



**Northern Ireland Environment Agency  
Annual Report and Accounts  
For the year ended 31 March 2017**

*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*

*28 June 2017*



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# **ANNUAL REPORT**



## Chief Executive's Perspective on Performance

I am very pleased to present the Northern Ireland Environment Agency's (NIEA, the Agency) 2016-17 Annual Report and Accounts. This is the first Annual Report and Accounts for the Agency as part of the Department of Agriculture, Environment and Rural Affairs following the Stormont House Agreement's commitment to reduce the number of Northern Ireland Civil Service (NICS) Departments from 12 to 9 following the 2016 Assembly Election.

Our environment is essential to our economic prosperity and it is a foundation for the health and well-being of the people of Northern Ireland. This report sets out how the Agency has performed against its targets during the 2016-17 year.

The Agency met 6 of the 8 key performance targets set out by the Minister, Michelle McIlveen. These included completing biannual strategic assessments of waste crime in Northern Ireland, delivering 80% of actions identified for each project identified in the 2016-17 Catchment Work Programme and developing Special Areas of Conservation Management programme plan 2016-17. Further detail of the work undertaken in meeting key targets is provided in the Performance Report.

NIEA were successful in securing significant EU funding to support important biodiversity and water quality programmes for the period 2017-2022, in conjunction with SEUPB (Special EU Programmes Body) and other colleagues in Environment, Marine & Fisheries Group. This will see a total of 72m euro of EU money, together with 12.7m euro of national contributions available for collaborative environmental projects in the border region of Ireland and Western Scotland. The competitive competition has completed and projects will be starting soon in Northern Ireland. These will help deliver the recovery of habitats and species of concern, a more integrated approach to marine management and improvements in water quality across the region. Agency staff will continue to have a role in providing support to the organisations who are delivering these projects.

NIEA staff also provided critical scientific support to the Department to aid the development of the £100m Environmental Farming Scheme, under the Rural Development Programme. The scheme was successfully launched on 27 February 2017 and has two elements: the 'Higher' level targeting special designated areas and priority habitats and species, while the 'Wider' level will focus on environmental improvements in the wider countryside. Through the Scheme, farmers will be assisted in delivering improvements in the condition of habitats and species, and improvements in water quality. Again, Agency staff will continue to have a role in assisting the Department in the implementation of the Environmental Farming Scheme.

Our sites and properties continue to be an important resource for Northern Ireland, providing green spaces and giving public access to nature reserves and country parks. These facilities continue to be valued and used with over 1.6 million visiting our main properties in the 2016 calendar year to enjoy the facilities whilst increasing their awareness of the natural environment.

The Agency remains a customer focused organisation and providing a high quality service to our customers is a key element in all our business development considerations. During the reporting period the Agency explored effective and efficient ways to deliver environmental advice and guidance to our customers, to comply with legislative requirements, to deliver environmental outcomes and enable businesses to be profitable and sustainable.

During the last year we continued to engage with our customers and stakeholders in new ways - supporting and partnering with those who have a responsible and progressive approach to environment management and getting tougher with those who want to take short cuts and risk damage to our environment.



The Agency aims to create a compliant and crime free waste sector. The work we perform is vital in ensuring the protection of Northern Ireland's world-renowned environment, and, by extension, both our health and our economy. To that end, the Agency's Environmental Crime Unit has strengthened its existing partnerships with fellow enforcement agencies, developed new relationships with others, with the aim of sharing resources and intelligence to optimum effect. This work has paid dividends in terms of increased co-operation.

I believe that working in partnership and collaborating with others is essential to ensure we deliver against our environmental outcomes and contribute to wider economic and societal outcomes. This year we have placed a significant focus on developing a Memorandum of Understanding with the Ulster Farmer's Union and I am delighted to report that this has recently been agreed. This is an example of how we want to develop working relationships that will help deliver improved environmental outcomes. Working in this way does not detract from our regulatory role, if anything, it means that all parties are working towards having full compliance for the greater good – sustainable farming delivers improved environmental outcomes.

Moving forward we will continue to target our limited resources on our key business priorities which is particularly important in the current economic environment where funds are limited. Unfortunately given the current funding levels and the loss of over 80 staff during 2015-16 under a Voluntary Exit Scheme the Agency will need to take difficult decisions when prioritising our resources during 2017-18.

Finally, I am grateful to the many organisations that help us, including those from the voluntary, business, law enforcement and community sectors. However, I am most grateful to the staff in the Agency for their professionalism, dedication and commitment in delivering the overall aims and objectives of the Agency, particularly in this time of change.



**David Small**  
Chief Executive  
15 June 2017

# 1. PERFORMANCE REPORT

## 1.1 Overview

### Introduction

This commentary sets out the Agency's main objectives, comments upon the organisational context within which the Agency operated and provides a detailed report on performance during 2016-17.

### 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 2017.

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

As mentioned in the Chief Executive's Perspective on Performance, for a period during the reporting year (1 April 2016 to 7 May 2016) the Northern Ireland Environment Agency was an Executive Agency within the Department of the Environment (DOE) in Northern Ireland. Following the 2016 Assembly Election on 5<sup>th</sup> May 2016, in accordance with the Stormont House Agreement's commitment to reduce the number of Northern Ireland Civil Service (NICS) Departments from 12 to 9 the Agency became part of the newly created Department of Agriculture, Environment and Rural Affairs. The NIEA is the successor of the Environment & Heritage Service (EHS), which was established on 1 April 1996, was launched on 1 July 2008, pursuant to a Ministerial decision that the EHS would be reorganised.

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

### STRUCTURE

During the period of this report NIEA became an Executive Agency within the Department of Agriculture, Environment and Rural Affairs (DAERA, the Department) It sat within the Environment, Marine and Fisheries Group of the Department and is headed by a Chief Executive and two Directors of two Divisions – Natural Environment and Resource Efficiency.

## **Business Priorities For 2016-17**

NIEA had a number of key outcomes included in the Departmental 2016-17 Business Plan which were underpinned by the targets in the Agency Business Plan. The key outcomes for the Agency are shown below:

- A fully compliant regulated industry;
- Freshwater and marine environment at 'good status';
- A compliant crime free waste sector;
- Good habitat and landscape quality with species abundance and diversity,
- Promote environmentally sustainable development and infrastructure; and
- Managing our resources effectively within a strong corporate governance framework.

The main activities relating to these outcomes are the protection of the environment through regulation and enforcement; statutory designations; research and monitoring; raising public awareness of the environment and their role in protecting it.

## **Principal Activities**

The strategic objective of the Agency is: *To create prosperity and well being through effective environment and natural heritage management and regulation.* This objective underpins the Department's overall vision, "A *thriving and sustainable economy, environment and rural community*".

We seek to achieve our aim in a variety of ways, including regulation and enforcement, designation and management of sites, grant-aid schemes, management of countryside, monitoring programmes, and awareness raising measures. The Agency also provides scientific and technical advice to Government on the development of legislation and policy.

## **NIEA Properties**

NIEA manages or contributes to the management of 60 sites comprising Country Parks and Nature Reserves. There are 7 visitor centres at our sites. All are open to the public throughout the year. NIEA maintains its properties; ensuring visitors can enjoy the sites and available facilities.

## **Planning Consultations**

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

## **Evidence Provision**

The Agency collates evidence in a variety of forms, including that provided by its laboratories, to provide monitoring, surveillance and survey data. Staff within the Agency also seek evidence from the scientific literature, through commissioning and through collaborative approaches. NIEA uses evidence and information to underpin a wide range of its activities; from environmental regulation to reporting on the condition of our habitats, water and land.

## **Protection of Habitats and Species**

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

## **Environmental Grant Schemes**

During the reporting period NIEA supported environmental programmes through two grant funding programmes; The Environment Fund and the Challenge Fund. Both schemes were funded through carrier bag levy income.

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

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

## **Cross-compliance**

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

## **Nutrient Management**

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

## **Environmental Advisory Unit**

The Environmental Advisory Unit coordinates the provision of readily accessible, relevant, high quality and timely advice and guidance to the wide range of customers and sectors served by the Agency. The aim of the unit is to achieve improved legislative compliance, and therefore better environmental outcomes through a better balance between advocacy and regulatory and enforcement activities.

## **Drinking Water**

NIEA, in conjunction with the Environmental Health Department of the relevant council, investigates contraventions of the regulatory standards. Along with the requirement to monitor drinking water quality NIEA undertakes risk assessments at private water supplies in line with the drinking water safety plan approach detailed by the World Health Organisation (WHO).

## **Regulation – Waste and Water**

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

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

## **Enforcement**

NIEA tackles serious and organised criminality in Northern Ireland's waste industry (both licensed and unlicensed). Acting with little, if any, regard for their impact on surrounding land, air and water, the most serious offenders can make considerable sums of money by avoiding taxes, fees and charges for unauthorised landfills, unlicensed end of life vehicle yards and waste transfer stations.

## **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**

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

- Achieve "Good" Water Quality status in 70% of water bodies (rivers, lakes, estuaries, coastal waters, territorial waters and ground waters) by 2021 ;
- Halt the loss of biodiversity by 2020; and
- Work towards a crime free waste sector.

## **Risk**

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

- Failure to properly manage and deploy appropriate staff resources in a timely manner;
- Failure to fully utilise funding leading to an underspend or funding not being allocated in line with corporate priorities;
- Failure to follow Health and Safety statutory duties and NIEA Health and Safety policy increases the likelihood of a major incident resulting in the loss of life or serious injury and increase liability; and
- Failure to ameliorate the Mobuoy Illegal Waste Site in a timely manner could increase the potential risk to the environment and public health.

The result of the EU referendum will impact the future scope, structure and Programmes delivered by NIEA. During the course of the 2017-18 financial year the focus will be on scoping out the implications and engaging with our stakeholders. Governance arrangements have already been put in place to co-ordinate activity across the NICS. Given the scale of change impacting NIEA and the wider Department a Brexit Board has been established to oversee the work programme, and provide advice to the Minister on a wide range of issues. The Agency will continue to work closely with the Department, other government departments and key stakeholders to fully assess the potential impact that this change will have on the services it delivers.

### Performance Against Targets

The Agency's performance against the 8 key Ministerial targets set out in the Agency's Business Plan is reflected below. The achievements reported have been validated by the Department's Internal Auditors in the table below.

