



Marine  
Management  
Organisation

# Annual Report and Accounts

1 April 2020 to 31  
March 2021

HC 428



...ambitious for our seas and coasts

# Marine Management Organisation

**Annual Report and Accounts for the financial year  
ended 31 March 2021**

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More information on our work can be found on our website at <https://www.gov.uk/government/organisations/marine-management-organisation>.





# 1. Performance Report





# 1.1 Overview

The overview should help you understand the Marine Management Organisation, our purpose, the key risks that we face in achieving our objectives, and how we have performed during what has been an unusual and challenging year.

## 1.1.1 Statement from the Chair of the MMO Board

In an unparalleled year for the Marine Management Organisation (MMO) and our stakeholders, our colleagues have delivered exceptional performance.

MMO people rose to the significant and unprecedented challenges of the ongoing Covid-19 pandemic and the transition from the European Union to achieve outstanding results for our customers and stakeholders.

Mobilised to work at home, MMO undertook our range of duties as the principal marine manager for England's seas and launched new services as well as providing significant support throughout to sustain those impacted in the seafood, fishing, and marine industries.

This included delivering six funding schemes and developing a seventh to support the fishing industry and coastal communities, the net effect of which was an investment of over £40m across the sector. These funds were designed to assist the fishing industry and coastal communities where help was needed and resulted in safeguarding over 2,300 seafood businesses adversely affected by the loss of markets.

We launched two new repatriated services and provided intensive communication campaigns with 24/7 connectivity which helped to support fishing and trading post EU exit.

We also delivered the significant consultation required to move ahead with improvements to management measures in high priority sensitive areas of our seas. The completion of our Marine Plans covering the entire seas around England provided another major step in protecting and enhancing our precious marine environment, while our licensing work, including the regulation of nationally significant projects such as Dogger Bank wind farms and the Thames Tidal Barrier, continued to support sustainable economic growth.

This was delivered against a budget of £27.6 million, reporting an underspend of £0.2 million, a variance of 0.7%.

To fulfil our remit to leave the marine environment in a better condition, we must strike a balance in supporting sustainable industries while increasing protection for our seas, to ensure a healthy, resilient, and diverse marine ecosystem. We use scientific evidence, and very importantly, we listen to those who share our ambitions for the future sustainability of our seas.

Our work is built on a firm foundation of partnerships and strong relationships with our customers and stakeholders and during the year we further enhanced our engagement with

them across a broad range of maritime, coastal, environmental, academic, non-government, local and national government sectors.

In summer 2020 we launched the MMO Story, outlining our vision and ambitions for a prosperous future for the environment, the development, and the socioeconomic future of our seas, coasts, and communities. This supports the government's aims for clean, healthy, safe, productive, and biologically diverse oceans and seas, in the context of the global focus on sustainability and the government's 25-year Environment Plan.

During the year, the Board and the executive leadership team continued to work closely on the development of a longer-term strategy, including building goals for the next decade and confirming our resolve to help government achieve its national and international ambitions for a green recovery and building back better, reducing the impacts of climate change and protecting, enhancing and restoring the biodiversity of our seas. The draft strategy is now complete and includes aspirations of using data more effectively and focusing on the outcomes and effectiveness of our work.

This year's annual report outlines significant achievements in a hugely demanding year, with colleagues adjusting rapidly to working at home, dealing with family circumstances, and continuing to provide support that made a difference to our stakeholders and customers.

They have shown the utmost professionalism, enthusiasm, loyalty, and commitment as well as ingenuity and empathy to support our stakeholders while working through such difficult and extraordinary times. My Board and I would like to commend and thank all colleagues for their positive attitude and professionalism throughout.

**Hilary Florek**  
Chair  
Marine Management Organisation

## 1.1.2 Statement from the Chief Executive Officer of the MMO

In a significant delivery year dominated by the Covid-19 pandemic and the end of the EU transition period, our focus was on the continuity of our services for the sustainability, protection and development of our vital marine environment, and to those who use it.

MMO played a key role in preparing and supporting our fishing and seafood industry as the UK became an independent coastal state following EU exit. We also focused our leadership and support to our MMO colleagues throughout the pandemic. Our people continue to be our most significant asset and were magnificent in their support of our customers and stakeholders, as well as supporting each other.

