efficiency Division, and Natural Environment Division, each Directorate fulfilling a role in achieving the overall Agency objective to protect, conserve and promote the natural environment of Northern Ireland for the benefit of present and future generations. The management board review financial information at Divisional level for decision making purposes and this information is analysed by cost category. Reportable segments have been identified on this basis. There have been no changes to the methods used to identify reportable segments since the prior year. Both Divisions issue grants to Non-Government Organisations (NGOs) and to private individuals. Full details of the roles performed by each Division are disclosed in the Annual Report.

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

** 2022-23 figures have been updated to reflect the reallocation of net operating costs across each of the 3 Divisions. This does not represent a change in accounting policy, and total income and expenditure figures remain unchanged.

Notes to the Accounts

10. Financial Instruments

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

11. Inventories

	2023-24 £000	2022-23 £000
Operational	83	83
Total	83	83

12. Trade and other receivables

	2023-24 £000	2022-23 £000
Amounts falling due within one year:		
Trade Receivables	536	571
Other Receivables	423	722
Prepayments & Accrued Income	614	634
Total	1,573	1,927

Notes to the Accounts

12. Trade and other receivables (continued)

Included within trade receivables is £Nil (2022-23 £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:

	2023-24 £000	2022-23 £000
Balance at start of year	(114)	(127)
Impairment losses derecognised on receivables	(49)	13
Balance at end of year	(163)	(114)

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

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

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

	2023-24 £000	2022-23 £000
Neither past due nor impaired trade receivables	52	59
1 – 30 days	52	17
31 – 60 days	255	141
61 – 90 days	-	70
91 – 180 days	57	279
181 – 361 days	120	5
361 days plus	-	-
Gross carrying value	536	571

Notes to the Accounts

12.1 Intra-Government Balances

	2023-24 £000	2022-23 £000
Receivables: Amounts falling due within one year:		
Balances with other central government bodies	421	3
Balances with local authorities	11	44
Balances with public corporations and trading funds	448	450
Balances with NHS trusts	13	1
Subtotal: Intra-government balances	893	498
Balances with bodies external to government	680	1,429
Total receivables at 31 March	1,573	1,927

13. Cash and cash equivalents

	2023-24 £000	2022-23 £000
Balance at 1 April	3	3
Net change in cash and cash equivalent balances	-	-
Balance at 31 March	3	3
The following balances at 31 March were held:		
Cash in hand	3	3

Notes to the Accounts

14. Trade and other payables

	2023-24 £000	2022-23 £000
Amounts falling due within one year:		
Trade Payables	123	210
Accruals	8,345	8,959
Deferred Income	552	489
Leases Liabilities	12	16
Total	9,032	9,674
Amounts falling due after more than one year:		
Leases Liabilities	21	25
Total	21	25

14.1 Intra-Government Balances

	2023-24 £000	2022-23 £000
Amounts falling due within one year:		
Balances with other central government bodies	489	570
Balances with local authorities	274	868
Balances with public corporations and trading funds	2	134
Balances with NHS trusts	1	2
Subtotal: Intra-government balances	766	1,574
Balances with bodies external to government	8,266	8,100
Total payables at 31 March	9,032	9,674
Amounts falling due after more than one year:		
Balances with bodies external to government	21	25
Total payables at 31 March	21	25

Notes to the Accounts

15. Provisions

	Public/ Employer's Liability £000	Industrial Tribunals £000	Equal Pay Settlement £000	Other £000	Total £000
Balance at 1 April 2023	35	298	10	503	846
Provisions not required written back	(26)	(227)	-	-	(253)
Provided in the year	-	-	-	495	495
Provisions utilised in the year	(9)	(71)	-	(423)	(503)
Balance at 31 March 2024	-	-	10	575	585

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

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

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

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

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

Notes to the Accounts

16. Contingent liabilities disclosed under IAS 37

The Northern Ireland Environment Agency has a duty under the Water (NI) Order 1999 to promote the cleanliness of water and have regard to the protection of human health. Whilst this duty is being exercised through the ongoing monitoring of the Mobuoy site, the Department continues to consider long term options to protect water quality in the river Faughan. The delivery of a long-term strategy will be subject to public consultation, confirmation of a preferred option and the availability of funding. Therefore, it is not possible to determine a reliable estimate beyond one year.