Outcome		Sub Outcome		2016/17 Targets	RESULT
1	Fully Compliant Regulated Industry	Effective and efficient advice, regulation and enforcement	1.1	Using Compliance assessment model aim for 90% compliance with all authorisations.	<b>ACHIEVED</b>
2	Freshwater and Marine Environment at "Good Status"	Achieve "Good" Water Quality status in 70% of water bodies (rivers, lakes, estuaries, coastal waters, territorial waters and ground waters) by 2021	2.1	[NB] The overall target of 70% is predicated on a 6 year programme. (Indicative 3 yr target for rivers is a 10% improvement).  The Annual target is to deliver 80% of actions identified for each project identified in the 2016/17 catchment work programme.	<b>ACHIEVED</b>
3	A compliant Crime free Waste Sector	Reduced Illegal Activity	3.1	Complete biannual strategic assessments of waste crime in Northern Ireland. Assessments in May and November each year.	<b>ACHIEVED</b>

Outcome		Sub Outcome		2016/17 Targets	RESULT
4	Good Habitat and Landscape Quality with Species Abundance and Diversity	Loss of Biodiversity halted by 2020	4.1	Implement the relevant Agency 2016/17 actions in the NI Biodiversity Strategy.	<b>NOT ACHIEVED</b>
		Conservation status on 60% of Natura 2000 network maintained or improved	4.6	Develop Special Areas of Conservation Management programme plan 2016/17.	<b>ACHIEVED</b>
			4.8	Complete a technical assessment of Phase 2 applications of INTERREG VA projects.	<b>ACHIEVED</b>
		The delivery of grant funding schemes to support good habitat and landscape quality	4.9	Review the successful Environment Fund applications in line with the agreed budget allocations and issue the 2017/18 Environment Fund offers.	<b>ACHIEVED</b>
5	Promote environmentally sustainable development and infrastructure	Improved service delivery of environmental advice and on strategic and local planning	5.1	Respond to 90% of planning consultation requests within agreed timescales.	<b>(Provisionally) Not Achieved</b>

## **Explanation for targets not achieved**

### **Key Target 4.1**

There were a range of actions within the overall target of implementing relevant Agency actions in the NI Biodiversity Strategy. Substantive progress was made across each of these, for example consultation on two SPAs was completed; 19 cross border habitat maps were completed; 60 features of interest in our protected site network were assessed and some ongoing survey work undertaken. However, given the Departmental priority to prepare for and open the Environment Farming Scheme and input into preparations for INTERREG and Regional Development Programme funded Natura management plans, the overall target wasn't achieved. These collective strands of work will be of critical importance in seeking to reduce biodiversity loss, improve management on our best natural assets going forward.

### **Key Target 5.1**

In 2016-17 over 4,000 statutory consultations were received and approximately 87%<sup>1</sup> were responded to within 21 days or agreed timescales, an increase from 81% achieved in 2015-16. Diversion of resources to implement new processes for handling planning consultations following Departmental restructuring was a major factor in the failure to meet the target. Additional in year resource pressures associated with the development and implementation of the Farm Business Improvement and Environmental Farming Schemes also contributed.

<sup>1</sup> Final performance figure cannot be confirmed until validation has been completed against Planning Portal statistics.



## 1.2 Performance Analysis

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

As stated in the overview section, the Agency met 6 of its 8 Key Performance targets.

However the Agency had a number of other targets as set out in the 2016-17 NIEA Business Plan and these, along with the Key Performance Targets shown in the Overview Section, are contained in the Business Plan Targets table below.

Outcome		Sub Outcome		2016/17 Targets	RESULT
1	Fully Compliant Regulated Industry	Effective and efficient advice, regulation and enforcement	1.1	Using Compliance assessment model aim for 90% compliance with all authorisations.	ACHIEVED
		Robust Authorisations	1.2	Process 80% of duly made applications for authorisations within statutory deadlines.	ACHIEVED
		Regulatory Transformation	1.3	Develop and resource a project plan for delivery of Regulatory Transformation.	ACHIEVED
		Enhanced Liaison and Partnership working between Central / Local Government and Key Industry Clients	1.4	Provide input to the Business Plan for Northern Ireland Water Price Control Process (PC15) Investment Programme and apply the change protocol where required.	ACHIEVED
		Innovative regulatory approaches and strategic relationships with business partners	1.5	Deliver Phase 2 Prosperity Agreement Programme, signing a further 3 agreements and review progress on the existing 4.	NOT ACHIEVED
			1.6	Review the current Prosperity Agreement delivery model and process to add transparency and accountability.	ACHIEVED

Outcome		Sub Outcome		2016/17 Targets	RESULT
2	Freshwater and Marine Environment at "Good Status"	Achieve "Good" Water Quality status in 70% of water bodies (rivers, lakes, estuaries, coastal waters, territorial waters and ground waters) by 2021	2.1	[NB] The overall target of 70% is predicated on a 6 year programme. (Indicative 3 yr target for rivers is a 10% improvement).  The Annual target is to deliver 80% of actions identified for each project identified in the 2016/17 catchment work programme.	<b>ACHIEVED</b>
		Effective and efficient advice, regulation and enforcement (Agriculture)	2.2	Complete cross compliance inspections on at least 1% of all farms and 5% under derogation.	<b>ACHIEVED</b>
			2.3	Engage with UFU to develop an Memorandum of Understanding (MOU) to deliver higher levels of environmental compliance and contribute towards achieving Water Framework Directive objectives.	<b>ACHIEVED</b>
3	A compliant Crime free Waste Sector	Reduced Illegal Activity	3.1	Complete biannual strategic assessments of waste crime in Northern Ireland. Assessments in May and November each year.	<b>ACHIEVED</b>
			3.2	Progress at least 90% of all incident/intelligence reports within 28 days of receipt.	<b>ACHIEVED</b>
			3.3	Provide an updated strategy for Controls & Operations Unit to include the four pillars of: (a) compliance; (b) disruption; (c) deterrence; and (d) removal of criminals from the waste sector, by June 2016.	<b>NOT ACHIEVED</b>

Outcome		Sub Outcome		2016/17 Targets	RESULT
			<b>3.4</b>	In order to ensure that the financial benefits of serious waste crime are addressed we will: (a) Ensure a minimum of 90% of Crown Court cases are adopted for financial investigation; and (b) By year end, maintain a minimum of five financial investigations per accredited financial investigator. (i.e. tackle the economic driver of waste crime).	<b>ACHIEVED</b>
4	Good Habitat and Landscape Quality with Species Abundance and Diversity	Loss of Biodiversity halted by 2020	<b>4.1</b>	Implement the relevant Agency 2016/17 actions in the NI Biodiversity Strategy.	<b>NOT ACHIEVED</b>
			<b>4.2</b>	Deliver agreed elements of the Environment Farming Scheme programme plan within 2016/17.	<b>ACHIEVED</b>
			<b>4.3</b>	Agree and deliver designation programme (Area of Special Scientific Interest, Special Areas of Conservation, Special Protection Areas, Ramsar Sites, National Nature Reserves).	<b>ACHIEVED</b>
			<b>4.4</b>	Initiate a land cover/habitat mapping project or projects.	<b>ACHIEVED</b>
			<b>4.5</b>	Agree and instigate operational requirements for Invasive species regulations.	<b>ACHIEVED</b>

Outcome		Sub Outcome		2016/17 Targets	RESULT
		Conservation status on 60% of Natura 2000 network maintained or improved	4.6	Develop Special Areas of Conservation Management programme plan 2016/17.	ACHIEVED
			4.7	Initiate management plans for 5 terrestrial Special Areas of Conservation.	ACHIEVED
			4.8	Complete a technical assessment of Phase 2 applications of INTERREG VA projects.	ACHIEVED
		The delivery of grant funding schemes to support good habitat and landscape quality	4.9	Review the successful Environment Fund applications in line with the agreed budget allocations and issue the 2017/18 Environment Fund offers.	ACHIEVED
		Community engagement at NIEA-run sites and properties	4.10	Ensure the delivery of safe and sustainable access to NIEA-managed sites while attracting more visitors by engaging with potential partners, educators and volunteers and with other stakeholders.	ACHIEVED
5	Promote environmentally sustainable development and infrastructure	Improved service delivery of environmental advice and on strategic and local planning	5.1	Respond to 90% of planning consultation requests within agreed timescales.	ACHIEVED
			5.2	Respond to Development and Community Plan consultations issued by Councils and SEA consultations from public authorities within statutory or agreed timeframes.	ACHIEVED

Outcome		Sub Outcome		2016/17 Targets	RESULT
			<b>5.3</b>	Explore opportunities and develop a new model for delivering environmental advice and guidance to customers.	<b>ACHIEVED</b>
		Providing Adequate, Safe and Sustainable Public Access to the Natural Environment	<b>5.4</b>	Participate in the delivery of 2016/17 actions in the Outdoor Recreation Action Plan.	<b>ACHIEVED</b>
			<b>5.5</b>	Ensure that five NIEA country parks are rated at least 'good' by Tourism NI.	<b>ACHIEVED</b>
<b>6</b>	To manage our resources effectively within a strong corporate governance framework	Budget Out-turn	<b>6.1</b>	Provisional Resource and Capital Out-turn between 98.5% and 100% of final budget.	<b>NOT ACHIEVED</b>

### Fully Compliant Regulated Industry

During the reporting period NIEA developed a project plan for the delivery of regulatory transformation of;

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

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

This ambitious project will take 2/3 years to deliver, running parallel with the development of the legislation and working in partnership with key business stakeholders,

During the reporting period The Regulation Unit undertook a significant number of planned regulatory inspections, audits and sampling regimes. Using relevant compliance assessment models for each regime of water and waste regulation the Agency can report > 91.26% compliance across all authorisations.

The Price Control (PC) process is the mechanism through which Northern Ireland Water (NIW) receive their funding. The current PC process (PC15) covers the period from 1 April 2015 to 31 March 2021 and during the reporting period 19 large Waste Water Treatment Works (WWTW),

servicing a population greater than 250, 45 small WWTW and 56 unsatisfactory intermittent discharges were funded for upgrade.

This year NIEA has worked hard in attempting to deliver three Prosperity Agreements; two are at final draft and a third in the final stages of development, which unfortunately due to their complexity started to bear fruit at the end of the year, at the same time the Assembly was dissolved thus preventing Ministerial sign off.