The MMO Executive Leadership Team (ELT) extended the improved governance and controls we built in the previous year through the introduction of focused weekly meetings on Change, People Resources and Assurance, and further increased MMO's delivery capability and sustainability. At the same time, we worked hard to continue to become an even more outward-looking and forward-focused organisation.

I'm proud of our successful delivery of our 2020/21 MMO Business Plan – with performance levels within the control of MMO either maintained or improved in this most challenging year.

In this report we showcase many examples of MMO's positive actions through the year, including our rapid delivery of multiple financial support schemes to industry, the launch of new MMO services following EU exit including the UK Single Issuing Authority and the Fish Export Service; completion of Marine Plans covering all of England's seas; our launch of an accelerated action plan for 40 offshore Marine Protected Areas; and our continued delivery of our marine expertise in support of the flagship international Blue Belt Programme.

In 2020, we celebrated our ten-year anniversary "**MMO@10**" and we used this milestone to work to develop and launch our "**MMO Story**". Our MMO Story sets a clear identity for MMO – who we are, what we do, and our ambitions for our seas and coasts.

Our MMO Story has five key elements; reframing our MMO services, growing our engagement with our stakeholders and partners, building our MMO people plan, successfully delivering key change projects, and using 2020 and 2021 as "bridging years" to develop MMO's long-term strategy.

In our MMO Story, we reframed our six services to signal our commitment to being a service-focused marine regulator that helps deliver positive outcomes.

1. Enabling sustainable marine development
2. Delivering sustainable fishing opportunities
3. Protecting marine habitats and wildlife
4. Administering marine support funds
5. Providing regulatory support and assurance
6. Supporting global marine protection



We also engaged colleagues and leaders across MMO and built our MMO People Plan – focused on making MMO an even better place to work; engaging and involving colleagues in our shared vision and purpose, improving the ways we work and how we support each other.

We delivered the changes we knew were to come - managing the successful transition from the EU into an independent coastal state from 1 January 2021; completing the full set of Marine Plans covering all of England's seas and coasts, and continuing to deliver the Control and Capability Programme to help support a sustainable and more modern fishing industry.

The “bridging years” recognised the critical importance of developing MMO's long-term role across national and international marine agendas, and our fit with government's policy objectives. We will use our developing MMO Strategy to shape our Spending Review activities, and we will work with our key delivery partners to finalise then launch the Strategy following completion of the Spending Review.

I join our Chair in commending and thanking our leaders and teams across MMO for their outstanding contribution during this exceptional year. The achievements and improvements they have delivered have already made positive contributions to our MMO vision for prosperous, sustainable seas, coasts, and communities, and protect and enhance our marine environment.

I look forward to working with our customers, stakeholders, and colleagues to continue our journey, taking forward our shared vision for the protection and development of our precious marine environment in the ‘marine super year’ of 2021 focusing on renewed actions towards ocean health and conservation.



**Tom McCormack, CBE**  
Chief Executive Officer and Accounting Officer  
Marine Management Organisation

## 1.1.3 Purpose and activities of the Organisation

### About the Marine Management Organisation (MMO)

The MMO is an Executive Non-Departmental Public Body (NDPB) established in April 2010, with its duties and powers set out in the Marine and Coastal Access Act 2009. It is responsible for regulating activities in the seas around England, working at arm's length from Government departments. The MMO is accountable to the Secretary of State for the Environment, Food and Rural Affairs, Ministers and is a member of the Department for Environment, Food and Rural Affairs (Defra) Group.

The MMO is governed by a Chair and Board, appointed by the Secretary of State for Environment, Food and Rural Affairs. The MMO Board are responsible for developing the overall vision and strategy of the MMO and have approval to implement policy, as well as the governance of the organisation. Supporting the MMO Board are the Executive Directors, led by a Chief Executive Officer.

The MMO fulfils its statutory duties that contribute to the broader 25 Year Environment Plan. This includes Defra group's mission to protect and enhance the environment – with policies and actions that are also key to sustainable national growth; supported by a set of strategic objectives to 2021. Actions to achieve the strategic objectives are described in more detail in Defra's Group Delivery Plan.

The MMO Action Plan for 2020/21, which is an internal document, sets out how the MMO planned to contribute to the achievements of the Defra strategic objectives, delivering the MMO strategic purpose of enabling sustainable growth in the marine area and supporting coastal communities, whilst protecting and enhancing the marine environment for current and future generations.