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 2023-24, analysed by the period during which the commitment expires, are as follows:

	2023-24 £000	2022-23 £000
Not later than one year	6,771	-
Later than one year and not later than five years	18,109	-
Later than five years	-	-
Balance at 31 March 2024	24,880	-

Due to delays in the 2022-23 budget process the Agency made no grant commitments at 31 March 2023.

Notes to the Accounts

18. Commitments under leases

18.1 Operating leases

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

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

	2023-24 £000	2022-23 £000
Obligations under operating leases for the following periods comprise:		
Land and Buildings		
Not later than one year**	-	-
Later than one year and not later than five years**	-	-
Later than five years	1	1
	1	1

** Figures reported as Nil due to rounding.

18.2 Right-of-Use leases

Maturity analysis of lease liabilities

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

	2023-24 £000	2022-23 £000
Obligations under leases for the following periods comprise:		
Land and Buildings		
Not later than one year	4	12
Later than one year and not later than five years	16	16
Later than five years	6	10
	26	38
Less: Interest element	(1)	(1)
Present value of obligations	25	37

An analysis of Right-of-Use Assets is available in note 8(i) Property, Plant and Equipment on pages 88 and 89.

Notes to the Accounts

Amounts recognised in the Statement of Comprehensive Net Expenditure

	2023-24 £000	2022-23 £000
Land	8	8
Buildings	4	4
	12	12

Amounts recognised in the Statement of Cash Flows

	2023-24 £000	2022-23 £000
Land	8	8
Buildings	-	-
	8	8

19. Financial Targets

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

20. Related Party Transactions

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

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

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

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

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

Notes to the Accounts

21. Events after the reporting period

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

Date of Authorisation for Issue

The Accounting Officer authorised the issue of these financial statements on 5 July 2024.

Report by the Comptroller and Auditor General to the Northern Ireland Assembly

Northern Ireland Environment Agency 2023-24

Introduction

1. The Northern Ireland Environment Agency (NIEA) is an executive agency of the Department of Agriculture, Environment and Rural Affairs (the Department). NIEA's primary purpose is *'to protect and enhance Northern Ireland's environment, and in doing so, to deliver health and well-being benefits and support economic growth'*.
2. This report highlights a matter arising from my audit of the NIEA financial statements for 2023-24 relating to the disclosure of the estimated costs to remediate the contaminated illegal dump site at Mobuoy, County Londonderry.

Disclosures regarding illegal dump site at Mobuoy, Co. Londonderry

3. I have qualified my audit opinion on the financial statements due to a disagreement over NIEA's omission of a £107 million provision, being a reliable estimate of the remediation costs of the Mobuoy site.

Background

4. The NI Environment Agency (NIEA) is part of the DAERA departmental group and is included in its consolidated group financial statements. Throughout the past year, NIEA has been considering potential options for a solution to address the environmental impacts of illegal dumping on the Mobuoy waste site.
5. An external consultancy firm was commissioned by NIEA to provide expert technical advice around the potential means of remediation of the site and the associated costs. A draft outline business case (OBC) has been prepared setting out a number of options. These have associated financial and environmental consequences. A preferred option has been proposed based on an assessment of both costs and relative strengths in delivering good environmental outcomes. The estimated costs of implementing the various options range from £17m to £700m, with the preferred option having an estimated cost of £107m. On that basis, £107m is deemed to be a reliable estimate of the potential costs of remediation.
6. In accordance with International Accounting Standard (IAS) 37 a provision shall be recognised when:
 - a) an entity has a present obligation (legal or constructive) as a result of a past event;
 - b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
 - c) a reliable estimate can be made of the amount of the obligation.

Past Event

7. In 2012, the Environmental Crime Unit in NIEA investigated concerns which had been raised of possible illegal waste activities. Evidence of illegal waste deposits were uncovered in and around a licensed Materials Recycling Facility. It appeared that this was a sophisticated operation which had been carried out over a number of years. Planning Enforcement Notices were issued to landowners in March 2015 by DoE (now DFI Strategic Planning) to remove the waste. This has yet to be completed. The illegal environmental damage and a requirement to remediate the site existed at the year-end, 31 March 2024.