During the reporting period NIEA reviewed the Prosperity Agreement delivery model and processes with the objective of increasing transparency and accountability. Two draft prosperity agreements were produced during the reporting period and it is expected that they will be finalised in 2017-18.

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

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

The key actions to deliver this target are contained within our River Basin Management Plans and Catchment Management Plans. These detail all of the activities taken to address failing elements in priority water bodies, including pollution detection and prevention; river and groundwater surveys; focused sampling and monitoring; agricultural inspections, as well as visits as appropriate to high-risk business premises. During the reporting period NIEA successfully delivered its programme of cross-compliance inspections as well as 89% of the actions contained within the 2016-17 catchment programme.

However, NIEA alone cannot deliver the necessary improvements to water quality to meet the 2021 target. It requires input and action from a wide range of organisations to develop and implement the River Basin Management Plans and Catchment Plans. Therefore, during the reporting period NIEA established stakeholder forums in three River Basin Districts to provide input into delivery of 2nd cycle river basin management plans.

In addition NIEA and the Ulster Farmers' Union (UFU) agreed a Memorandum of Understanding 'Farming for a Healthier Environment', aimed at building a stronger, more effective working relationship between the Agency and farming community in order to support sustainable farming in ways that also deliver improved environmental outcomes.

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

During 2016-17, Environmental Crime Unit's Financial Investigation Section has ensured that 100% of all enforcement cases have been considered for adoption of Proceeds of Crime Act (POCA) financial investigation.

Strategic assessments of waste crime were delivered in May and November 2016 helping the Agency to develop strategic priorities and allocate resources according to risk of harm.

The Agency provided an updated strategy for Controls & Operations Unit which is built upon the four pillars of compliance, disruption, deterrence; and removal of criminals from the waste sector. However, the Agency did not meet the target date because the strategy required updates to coherently reflect structural changes, performance targets and the contributions from various stakeholders.

We have continued to use strategic assessments to drive operational activity. During the report period the Agency responded to more than 934 incidents and have also undertaken several targeted multi-agency operations. A number of these were directed at the strategic priority of the misclassification of waste.

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

Following the published first list of Invasive Alien Species of Union Concern by the European Commission in July the Department has maintained a range of operational and policy activity in relation to the new regulations: reviewing the invasive species strategy; maintaining a watching brief on legislative developments; maintaining a range of partnership action to eradicate species; maintaining national and international cooperation to achieve efficiencies and coherent approaches to eradication; updated guidance and promoted awareness; maintained surveillance systems and drafted Departmental approaches to early eradication

During the reporting period the Agency continued work with the UK Land Cover Map 2015 project which aims to deliver a National Land Cover product; developed guidance and approach for habitat mapping of Natura 2000 sites and also produced digital Phase 1 maps of 230 Areas of Special Scientific Interest (ASSIs).

The Agency provided significant levels of technical advice and data to spatially define where Environmental Farming interventions should be; how these would be prioritised and the development of guidance materials, information and data (e.g. circa 18,000 habitat points) to support the programme. These included Environmental Farming Scheme (EFS) Habitat Descriptors, Rapid Condition Assessments, Standard Management Practices and Habitat Classification keys.

NIEA recognises the importance of local community involvement and appreciation of their local sites. In a first of its kind project NIEA agreed a partnership with the Whitemountain and District Community Association to take forward a unique project at Belshaw's Quarry National Nature Reserve on the outskirts of Lisburn which will see the installation of geologically themed sculptures at the site to improve the public's awareness and appreciation of the site.

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

During 2016-17 a review of DAERA's environmental advice for planning was initiated and the new topic 'Environmental advice for planners' was created on the DAERA website to provide planning authorities, applicants and agents with advice and guidance on key environmental issues to be considered for development proposals.

During the reporting period NIEA participated in the delivery of the Outdoor Recreation Action Plan, including elements relating to Area of Outstanding Natural Beauty management plans and outdoor learning.

NIEA has received and responded to Strategic Environmental Assessment consultations for over 40 Plans or Programmes at determination, scoping or environmental report stage. NIEA has been consulted informally by several Councils in relation to the initial stages of Local Development Plan preparation and has been formally consulted and responded to the Preferred Options Papers of 4 Councils. All responses have been made within agreed timeframes. NIEA has attended thematic meetings for the Community Plans of several councils and has provided input to the Community Planning Process as appropriate.

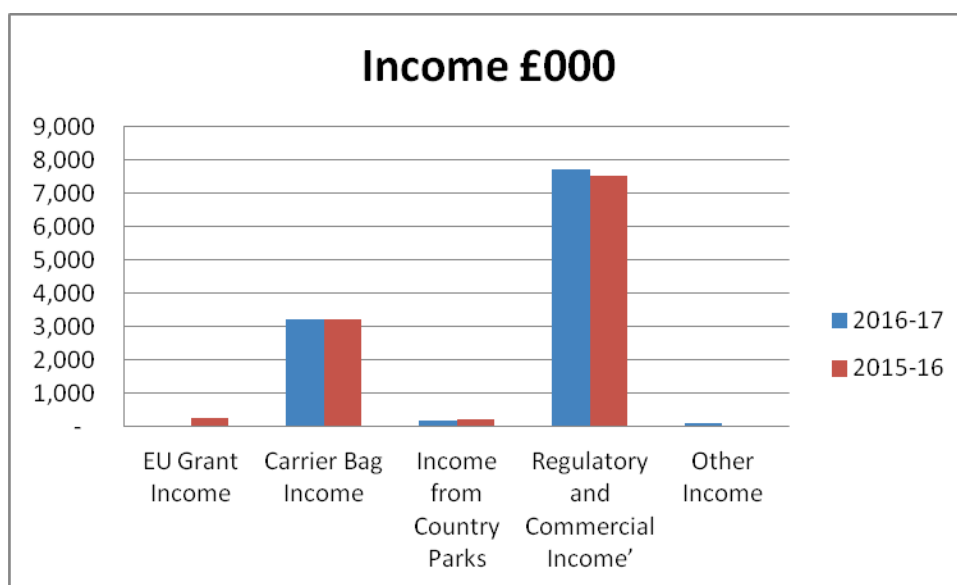
## Funding

Our primary source of funding in terms of Resource and Capital Expenditure comes from Central Government. The total net assets held by the Agency at 31 March 2017 was £18,331K (2015/16: £20,554K).

## Results for the Year

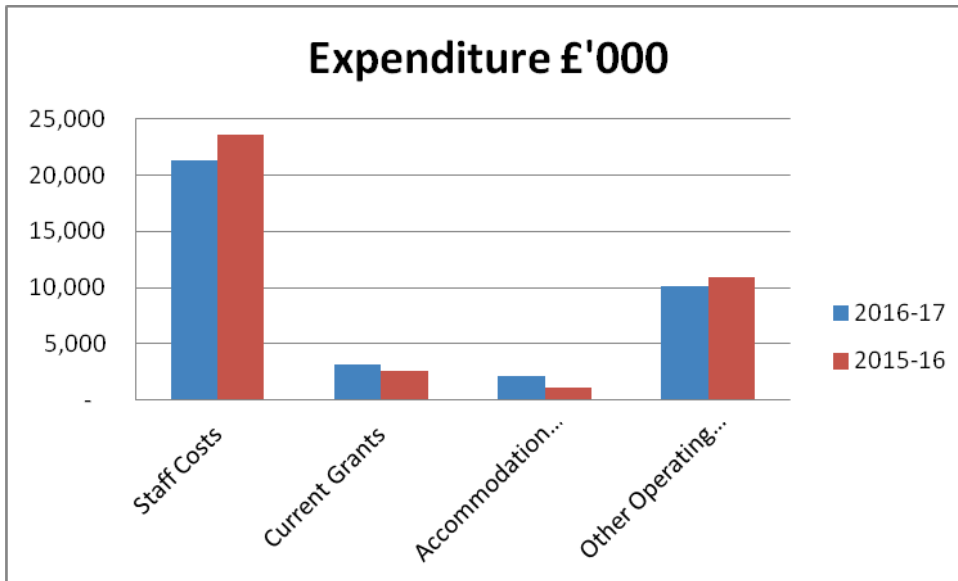
The Statement of Comprehensive Net Expenditure is set out on page 47 and shows the net cost of operations as £26,398K (2015/16: £28,559K) representing a decrease in net costs amounting to £2,161K (8%). This reduction was primarily due to the fact that significant early departure costs, associated with the NICS Voluntary Exit Scheme, were paid in 2015-16. This expenditure was not incurred in 2016-17. This change resulted in a significant reduction in staff costs in the Statement of Comprehensive Net Expenditure.

Income increased during the year from £11,213K in 2015/16 to £11,249K in 2016/17. As the current EU Programme, Interreg IVa, ended the amount of income received by NIEA reduced between 2015-16 and 2016-17. This was more than offset by increases in regulatory and commercial income. The chart below provides a breakdown of the income figure.



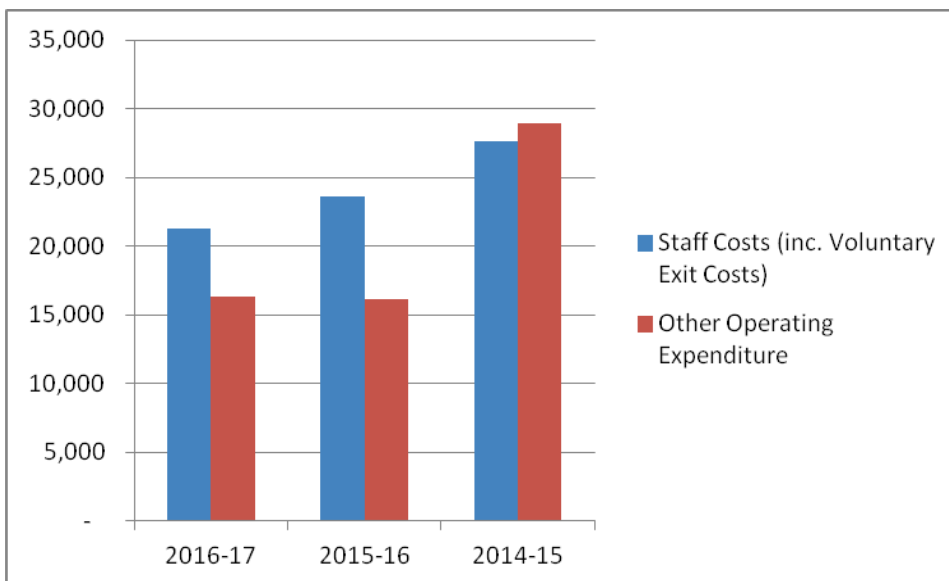
Total expenditure during the year was £37,647K (2015/16: £39,772K) representing a decrease in total expenditure amounting to £2,125K (5%). Staff costs amounting to £21,280K (2015/16: £23,621K) make up 57% (2015/16: 59%) of the total expenditure. Grant costs amounting to £3,159K (2015/16: £2,553K) being 8% (2015/16: 6%) of total expenditure. A breakdown showing grants paid by each directorate is included in Note 4 of these accounts.