During 2020/21, MMO celebrated its tenth year as the independent regulator and manager of England's seas. The MMO marked this occasion by publishing the MMO Story, setting out our vision and aspirations for the next ten years for our marine environment, industries, and coastal communities, which will be supported by an underpinning strategy. This includes continuing to play a leading global role supporting the enhancement, protection, and sustainable development of the world's seas.

### The MMO's role

The MMO is tasked with delivering the Government's vision for clean, healthy, safe, productive and biologically diverse oceans and seas. These are reflected in the MMO's strategic objectives (or principal services), as follows:

- Enabling sustainable **marine development**
- Delivering **sustainable fishing** opportunities
- Protecting marine **habitats and wildlife**
- Administering **marine support** funds
- Providing regulatory **support and assurance**
- Supporting **global marine protection**

## How the MMO fulfils its role

The UK Marine Policy Statement (2011) provides a framework for the MMO's activities in the marine area. This key piece of national policy sits alongside important legislation, originating in European directives which have been transposed in UK law. Following the UK leaving the EU, other legislation has been developed to set out the Government's ambitions for Fisheries and for the Environment which affect how MMO performs its duties. National policy statements for ports, energy, renewable energy, gas supply infrastructure and oil pipelines, electricity networks infrastructure and nuclear power are all considered when decisions are made.

The MMO aims to work in a collaborative, open and transparent manner, meeting legislative and service delivery obligations, in accordance with the principles of better regulation and following Government's statutory guidance on sustainable development.

Defra is the MMO's lead sponsor and provides funding through Grant in Aid. The MMO delivers a range of functions on behalf of Defra, as well as the Department for Business, Energy and Industrial Strategy (BEIS), the Department for Transport (DfT) and the Foreign and Commonwealth Office (FCO). The Ministry of Housing, Communities and Local Government (MHCLG) also has a close interest in MMO's work.

The MMO continues to work closely with the Devolved Administrations, Crown Dependencies and Public Bodies that have a role in the marine area. This supports consistent and transparent decision making which is widely understood and trusted.



## The MMO's people

At 31 March 2021, the MMO employed an average full time equivalent of 402 people (31 March 2020: 393); delivering the front line operations of implementing plan-led marine

management, licensing marine works, administering European and domestic grant funding including Covid-19 pandemic financial intervention schemes, fisheries compliance and enforcement, managing UK fishing fleet capacity and quotas and co-managing the CSSF Blue Belt programme on behalf of the Foreign Commonwealth Development Office (FCDO) and Defra.

## The MMO's customers

The MMO serves a wide range of customers from a variety of sectors including the fishing industry, licence applicants such as developers, those seeking funding from the European Maritime and Fisheries Fund (EMFF), the domestic Marine Fisheries Fund (MFF), and coastal communities, amongst others. The MMO's role in planning and licensing is of critical value to UK Coastal Infrastructure, including commercial, energy, transport, and defence/environmental projects which are vital to the UK's economic health and security. The MMO is committed to being a transparent and accountable organisation, dedicated to providing a high level of customer service, as well as using customer feedback to improve services.

### 1.1.4 Key issues and risks

The MMO operates a structured risk and control framework which enables the identification, prioritisation and escalation of strategic and operational risks and issues. During 2020/21, four risks (see table below) were identified as having the potential to affect the MMO's business success in delivering its Strategic Objectives, credibility and relationships with delivery partners. The table includes new risks identified linked to the strategic and future challenges of achieving our MMO Story.

<b>Risk</b> – There is a risk that the MMO's ambitions, decisions and delivery are adversely impacted by new regulation, legislation or policy priorities not staying aligned in the context of the end of the EU/UK transition period or due to Covid-19 pandemic recovery.
<b>Risk</b> – There is a risk that the MMO's ambitions reflected in the MMO Story, are not matched to available resources or by securing required additional investment support.
<b>Risk</b> – There is a risk that the MMO does not build effective engagement, relationships and partnerships with key stakeholders to secure support for the MMO's outcomes, services and change deliveries.
<b>Risk</b> – There is a risk that the MMO will be impacted by external factors outside of its control related to climate change, net zero which could lead to failure to deliver its vision and ambition.

To mitigate and manage these risks, action plans are in place, with responsible Executive Directors as named leads. See pages 66-67 (Governance Statement) for more information.