Present Obligation

8. DAERA (incorporating NIEA) has a responsibility to protect the environment and associated public health. The Department uses a range of legislation that gives it powers to regulate and enforce the safe disposal of waste and protect the natural environment and public health.
9. Departmental policy aims to ensure that those who are regulated, and other stakeholders, are aware of the general intent and principles underpinning its approach to enforcement. Significant work goes into the linked areas of prevention, education and compliance.
10. Enforcement action takes a graduated approach to those who do not comply with applicable rules and conditions or ignore environmental law. It seeks to be proportionate, and consistently hold polluters to account. Enforcement action ranges from written warnings and enforcement notices to financial penalties and referral to the Public Prosecution Service for consideration for prosecution.
11. In cases where the operators do not or cannot comply with the enforcement notices, then the Department is statutorily obliged and has a constructive obligation to ensure that the environment and public health are safeguarded. At Note 16 to the financial statements, the Agency has included disclosure of a contingent liability relating to the Mobuoy site.
12. The constructive obligation arises from information published by the Department, from the fact that expenditure is being incurred on an annual basis to monitor the site and there are plans to launch a public consultation on how best to remediate the site. In the context of the above, there is an obligation to remediate the Mobuoy site and it is probable that an outflow of resources embodying economic benefits will be required to settle that obligation.

A reliable estimate can be made of the amount of the obligation.

13. It should be noted that provisions by their nature involve an element of uncertainty. IAS 37 states that 'a provision is a liability of uncertain timing or amount'. It goes on to explain that 'the use of estimates is an essential part of the preparation of financial statements and does not undermine their reliability. This is especially true in the case of provisions, which by their nature are more uncertain than most other items in the statement of financial position'. IAS 37 further outlines that 'except in extremely rare cases, an entity will be able to determine a range of possible outcomes and can therefore make an estimate of the obligation that is sufficiently reliable to use.
14. NIEA commissioned an external expert to assess and advise on the most appropriate means of remediating the Mobuoy site. A draft business case has been compiled based on information from the work carried out by the external expert, the purpose being to identify the optimum remediation strategy and seek funding for the associated cost. Given the process that was followed, and the independent analysis undertaken, it is the view of the NIAO that this can be used as a reliable estimate of the cost of remediation of the site.

Basis for qualification of audit opinion

15. On the basis of the above analysis, the estimated costs for remediation of the Mobuoy site meet the criteria for a provision in accordance with IAS 37. As a consequence, the £107m provision and related expenditure should be recognised in the NIEA financial statements. NIEA has chosen not to adjust the quantum of its provisions in the financial statements to reflect the £107m estimated cost of remediation of the Mobuoy site. The

result is that the provisions figure in the Statement of Financial Position is materially understated, as is the net operating expenditure figure in the Statement of Comprehensive Net Expenditure.

16. In addition, a contingent liability has been disclosed in the notes to the financial statements when the conditions for doing so are no longer met.

Summary

17. In light of our analysis above, it is my view that the criteria for recognising a provision have been met and the appropriate accounting treatment is to include a provision for the costs of remediation of the Mobuoy site in the financial statements, using the preferred option in the draft OBC as a reliable estimate of that cost.

18. NIEA advised that it does not agree with the inclusion of a provision for the costs of remediation of the Mobuoy site in the financial statements at this point.

19. The Agency has chosen not to make an adjustment in its financial statements for this provision. Therefore, on that basis, I have qualified my true and fair opinion on the NIEA 2023-24 financial statements for the omission of a provision of £107m.

In conclusion:

20. The Agency should continue to develop and refine the Outline Business Case to enable the remediation of the Mobuoy site to be taken forward. The Agency financial statements should include a provision reflecting a reliable estimate of the cost of remediation of the Mobuoy site, with the appropriate associated disclosures.

21. I will keep this issue under review as part of my audit of the agency's 2024-25 financial statements.



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5 July 2024



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