### Long Term Expenditure Trends

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



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

## **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 2016/17, 91.1% of invoices for goods or services were paid within 30 days (95.0% in 2015/16) and 81.6% were paid within 10 days (84.2% in 2015/16).

## **Sustainability Report**

NIEA recognises the importance of having sustainability at the core of its business not just because of the more positive environmental outcomes that result but also because of the direct cost savings that can be achieved, and as evidence of leading by example. NIEA continues to engage in a variety of ways with many organisations, bodies and individuals across all sectors of Northern Ireland society and with those in other administrations and internationally in order to develop and implement policy and legislation which support the delivery of sustainable development priorities.

NIEA are actively involved in restoring the historic hydroscheme at Roe Valley Country Park to its former use. This site was the first Hydro Electric Power station in Northern Ireland which produced electricity from the 1890's to 1965. The restored scheme will produce a significant amount of electricity and reduce dependence on non-renewable fossil fuels, and the scheme additionally aims to promote the industrial heritage and add educational and tourism value to the site. The hydroscheme was commissioned during March 2017 and is currently undergoing reliability and performance testing.

The E-car Project introduced an electric vehicle charging infrastructure to Northern Ireland. The introduction of this infrastructure means that 320 Fast charge points are now installed and 14 Rapid charge points installed in many towns and cities. DAERA have introduced a number of electric vehicle charge points throughout the estate, including four NIEA sites at Peatlands Park Nature Reserve, Dungannon, Roe Valley Country Park, Limavady, Ness Country Park, Claudy, and Crawfordsburn Country Park in North Down.

## **Political and Charitable Donations**

The Agency made no political or charitable donations within the financial year (2015/16: £Nil).



**David Small**  
Chief Executive  
15 June 2017

# ACCOUNTABILITY REPORT

## Director's Report

### Management Board

NIEA's Management Board during the year ended 31 March 2017 comprised:

#### CHIEF EXECUTIVE

David Small

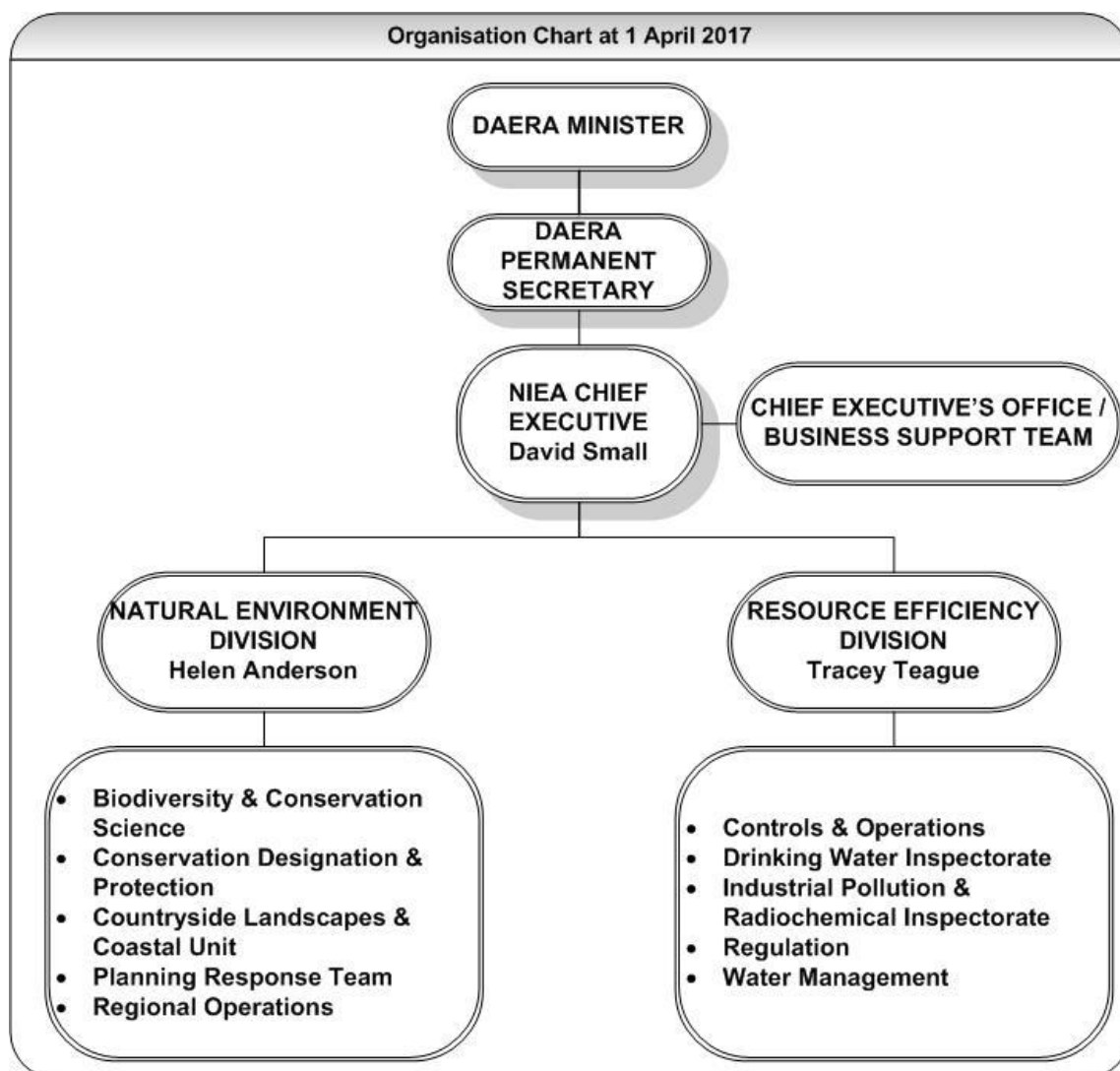
#### DIRECTOR OF NATURAL ENVIRONMENT DIVISION

Helen Anderson

#### DIRECTOR OF RESOURCE EFFICIENCY DIVISION

Chris Mills - 1 April 2016 to 30 September 2016

Tracey Teague - From 1 October 2016



### Independent Board Members

There were no Independent Board Members during the 2016-17 financial year.

### Company Directorships

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

### Auditor

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

The audit of the financial statements for 2016-17 resulted in a notional audit fee of £17K which is included in the administration costs in the Statement of Comprehensive Net Expenditure. As far as I am aware, there is no relevant audit information of which the entity's auditor is unaware. I

have taken all the steps that ought to have been taken to make myself aware of any relevant audit information and to establish that the Agency's auditor is also aware of that information.

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

### **Pension Liabilities**

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

Further information on Pensions is provided in the Remuneration Report (page 34) and Note 2 of the Accounts (page 59).

### **Disabled Persons**

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

### **Equality of Opportunity**

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

### **Freedom of Information**

The Freedom of Information Act 2000 and the Environmental Information Regulations 2004 give everyone the right to access government information and place a statutory duty on government to make certain information publicly available as a matter of course. A total of 127 (2015/16: 137) 'Requests for Information', falling within the terms of this legislation, were received within the period of this report.

### **Health & Safety**

The Agency is committed to ensuring the health, safety and welfare of staff, and others who may be affected by its undertakings. Health & Safety performance is formally reviewed on an annual basis and an associated Annual Programme of Work produced to ensure that the high standards

achieved are continually improved through policy development, staff consultation, risk assessment, monitoring and review procedures.

### **Sick Absence**

Provisional sick absence figures from April 2016 to March 2017 for non-industrial staff is 9.1 days (4.1%) (2015/16: 8.5 days, 3.9%) working days lost and for industrial staff, 10.9 days (5.0%) (2015/16: 15.3 days, 6.9%) working days lost. The overall provisional NIEA absence rate for 2016/17 is 9.1 (4.1%) (2015/16: 8.8, 4.0%) working days lost.

### **Employee Involvement**

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

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

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

### **Information Management**

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



**David Small**  
Chief Executive  
15 June 2017

## STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

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

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

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

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



**David Small**  
Chief Executive  
15 June 2017

# GOVERNANCE STATEMENT

## **Introduction**

As mentioned in my foreword, this statement covers the financial period to 31 March 2017 for the Northern Ireland Environment Agency (NIEA), an Executive Agency within the Department of Agriculture, Environment and Rural Affairs (DAERA) and operated within the context of that Department's overall vision and strategic objectives. This is the first year the Agency played a role in delivering the aims of the new Department following the reduction of the number of Northern Ireland Civil Service (NICS) Departments from 12 to 9, on 9 May 2016, in line with the Stormont House and Fresh Start Agreements.

The statement explains the governance arrangements of the NIEA, describes how risk is managed, outlines the system of internal control and also examines the effectiveness of these arrangements during the 2016-17 financial year.

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

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

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

## **Governance Structures**

### **General**

The Minister approves the policy framework within which the Agency operates and its business plan including annual performance targets.

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

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

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

- ◆ Agency Management Board;
- ◆ Agency Audit and Risk Assurance Committee (ARAC);



- ◆ Agency Corporate Governance Sub Committee;
- ◆ Agency Business Support Team (BST);
- ◆ Departmental Human Resources (HR); and
- ◆ Internal Audit Service.

## **Management Board**

The work of NIEA is co-ordinated and monitored by a Management Board which I Chair and which provides corporate leadership to the organisation as a whole, takes responsibility for the Agency's performance, and provides advice to the Department's Permanent Secretary and the Minister. The Board exists to lead the Agency's strategic planning and assist me as the Chief Executive and Agency Accounting Officer in meeting my corporate governance responsibilities for the Agency. The Agency Management Board comprised the Agency's two Executive Directors and myself as Chair (see page 24 of the Annual Report for further details).

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

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

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

## **Audit Committee**

The role of the Agency Audit and Risk Assurance Committee (ARAC) is to support me in my responsibilities concerning Corporate Governance and Risk Management, by reviewing the levels of assurances provided to me and the timeliness, reliability and integrity of those assurances. The ARAC reviews and monitors updates to audit action plans, updates to the corporate risk register and provides support and guidance on key governance issues. During 2016-17, the Committee was comprised of three independent members and three meetings were held during the financial year, in June, January and March.

### Board and Audit Committee attendance

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

Board Members	Meetings attended per Board and Audit Committee members out of the meetings eligible to attend	
	Board	Audit Committee
David Small (Chief Executive)	10/11	3/3
Helen Anderson (Director of Natural Environment Division);	11/11	1/3
Chris Mills (Director of Resource Efficiency from 1 April 2016 to 30 September 2016)	3/5	1/1
Tracey Teague (Director of Resource Efficiency Division) from 3 October 2016 to 31 March 2017	4/6	0/2

	Meetings attended per Audit Committee member out of the meetings eligible to attend
<b>Audit Committee Members</b>	
Jim Brooks	3/3
Jackie Kerr (resigned June 2016)	0/1
Leah Scott (appointed January 2017)	2/2
Linda Drysdale	3/3

#### Corporate Governance Sub Committee

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

I am pleased that at the January 2017 meeting of the NIEA Audit and Risk Assurance Committee, the members commented positively on the significant reduction in the number of outstanding audit recommendations.

#### Conflicts of Interest

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

#### **Agency Divisional Governance**

In my overall assessment of the adequacy of control systems, I am supported by the Agency's Directors. Each Division provides a quarterly update to the Environment Group Business

Support Team (BST). The BST in turn provides the Board and the ARAC with quarterly updates on the implementation of both internal and external audit recommendations, and revisions to the Agency Risk Register. The main purpose of this reporting process is to drive the implementation of audit recommendations towards improving audit opinions and corporate governance in all areas of the Agency and to assist me in completing the Governance Statement.

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

### Internal Audit

During 2016-17, the NIEA was audited by internal auditors from the Department who operated to Public Sector Internal Audit standards. Internal Audit submit regular reports to me which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the Agency's system of internal control together with recommendations for improvement.

During 2016-17, the following internal audit assignments were completed in respect of the NIEA:

<b>Internal Audit Report Title</b>	<b>IA Rating</b>	<b>No of Recommendations</b>
Regional Operations	Satisfactory	11
Planning Consultations within NIEA	Satisfactory	Draft report under consideration
Corporate Governance within NIEA	Satisfactory	Draft report under consideration
Enforcement within Water Management Unit	Satisfactory	4
Enforcement within Conservation Designation & Protection	Satisfactory	5

I will ensure that through reporting to the NIEA Corporate Governance Sub Committee, NIEA Board and NIEA Audit Committee, the timely implementation of the recommendations in all these audit reports will be progressed. I am particularly pleased with the 'satisfactory' assurance for the audit of the Agency's 'Corporate Governance' processes as well.

### Corporate Services

During 2016-17, IT and HR services were provided by the Department with specific financial management, governance, business planning, risk management and coordination processes and exercises delivered by the Agency Business Support Team.

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

During the reporting period Internal Audit performed a Northern Ireland Civil Service (NICS) wide assurance review on the management of IT security and information risk. This review resulted in a Limited assurance of which only a small number of the key findings related to NIEA.

### Risk management and control framework

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

The Agency Board has established appropriate procedures to ensure that risks are adequately managed within the Agency. Risk Registers at the Corporate and Divisional levels are maintained and monitored on a quarterly basis. The Business Support Team, which delivers the Agency's risk co-ordination function, has responsibility for co-ordinating the Agency's various risk management/internal control functions, developing the risk management framework and providing advice and guidance to staff on risk management issues. The risk management cycle is a "top-down" and "bottom-up" exercise that ensures that any Agency risks that are included in the Departmental Corporate Risk Register are also included in the Agency register and risks identified and managed at Divisional levels are escalated to the Agency register, as appropriate. Accordingly, there is one Agency related risk in the Department's Risk Register relating to the potential failure to remediate the Mobouy illegal waste site in a timely and cost-effective manner. The Agency's top level risk register is reviewed quarterly by the Board.

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

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

### **2017 – 18 Budget Position**

The Northern Ireland Assembly was dissolved as from 26 January 2017 for an election which took place on 2 March, on which date Ministers also ceased to hold office. An Executive was not formed following the election within the period specified in the legislation. As a consequence, a Budget Act is not yet in place for 2017-18. In the absence of a budget for 2017-18 determined by an Executive, Section 59 of the Northern Ireland Act 1998 and Section 7 of the Government Resources and Accounts Act (Northern Ireland) 2001 provide for the Permanent Secretary of the Department of Finance to issue cash to departments from the NI Consolidated Fund. These powers are an interim measure designed to ensure that services can be maintained until such times as a budget is agreed and a Budget Act passed.

### Significant Issues

I am pleased that there were no significant issues to report.



**David Small**  
Chief Executive  
15 June 2017

# Agency Remuneration & Staff Report

## Remuneration and Pension Entitlements

### Remuneration policy

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

### Service contracts

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

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

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

### Salary and pension entitlements

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

### Remuneration (including salary) and pension entitlements (audited)

Officials	2016-17					2015-16				
	Salary £'000	Bonus Payments £'000	Benefits in kind (to nearest £100)	Pension Benefits £'000	Total £'000	Salary £'000	Bonus Payments £'000	Benefits in kind (to nearest £100)	Pension Benefits £'000	Total £'000
Mr D Small Chief Executive (from 1/3/16)	90 – 95	Nil	Nil	72	160-165	5-10 (85-90 full year equivalent)	Nil	Nil	3	10-15
Mr W Shannon Acting Chief Executive (from 1/04/15 to 22/11/15)	N/A	N/A	N/A	N/A	N/A	55-60 (80-85 full year equivalent)	Nil	Nil	126	180-185

<b>Officials</b>	<b>2016-17</b>					<b>2015-16</b>				
	<b>Salary</b>	<b>Bonus Payments</b>	<b>Benefits in kind (to nearest £100)</b>	<b>Pension Benefits*</b>	<b>Total</b>	<b>Salary</b>	<b>Bonus Payments</b>	<b>Benefits in kind (to nearest £100)</b>	<b>Pension Benefits*</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<p>Mrs H Anderson</p> <p>Director of Natural Environment Division <i>(from 1/04/15 to 22/11/15, &amp; from 1/03/16)</i></p> <p>Acting Chief Executive <i>(from 23/11/15 to 29/2/16)</i></p>	65-70	Nil	Nil	18	85-90	70-75	Nil	Nil	73	140-145
<p>Mr C Mills</p> <p>Director of Resource Efficiency Division <i>(from 1/4/16 to 30/9/16)</i></p>	35-40 <i>(75-80 full year equivalent)</i>	Nil	Nil	Nil	35-40	75-80	Nil	Nil	27	100-105
<p>Mrs T Teague</p> <p>Director of Resource Efficiency <i>(from 1/10/16)</i></p>	30-35 <i>(65-70 full year equivalent)</i>	Nil	Nil	22	55-60	N/A	N/A	N/A	N/A	N/A
<p>Dr S McGuckin</p> <p>Acting Director of Natural Environment <i>(from 21/12/15 to 29/2/16)</i></p>	N/A	N/A	N/A	N/A	N/A	10-15 <i>(65-70 full year equivalent)</i>	Nil	Nil	16	25-30
<p>Mr S Aston</p> <p>Director of Innovation Strategies <i>(until 30/9/15)</i></p>	N/A	N/A	N/A	N/A	N/A	25-30 <i>(50-55 full year equivalent)</i>	Nil	Nil	(633)	(605-610)

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

## Salary

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

## Benefits in kind

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

## Bonuses

Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2016-17 relate to performance in 2016-17 and the comparative bonuses reported for 2015-16 relate to the performance in 2015-16.

## Pay multiples

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

The banded remuneration of the highest-paid director in NIEA in the financial year 2016-17 was £90k-£95k (2015-16: £85k-£90k). This was 3.0 times (2015-16: 3.0 times) the median remuneration of the workforce, which was £29,171 (2015-16: £28,838).

In 2016-17 nil (2015-16: nil) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £15,600 to £91,273 (2015-16: £15,600 to £89,486).

	2016-17	2015-16
Band of Highest Paid Director's Total Remuneration	£90k-£95k	£85k-£90k
Median Total Remuneration	29,171	28,838
Ratio	3.0	3.0

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

## Non-Executive Directors (NEDs)

The non-executive directors received no remuneration for their position as a NED.

### Pension Entitlements (audited)

Officials	Accrued pension at pension age as at 31/3/17 and related lump sum  £'000	Real increase in pension and related lump sum at pension age  £'000	CETV at 31/3/17  £'000	CETV at 31/3/16  £'000	Real increase in CETV  £'000	Employer contribution to partnership pension account  Nearest £100
Mr D Small Chief Executive (From 1/3/16)	40-45 plus lump sum of 125-130	0-2½ plus lump sum of 5-7½	880	808	34	Nil
Mrs H Anderson Director of Natural Environment Division	25-30 plus lump sum of 80-85	(0-2½) plus lump sum of – (2½ - 5)	543	546	(29)	Nil
Mr C Mills Director of Resource Efficiency  (from 1/4/16 to 30/9/16)	0-5 No lump sum	0-2½ No lump sum	20	19	Nil	Nil
Mrs T Teague Director of Resource Efficiency (from 1/10/16)	20-25 plus lump sum of 65-70	0-2½ plus lump sum of 0-2½	367	357	8	Nil



## Northern Ireland Civil Service (NICS) Pension Arrangements

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

A new pension scheme, alpha, was introduced for new entrants from 1 April 2015. The majority of existing members of the NICS pension arrangements have also moved to alpha from that date. Members who on 1 April 2012 were within 10 years of their normal pension age will not move to alpha and those who were within 13.5 years and 10 years of their normal pension age were given a choice between moving to alpha on 1 April 2015 or at a later date determined by their age. Alpha is also a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of the scheme membership. The rate will be 2.32%. CARE pension benefits are reviewed annually in line with changes in the cost of living.

Increases to public service pensions are the responsibility of HM Treasury. Pensions are reviewed each year in line with 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 2016 was 1% and HM Treasury has announced that public service pensions will be increased accordingly from April 2017.

Employee contribution rates for all members for the period covering 1 April 2017 – 31 March 2018 are as follows:

### Scheme Year 1 April 2017 to 31 March 2018

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

Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of

their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

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

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

### **Cash Equivalent Transfer Values**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NICS pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### **Real increase in CETV**

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

### **Compensation for loss of office**

No compensation payments were made or are due to any of the senior management in the Northern Ireland Environment Agency under the Civil Service Compensation Scheme (Northern Ireland) (CSCS(NI)) in the year ending 31 March 2017.

## Staff numbers and related costs

Staff costs comprise:

	2016-17 £000			2015-16 £000
	Permanently employed staff	Others	Total	Total
Wages and salaries	14,393	2,254	16,647	16,166
Social security costs	1,413	-	1,413	1,074
Other pension costs	3,220	-	3,220	3,293
Early Departure Costs	-	-	-	3,088
<b>Total</b>	<b>19,026</b>	<b>2,254</b>	<b>21,280</b>	<b>23,621</b>

## Pension Arrangements

The Northern Ireland Civil Service pension schemes are unfunded multi-employer defined benefit schemes but (insert employer's name) is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DoF Superannuation and Other Allowances Annual Report and Accounts as at 31 March 2017.

For 2016-17, employers' contributions of £3,210,600 were payable to the NICS pension arrangements (2015-16 £3,284,450) at one of three rates in the range 20.8% to 26.3% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new scheme funding valuation based on data as at 31 March 2012 was completed by the Actuary during 2014-15. This valuation was used to determine employer contribution rates for the introduction of alpha from April 2015. For 2017-18, the rates will range from 20.8% to 26.3%. The contribution rates are set to meet the cost of the benefits accruing during 2016-17 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £9,090 (2015-16 £8,535) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (2015-16 3% to 14.7%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £308.59, 0.5% (2015-16 £430, 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 were £Nil (2015-16: £Nil). Contributions prepaid at that date were £Nil (2015-16: £Nil).

No individuals (2015-16: 2) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £Nil (2015-16: £2,696)

### Average Number of Persons Employed

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

<b>Number</b>			<b>2016-17</b>	<b>2015-16</b>
	<b>Permanent staff</b>	<b>Others</b>	<b>Total</b>	<b>Total</b>
Natural Environment	148	22	170	157
Resource Environment	281	52	333	349
Business Support	36	-	36	-
Innovation Strategy	-	-	-	21
<b>Total</b>	<b>465</b>	<b>74</b>	<b>539</b>	<b>527</b>

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

<b>Exit package cost band</b>	<b>Number of compulsory redundancies</b>	<b>Number of Voluntary Exit Scheme packages agreed</b>	<b>Total number of exit packages by cost band</b>	<b>Total number of exit packages by cost band</b>
<£10,000	-	-	-	-
£10,000 - £25,000	-	-	-	26
£25,000 - £50,000	-	-	-	32
£50,000 - £100,000	-	-	-	20
£100,000 - £150,000	-	-	-	2
Total number of exit packages	-	-	-	80
<b>Total resource cost £'000</b>	-	-	-	<b>3,132</b>

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

departure. Where the Agency has agreed early retirements, the additional costs are met by the Agency and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.



**David Small**  
Chief Executive  
15 June 2017

# Assembly Accountability and Audit Report

## Regularity of Expenditure

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

The Agency has no remote contingent liabilities as at 31 March 2017.

## Losses and Special Payments

### Losses Statement

	Number of Cases	2016-17 £'000	Number of Cases	2016-17 £'000
Administrative Write Offs	8	9	42	89
Other Losses	2	1	5	1
<b>Total</b>	<b>10</b>	<b>10</b>	<b>47</b>	<b>90</b>

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

### Special Payments

	Number of Cases	2016-17 £'000	Number of Cases	2016-17 £'000
Employer's liability	-	-	1	19
Public Liability	-	-	3	58
<b>Total</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>77</b>

## Fees and Charges

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

	2016-17 £'000	2015-16 £'000
<b>Fees and Charges</b>		
<b>Operating Costs</b>	<b>7,724</b>	<b>7,394</b>
Staff Costs	5,016	4,717
Administration and Accommodation	689	1,129
Notional Charges	1,393	1,220
<b>Total Charges</b>	<b>7,098</b>	<b>7,220</b>
<b>Operating Surplus/(Deficit)</b>	<b>626</b>	<b>38</b>

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

## **Northern Ireland Environment Agency**

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

I certify that I have audited the financial statements of the Northern Ireland Environment Agency for the year ended 31 March 2017 under the Government Resources and Accounts Act (Northern Ireland) 2001. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report and Staff Report and the Assembly Accountability and Audit Report that is described in that report as having been audited.

#### **Respective responsibilities of the Chief Executive and auditor**

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

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

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

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

#### **Opinion on regularity**

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



## Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Northern Ireland Environment Agency's affairs as at 31 March 2017 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance directions issued thereunder.

## Opinion on other matters

In my opinion:

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

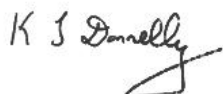
## Matters on which I report by exception

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

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

## Report

I have no observations to make on these financial statements.



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

23 June 2017

## FINANCIAL STATEMENTS

### Statement of Comprehensive Net Expenditure for the year ended 31 March 2017

		2016-17 £000	2015-16 £000
	Note		
Income from Resource Efficiency Charges	7	(7,724)	(7,523)
Other Operating Income	7	(3,525)	(3,690)
<b>Total Operating Income</b>		<b>(11,249)</b>	<b>(11,213)</b>
Staff Costs	2	21,280	23,621
Current Grants	3	3,159	2,553
Accommodation Running Costs	3	2,133	1,077
Depreciation and Amortisation Charges	3	1,179	1,358
Provision Expense	3	(234)	208
Other operating expenditure	3	10,130	10,955
<b>Total Operating Expenditure</b>		<b>37,647</b>	<b>39,772</b>
<b>Net Operating Expenditure</b>		<b>26,398</b>	<b>28,559</b>
Finance Income / Expense			0
<b>Net Expenditure for the year</b>		<b>26,398</b>	<b>28,559</b>
<b>Items that will not be reclassified to net operating costs:</b>			
Net (gain)/loss on revaluation of Property, Plant and Equipment		617	(283)
Net (gain)/loss on revaluation of Intangibles		(7)	(4)
<b>Comprehensive Net Expenditure for the year</b>		<b>27,008</b>	<b>28,272</b>

The notes on pages 52 to 80 form part of these accounts.

## Statement of Financial Position as at 31 March 2017

		2016-17 £000	2015-16 £000
	Note		
<b>Non-current assets</b>			
Property, plant and equipment	8(i)	21,967	22,076
Heritage assets	8(iii)	1,568	1,568
Intangible assets	8(v)	489	257
<b>Total non-current assets</b>		<b>24,024</b>	<b>23,901</b>
<b>Current assets</b>			
Inventories	11	77	100
Trade and other receivables	12	1,135	970
Cash and cash equivalents	13	3	3
<b>Total current assets</b>		<b>1,215</b>	<b>1,073</b>
<b>Total assets</b>		<b>25,239</b>	<b>24,974</b>
<b>Current liabilities</b>			
Trade and other payables	14	(6,810)	(4,350)
Provisions	15	(98)	(70)
<b>Total current liabilities</b>		<b>(6,908)</b>	<b>(4,420)</b>
<b>Total assets less current liabilities</b>		<b>18,331</b>	<b>20,554</b>
<b>Non-current liabilities</b>			
Provisions	15	-	-
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>
<b>Total assets less total liabilities</b>		<b>18,331</b>	<b>20,554</b>
<b>Taxpayers' equity &amp; other reserves:</b>			
General fund		11,561	12,862
Revaluation reserve		6,770	7,692
<b>Total taxpayers' equity</b>		<b>18,331</b>	<b>20,554</b>



Chief Executive  
15 June 2017

The notes on pages 52 to 80 form part of these accounts.

## Statement of Cash Flows for the year ended 31 March 2017

		2016-17 £000	2015-16 £000
	Note		
<b>Cash flows from operating activities</b>			
Net operating cost		(26,398)	(28,559)
Adjustments for non-cash transactions:			
Depreciation	8	1,179	1,358
Disposal of Fixed Assets	3	17	(4)
Notionals	6	4,592	6,729
Take-up and Revaluation of Provisions	15	(197)	230
Bad Debts Provision	3	(38)	(22)
Impairments		411	-
Revaluations	3	(42)	(52)
Decrease/(Increase) in trade and other receivables	12	(165)	941
Less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure		38	22
Decrease/(Increase) in inventories	11	23	21
(Decrease)/Increase in trade payables	14	2,460	(3,685)
Less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure		(390)	376
Use of provisions	15	225	(335)
<b>Net cash outflow from operating activities</b>		<b>(18,285)</b>	<b>(22,980)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant & equipment and heritage assets		(1,784)	(1,022)
Purchase of intangible assets		(113)	(45)
Proceeds of disposal of property, plant & equipment		-	5
<b>Net cash outflow from investing activities</b>		<b>(1,897)</b>	<b>(1,062)</b>
<b>Cash flows from financing activities</b>			
Funding from Parent Department DOE		20,193	24,062
<b>Net financing</b>		<b>20,193</b>	<b>24,062</b>

<b>Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund</b>	11	20
Payments to Consolidated Fund	(11)	(20)
<b>Net increase/(decrease) in cash and cash equivalents in the period after adjustments for receipts and payments to the Consolidated Fund</b>	-	-
<b>Cash and cash equivalents at the beginning of the period</b>	<b>3</b>	<b>3</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>3</b>	<b>3</b>

The notes on pages 52 to 80 form part of these accounts.

## Statement of Changes in Taxpayers' Equity for the year ended 31 March 2017

		General Fund £000	Revaluation Reserve £000	Taxpayers' Equity £000
<b>Balance at 31 March 2015</b>	Note	<b>8,916</b>	<b>9,140</b>	<b>22,307</b>
Net Assembly Funding		24,061	-	19,810
CFERs payable to Consolidated Fund		(20)	-	(20)
Comprehensive Net Expenditure for the year		(28,559)	287	(28,272)
Non-cash charges – notional costs	6	6,712	-	6,712
Auditors Remuneration	6	17	-	17
Transfers between reserves		1,735	(1,735)	-
<b>Balance at 31 March 2016</b>		<b>12,862</b>	<b>7,692</b>	<b>20,554</b>
Net Assembly Funding		20,193	-	20,193
CFERs payable to Consolidated Fund		-	-	-
Comprehensive Net Expenditure for the year		(26,398)	(610)	(27,008)
Non-cash charges – notional costs	6	4,575	-	4,575
Auditors Remuneration	6	17	-	17
Transfers between reserves		312	(312)	-
<b>Balance at 31 March 2017</b>		<b>11,561</b>	<b>6,770</b>	<b>18,331</b>

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

The notes on pages 52 to 80 form part of these accounts.

# Notes to the Accounts

## 1. Statement of accounting policies

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

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

### 1.1 Accounting convention

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

Since NIEA became an Agency of DAERA on 9 May 2016, the comparative figures represent expenditure only in relation to those component parts of NIEA which transferred to DAERA. During 2015-16 a number of transactions relating to the transfer of Historic Environment Division (HED) to DOE were recorded in the accounts of NIEA. Merger Accounting requires that comparative figures are restated to reflect that HED functions did not transfer to DAERA.

### 1.2 Property, Plant and Equipment

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

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

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

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

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

Notes to the Accounts

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.

### 1.3 Intangible Assets

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

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

### 1.4 Depreciation and Amortisation

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

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

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

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

### 1.5 Heritage Assets

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



## Notes to the Accounts

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

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

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

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

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

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

### **1.7 Operating Income**

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

### **1.8 Classification of Expenditure**

The classification of expenditure as programme follows the definition of programme costs set out in the *FReM*, issued by the Department of Finance and Personnel. Costs incurred by the

Notes to the Accounts

Agency reflect non-administration costs, including payments of grants and other disbursements by the Agency and therefore are classified as programme costs.

### **1.9 Employee Benefits including Pensions**

Under the requirements of IAS 19: Employee Benefits, staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave that has been earned at the year end. This cost has been calculated using employees daily rate costs applied to any untaken leave balance at 31 March 2017.

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

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

### **1.10 Grants Payable**

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

### **1.11 Value Added Tax**

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

### **1.12 Inventories**

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

### **1.13 Contingent Liabilities**

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

These comprise:

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

Notes to the Accounts

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

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

#### **1.14 Leases**

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

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

#### **1.15 Critical Accounting Estimates and Key Judgements**

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

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

#### **1.16 Government Grant Receivable**

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

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

#### **1.17 Financial Instruments**

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

## Notes to the Accounts

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

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

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

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

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

### **1.18 Provisions**

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

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

The IASB have issued the following new and amended standards that are effective for the first time in 2016-17:

- IFRS 5 – Non Current Assets Held For Sale and Discontinued Operations (amendment),
- IFRS 7 – Financial Instruments (amendment),
- IFRS 11 – Accounting for acquisitions of interests in joint operations (amendment),
- IFRS 10, IFRS 12 and IAS 28 – Investment Entities: applying the Consolidation Exception (amendment),
- IAS 1 – Disclosure Initiative (amendment),
- IAS 16 & IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation (amendment),

Notes to the Accounts

IAS 16 & IAS 41 – Bearer Plants (amendments),  
IAS 19 – Employee Benefits (amendment),  
IAS 17 – Equity Method in Separate Financial Statements (amendment),  
IAS 34 – Interim Financial reporting (amendment)

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

IFRS 15 – Revenue from Contracts with Customers (new and clarifications);  
IFRS 9 – Financial Instruments (new);  
IFRS 16 – Leases (new);  
IFRS 17 – Insurance Contracts (new)  
IFIRC 22 – Foreign Currency Transactions and Advance Consideration (new)  
IAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses (amendment);  
IAS 7 – Disclosure Initiative (amendment);  
IFRS 2 – Classification and Measurement of Share-based Payment Transactions (amendment)  
IFRS 4 – Applying IFRS 9 ‘Financial Instruments’ with IFRS 4 ‘Insurance Contracts’ (amendment)  
IAS 40 – Transfer of Investment Investment Property (amendment)

## **1.20 Management Agreements**

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

## 2. Staff Costs

Staff costs comprise:

	2016-17 £000	2015-16 £000
Wages and Salaries	16,658	16,166
Social Security Costs	1,413	1,074
Other Pension Costs	3,220	3,293
Early Departure Costs	(11)	3,088
<b>Total</b>	<b>21,280</b>	<b>23,621</b>

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

Notes to the Accounts

### 3. Other Operating Expenditure

		2016-17 £000	2015-16 £000
	Note		
Current Grants	4	3,159	2,553
Other Current Expenditure	5	2,545	2,216
Accommodation Running Costs		2,133	1,077
Advertising & Publicity Costs		41	19
Communication Costs		80	188
Operating Leases		87	105
Other Office Services		508	457
Other Staff Costs		87	33
Travel & Subsistence Costs		145	229
Training Costs		46	1
Vehicle & Boat Costs		373	360
Other Operating Costs		1,241	674
<b>Non-cash items</b>			
Provisions – provided/(reduced) in year	15	(197)	230
Bad Debt Provision		(38)	(22)
<i>Notional charges:</i>			
Department of Finance	6	2,153	3,191
Intra-Departmental Notionals	6	2,422	3,424
Central Services (provided by DRD)	6	-	97
NIAO Auditor's Remuneration	6	17	17
Other Departments	6		
<i>Non current assets:</i>			
Depreciation	8(i)	1,046	1,185
Amortisation	8(v)	133	173
Impairment		411	-
Net Revaluation Charge to the Statement of Comprehensive Net Expenditure		(42)	(52)
Loss/(Profit) on disposal of property, plant and equipment		17	(4)
<b>Total</b>		<b>16,367</b>	<b>16,151</b>

Notes to the Accounts

**4. Grants**

	2016-17 £000	2015-16 £000
Natural Environment	3,159	2,224
EU Grant (Interreg IVa)	-	329
<b>Total</b>	<b>3,159</b>	<b>2,553</b>
 <i>Natural Environment Grants comprise :</i>		
Challenge Fund Grant	626	403
Environment Fund Grant	2,418	1,821
Access Grant	115	-
<b>Total</b>	<b>3,159</b>	<b>2,224</b>
 <i>Innovation Strategy Grants comprise :</i>		
EU Grant (Interreg IVa)	-	<b>329</b>



Notes to the Accounts

**5. Other Current Expenditure**

	2016-17 £000	2015-16 £000
<b>Divisional costs comprise:</b>		
Natural Environment	523	850
Resource Efficiency	2,022	1,366
<b>Total</b>	<b>2,545</b>	<b>2,216</b>
<b>Natural Environment costs comprise:</b>		
Contracted Services	429	641
Professional Costs	94	209
<b>Total</b>	<b>523</b>	<b>850</b>
<b>Resource Efficiency Operating costs comprise:</b>		
Contracted Services	1,936	1,285
Professional Costs	86	81
<b>Total</b>	<b>2,022</b>	<b>1,366</b>

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

## 6. Notional Charges

	2016-17 £000	2015-16 £000
<b>Intra - Departmental:</b>		
Department of the Environment	-	3,424
Department of Agriculture, Environment and Rural Affairs	2,422	-
<b>Total</b>	<b>2,422</b>	<b>3,424</b>
<b>Services provided by other Departments</b>		
Department of Finance:		
Accommodation	1,035	1,152
IT Assist	711	1,023
Account NI	239	848
Departmental Solicitor's Office	13	31
Information Strategy and Innovation	119	118
Land and Property Services	30	19
Other Services	6	-
	<b>2,153</b>	<b>3,191</b>
Department for Regional Development	-	97
	-	<b>97</b>
NIAO Audit Fees	<b>17</b>	<b>17</b>
<b>Total Notional Charges</b>	<b>4,592</b>	<b>6,729</b>

Notes to the Accounts

## 7. Income

	2016-17 £000	2015-16 £000
EU Grant Income	27	246
Carrier Bag Levy	3,228	3,214
Operating Income from Country Parks	186	227
Resource Efficiency Charges:		
Resource Efficiency Pollution Costs Recovered	7,724	7,394
Resource Efficiency Criminal Assets Seizures	-	129
Other Income	84	3
<b>Total</b>	<b>11,249</b>	<b>11,213</b>

### Trading Income

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

Notes to the Accounts

## 8(i) Property, Plant and Equipment

	Land £000	Buildings excluding Dwellings £000	Transport Equipment £000	Plant & Machinery £000	Information Technology £000	Fixtures & Fittings £000	Assets under Construction £000	Total £000
<b>Cost or valuation</b>								
At 1 April 2016	5,718	13,831	2,326	4,476	335	985	3,475	31,146
Additions	-	6	390	488	-	152	963	1,999
Disposals	(341)	(762)	(153)	(1,145)	(108)	(262)	-	(2,771)
Revaluations	(8)	216	27	60	12	4	-	311
Reclassifications	-	6	(6)	54	-	-	(122)	(68)
Impairments	-	-	-	-	-	-	(9)	(9)
<b>At 31 March 2017</b>	<b>5,369</b>	<b>13,297</b>	<b>2,584</b>	<b>3,933</b>	<b>239</b>	<b>879</b>	<b>4,307</b>	<b>30,608</b>
<b>Accumulated Depreciation</b>								
At 1 April 2016	-	2,468	1,819	3,920	199	664	-	9,070
Charged in year	-	498	193	226	43	86	-	1,046
Disposals	(327)	(762)	(151)	(1,145)	(108)	(262)	-	(2,755)
Revaluations	327	504	16	33	5	-	-	885
Reclassifications	-	-	(6)	6	-	-	-	-
Impairments	90	173	2	90	8	32	-	395
<b>At 31 March 2017</b>	<b>90</b>	<b>2,881</b>	<b>1,873</b>	<b>3,130</b>	<b>147</b>	<b>520</b>	<b>-</b>	<b>8,641</b>
<b>Carrying amount at 31 March 2017</b>	<b>5,279</b>	<b>10,416</b>	<b>711</b>	<b>803</b>	<b>92</b>	<b>359</b>	<b>4,307</b>	<b>21,967</b>
<b>Carrying amount at 31 March 2016</b>	<b>5,718</b>	<b>11,363</b>	<b>507</b>	<b>556</b>	<b>136</b>	<b>321</b>	<b>3,475</b>	<b>22,076</b>
<b>Asset financing:</b>								
<b>Owned 2017</b>	<b>5,279</b>	<b>10,416</b>	<b>711</b>	<b>803</b>	<b>89</b>	<b>359</b>	<b>4,310</b>	<b>21,967</b>

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
<b>Cost or valuation</b>								
At 1 April 2015	5,667	13,304	2,239	4,431	312	836	3,639	30,428
Additions	-	82	165	86	25	-	332	690
Disposals			(85)	(27)	(1)	(8)	-	(121)
Revaluations	51	106	7	(18)	(1)	4	-	149
Reclassifications	-	339	-	4	-	153	(496)	-
<b>At 31 March 2016</b>	<b>5,718</b>	<b>13,831</b>	<b>2,326</b>	<b>4,476</b>	<b>335</b>	<b>985</b>	<b>3,475</b>	<b>31,146</b>
<b>Accumulated Depreciation</b>								
At 1 April 2015	-	1,939	1,762	3,737	154	599	-	8,191
Charged in year	-	508	212	313	49	103	-	1,185
Disposals			(85)	(27)	(1)	(7)	-	(120)
Revaluations	-	21	(70)	(103)	(3)	(31)	-	(186)
Reclassifications								
<b>At 31 March 2016</b>		<b>2,468</b>	<b>1,819</b>	<b>3,920</b>	<b>199</b>	<b>664</b>	<b>-</b>	<b>9,070</b>
<b>Carrying amount at 31 March 2016</b>	<b>5,718</b>	<b>11,363</b>	<b>507</b>	<b>556</b>	<b>136</b>	<b>321</b>	<b>3,475</b>	<b>22,076</b>
<b>Carrying amount at 31 March 2015</b>	<b>5,667</b>	<b>11,365</b>	<b>477</b>	<b>694</b>	<b>158</b>	<b>237</b>	<b>3,639</b>	<b>22,237</b>
<b>Asset financing:</b>								
<b>Owned 2016</b>	<b>5,718</b>	<b>11,363</b>	<b>507</b>	<b>556</b>	<b>136</b>	<b>321</b>	<b>3,475</b>	<b>22,076</b>

Notes to the Accounts

**8(iii) Heritage Assets**

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

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

**8(iv) Heritage Assets**

	Non Operational Heritage Land (Purchased) £000	Total Non Operational Heritage Assets (Purchased) £000
<b>Cost or valuation</b>		
At 1 April 2015	1,568	1,568
Disposals	-	-
Revaluations	-	-
Reclassifications	-	-
Transfers	-	-
<b>At 31 March 2016</b>	<b>1,568</b>	<b>1,568</b>
<b>Carrying amount at 31 March 2016</b>	<b>1,568</b>	<b>1,568</b>
<b>Carrying amount at 31 March 2015</b>	<b>1,568</b>	<b>1,568</b>

## 8(iv) Heritage Assets (continued)

### Purchased Heritage Assets

Heritage Assets, which are underpinned by an arm's length transaction, are capitalised in the year of acquisition with reference to the purchase price. The existence of the transaction provides a reliable and practical basis of valuation. The following table contains a summary of transactions relating to Purchased Heritage Assets in the current period and the previous 4 accounting periods to 31 March 2016.

	2017	2016	2015	2014	2013
	£000	£000	£000	£000	£000
Cost of acquisitions	-	-	-	-	-

There were no disposals of heritage assets during the five year period to 31 March 2017 and no heritage assets acquired by donation during the periods.

Notes to the Accounts

**8(v) Intangible Assets**

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



## 8(vi) Intangible Assets

	<b>Information Technology</b> £000	<b>Software Licenses</b> £000	<b>Total</b> £000
<b>Cost or valuation</b>			
At 1 April 2015	1,003	164	1,167
Additions	-	-	-
Revaluations	7	1	8
<b>At 31 March 2016</b>	<b>1,010</b>	<b>165</b>	<b>1,175</b>
<b>Amortisation</b>			
At 1 April 2015	621	120	741
Charged in year	158	15	173
Revaluations	5	(1)	4
<b>At 31 March 2016</b>	<b>784</b>	<b>134</b>	<b>918</b>
<b>Carrying amount at 31 March 2016</b>	<b>226</b>	<b>31</b>	<b>257</b>
<b>Carrying amount at 31 March 2015</b>	<b>382</b>	<b>44</b>	<b>426</b>
<b>Asset financing:</b>			
<b>Owned 2016</b>	<b>226</b>	<b>31</b>	<b>257</b>

## 9. Statement of Operating Costs by Operating Segment

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

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

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

During 2016-17 the Agency comprised 2 Divisions; Resource Efficiency Division, and Natural Environment Division, each Directorate fulfilling a role in achieving the overall Agency objective to protect, conserve and promote the natural environment of Northern Ireland for the benefit of present and future generations. The management board review financial information at Divisional level for decision making purposes and this information is analysed into Administration and Programme costs. Reportable segments have been identified on this basis. There have been no changes to the methods used to identify reportable segments since the prior year.

Notes to the Accounts

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

## 10. Financial Instruments

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

## 11. Inventories

	2016-17 £000	2015-16 £000
Retail		-
Operational	77	100
<b>Total</b>	<b>77</b>	<b>100</b>

## 12. Trade Receivables and Other Current Assets

	2016-17 £000	2015-16 £000
<b>Amounts falling due within one year:</b>		
Trade Receivables	300	267
Other Receivables	454	174
Prepayments & Accrued Income	381	529
<b>Total</b>	<b>1,135</b>	<b>970</b>

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

Included within trade receivables is £nil (2015-16 £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:

	2016-17 £000	2015-16 £000
Balance at start of year	(148)	(170)
Impairment losses recognised/ derecognised on receivables	38	22
<b>Balance at end of year</b>	<b>(110)</b>	<b>(148)</b>

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

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

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

	2016-17 £000	2015-15 £000
Neither past due nor impaired trade receivables	74	147
1 – 30 days	111	30
31 – 60 days	11	9
61 – 90 days	8	18
91 – 180 days	92	7
181 – 361 days	4	56
361 days plus	-	-
<b>Gross carrying value</b>	<b>300</b>	<b>267</b>

Notes to the Accounts

## 12.1 Intra-Government Balances

### Receivables: Amounts falling due within one year

	2016-17 £000	2015-16 £000
Balances with other central government bodies	530	276
Balances with local authorities	8	17
Balances with public corporations and trading funds	359	325
Balances with NHS trusts	-	2
Subtotal: Intra-government balances	897	620
Balances with bodies external to government	238	350
<b>Total receivables at 31 March</b>	<b>1,135</b>	<b>970</b>

## 13. Cash and cash equivalents

	2016-17 £000	2015-16 £000
Balance at 1 April	3	3
Net change in cash and cash equivalent balances	-	-
Balance at 31 March	<b>3</b>	<b>3</b>
The following balances at 31 March were held:		
Cash in hand	<b>3</b>	<b>3</b>

Notes to the Accounts

## 14. Trade Payables and Other Current Liabilities

	2016-17 £000	2015-15 £000
<b>Amounts falling due within one year:</b>		
Trade Payables	108	41
Accruals & Deferred Income	6,702	4,309
<b>Total</b>	<b>6,810</b>	<b>4,350</b>

### 14.1 Intra-Government Balances

**Payables: Amounts falling due within one year**

	2016-17 £000	2015-16 £000
Balances with other central government bodies	1,041	1038
Balances with local authorities	206	185
Balances with public corporations and trading funds	10	1
Balances with NHS trusts	-	-
Subtotal: Intra-government balances	1,257	1,224
Balances with bodies external to government	5,553	3,126
<b>Total payables at 31 March</b>	<b>6,810</b>	<b>4,350</b>

## 15. Provisions for liabilities and charges

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

### Analysed as follows:

Current provision

Non- current provision

Analysis of expected timing of discounted flows:

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

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

	Public/ Employer's Liability £000	Equal Pay Settlement £000	Judicial Reviews £000	Total £000
Balance at 1 April 2015	112	5	58	175
Provisions not required written back	(24)	-	-	(24)
Provided in the year	37	-	217	254
Provisions utilised in the year	(80)	-	(255)	(335)
<b>Balance at 31 March 2016</b>	<b>45</b>	<b>5</b>	<b>20</b>	<b>70</b>

### Analysed as follows:

Current provision

Non- current provision

Analysis of expected timing of discounted flows:

	Public/ Employer's Liability £000	Equal Pay Settlement £000	Judicial Reviews £000	Total £000
Not later than 1 year	45	5	20	70
Later than 1 year and not later than 5 years	-	-	-	-
Later than 5 years	-	-	-	-
<b>Balance at 31 March 2015</b>	<b>45</b>	<b>5</b>	<b>20</b>	<b>70</b>

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

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



Notes to the Accounts

## 16. Contingent liabilities disclosed under IAS 37

The Agency has the following contingent liabilities:

	Public Liability (Number of cases)	Employer's Liability (Number of cases)	Total cases
Natural Environment	1	-	1
<b>Total</b>	<b>1</b>	<b>-</b>	<b>1</b>

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

Notes to the Accounts

## 17. Commitments

The Agency has commitments to pay various grants in respect of environmental protection and nature conservation. The payments to which the Agency is committed during 2015-16, analysed by the period during which the commitment expires, are as follows:

	2016-17 £000	2015-16 £000
Not later than one year	1,913	2,446
Later than one year and not later than five years	-	-
Later than five years	-	-
<b>Balance at 31 March</b>	<b>1,913</b>	<b>2,446</b>

## 18. Commitments under leases

### *Operating leases*

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

	2016-17 £000	2015-16 £000
<b>Obligations under operating leases for the following periods comprise:</b>		
Land and Buildings		
Not later than one year	35	35
Later than one year and not later than five years	12	47
Later than five years	-	-
	<b>47</b>	<b>82</b>
Information Technology		
Not later than one year	-	1
Later than one year and not later than five years	-	-
Later than five years	-	-
	<b>-</b>	<b>1</b>
<b>Total</b>	<b>-</b>	<b>83</b>

## 19. Financial Targets

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

## 20. Related Party Transactions

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

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

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

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

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

## 21. Events after the reporting period

The annual report and accounts were authorised to be issued and laid before the Assembly on 28 June 2017.



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