## 1.1.5 Going concern statement

The MMO's accounts have been prepared on a going concern basis. In common with other Non-Departmental Public Bodies (NDPBs) within the Defra Group, the future financing of the MMO's liabilities is to be met by future supplies of Grant in Aid and the application of future income, both to be approved annually by Parliament. Approval for amounts required for 2021/22 has already been given and there is no reason to believe that future approvals will not be forthcoming. The Covid-19 pandemic during 2020/21 has not impacted the MMO's ability to operate on a going concern basis.

## 1.1.6 Performance summary

The MMO's contribution to Government's vision for clean, healthy, safe, productive and biologically diverse oceans and seas is set out through its contribution to the Defra Group Delivery Plan, specifically the strategic objective of 'Protecting and improving the environment: Pass on to the next generation a natural environment protected and enhanced for the future'. The MMO supports the delivery of this strategic objective by contributing to relevant underpinning aims, along with a supplementary organisational strategic objective of Excellent Delivery: Excellent quality delivery for customers, on time and to budget and with outstanding value for money. The Defra Group strategic objectives for 2020/21 are set out below:

### The Defra Group Delivery Plan

#### Four Strategic Objectives for 2020/21

<b>SO1. Trade and International</b>  Deliver a successful transition over 2020 by negotiating and preparing for new ambitions, regulatory and trading arrangements within the UK and with the EU and rest of world	<b>SO2. Environment and Climate</b>  Tackle Climate Change and pass on to the next generation a natural environment protected and enhanced for the future
<b>SO3. Agriculture, Food and Fisheries</b>  Lead the world in food, farming and fisheries with a sustainable model of food production and robust protection and promotion of animal welfare	<b>SO4. Organisational Capability and Development</b>  Be a more ambitious, professional, outward-looking and inclusive organisation which is focused on getting things done

The MMO contributes to the aims from SO2 and SO3:

- 2.1 Marine and fisheries (marine) - Thriving marine plants and wildlife, and minimised marine waste, which is achieved by:
  - Enabling **sustainable marine development** (pages 22 to 27).
  - Protecting marine **habitats and wildlife** (pages 28 to 29); and
  - Supporting **global marine protection** (pages 30 to 31).

- 3.2 Marine and fisheries (fisheries) - Thriving fishing industry that uses resources from nature more sustainably and efficiently, which is achieved by:
  - Delivering **sustainable fishing** opportunities (pages 32 to 33).
  - Administering **marine support funds** (pages 34 to 35); and
  - Providing regulatory **support and assurance** (pages 36 to 38).

Detailed analysis of the MMO's performance in supporting the delivery of the SO2 and SO3 aims in the following section (1.2 Performance Analysis). Further, the MMO had some significant deliverables in preparing to leave the EU and responding to the Covid 19 Pandemic which are included in the performance analysis.

### **Ensuring delivery of the MMO Action Plan for 2020/21**

For the year ending the 31 March 2021, the MMO established and described a range of measures to track delivery of the Action Plan. These measures are categorised as key performance indicators which enable the MMO to monitor and measure performance in support of the strategic objectives. During 2020/21, performance of the Action Plan was reviewed monthly by the MMO Executive Leadership Team. The MMO Board considered performance at each meeting along with finance, general conduct and propriety of affairs of the MMO to ensure that it is a sustainable, efficient and effective organisation.

# 1.2 Performance Analysis

## 1.2.1 Detailed Performance Analysis

### EU Exit Readiness

This has been a significant year in terms MMO completing and undertaking repatriated functions following the end of the transition period, where much of the MMO focus was devoted to preparing businesses for the necessary changes in addition to implementing the new arrangements from 1 January 2021.

Key outputs and activities:

- Provided data, statistical and marine management subject matter expertise to inform the conduct of the negotiations with the EU.
- Implementing a digital self-service Fish Export Service (FES) to facilitate trade and enable export of fish consignments to the European Union or Northern Ireland. Since launch of the new service over 26,000 catch certificates, processing statements and storage documents were assured and issued, with customer support provided by a 24/7 helpline and MMO technical support. Technical support by the MMOs Illegal, Unreported and Unregulated (IUU) Team included extended hours cover (evenings and weekends) and providing training and support to port health authorities on IUU import requirements as well as its function in verifying IUU documents for direct landings of foreign vessels. Working with Defra, MMO has enhanced the service through continued engagement with its 1,000 users, utilising feedback to inform longer term improvements to assist businesses and better coordinate the range of complex export processes required.
- Implemented an enhanced control and compliance capability that has assured the integrity of the Exclusive Economic Zone (EEZ), with vessels covering approximately 37,500 nautical miles in the year, undertook 188 inspections of fishery vessels and coordinated 72 aerial surveillance patrols between December 2020 and March 2021. This capability has deterred and detected illegal fishing in England's seas to assure the sustainable harvest of sea fisheries resources and the protection of marine environment.
- Implemented a new licensing capability 'the Single Issuing Authority' on behalf of all the UK Fisheries Administrations to enable the licensing of UK vessels, where permitted, to fish in EU, third country and international waters and vice versa. Since 1 January 2021, over two thousand UK and EU vessels licensed to fish in one another's 12-200 nautical mile waters.
- EU Exit negotiations on fisheries matters were complex and long lasting, MMO ensured our negotiators were equipped with the best available data and analysis to provide sound evidence to support their positions. This ensured that Defra and the MMO had the best possible data on which to base their plans and decisions for the end of EU Transition. The Fisheries Bill received Royal Assent in November 2020 and became the Fisheries Act 2020, the first major piece of primary fisheries legislation in nearly 40 years.

- Developed systems, processes and customer facing guidance for a domestic Fisheries and Seafood Scheme (FaSS) for launch in April 2021 to replace the European Maritime and Fisheries Fund. The scheme will protect the marine environment and its natural resources as well as support the sector's competitiveness and sustainability, supporting infrastructure developments, safety and process innovations or projects that assist local communities.

This has been a significant year, as following three years of preparing to leave the end of the EU transition period on 31<sup>st</sup> December 2020, MMO implemented many of the repatriated functions which have formed a critical change programme. The political agreement to the Trade and Cooperation Agreement on 24 December 2020, meant that ahead of the 1 January over 1,100 fishing licences needed to be issued to the UK and EU fleet to ensure that access to the UK EEZ could be managed seamlessly and confidently.

The Fish Export Service was available from 1 January and despite some initial unfamiliarity within Industry the system has performed very well, and the service has enabled and supported continuation of trade. Collaboration between MMO, Defra, fishing industry representatives and business owners has enabled the prompt delivery of system and service functionality improvements to improve the customer experience whilst meeting international regulatory obligations.

Significantly, MMO has led with use of its data, the most critical being the Seafood Market Reports which have been produced throughout 2020/21 that has informed Government response to trade difficulties in terms of the Seafood Disruption Support Scheme (SDSS) launched on 9 February 2021 to support Seafood exporting businesses across the UK affected by the challenges of adjusting to new requirements for exporting to the EU. A total of £0.330 million was paid to 30 eligible beneficiaries.

The Seafood Response Fund (SRF) launched on 9 March 2021, designed to help UK fishing and shellfish aquaculture businesses affected by the downturn of export and domestic markets for fish and shellfish due to the coronavirus pandemic and/or disruption to seafood exports earlier this year. The SRF will directly contribute towards the fixed costs of around 2,500 eligible businesses across the United Kingdom. As with FRF, the scheme is by direct invitation covering business fixed costs for up to three months and capped at £10,000 per vessel or farm.

During 2020/21, the MMO enhanced control and enforcement capability, which fielded increased assurance service capability, through additional warranted officers, supported by increased sea surface and aerial surveillance. MMO was able to demonstrate operational offshore agility, through presence and deterrent, but increased surveillance and inspection capability which was critical to demonstrating control and sustainability of fisheries and marine protection of our EEZ. Over the year, MMO undertook 2,589 shore-based inspections and 253 sea-based inspections. With over 3,500 foreign vessels previously enjoying access to UK waters, the enhanced monitoring and assurance presence at sea and ashore in the run up to and post 1 January very effectively mitigated the risk of illegal incursion into English waters by foreign vessels and provided a visible example of the UK exercising its renewed regulatory autonomy and environmental sovereignty.

All these activities enable MMO to assure control of the sustainable harvest of sea fisheries resources and the protection of the marine environment. It ensures that sustainable practices are maintained and managed in English waters, supporting the viability of the seafood industry and market confidence in English (and UK) sourced fishery products. The MMO can continue



to demonstrate through its regulatory services confidence in continued compliance with EU and international marine environment and fisheries obligations.

Complementary to this, MMO will continue to administer the future domestic fisheries grant scheme FaSS, The FaSS will support England's seafood sector, providing financial assistance for projects that deliver sustainable growth in the catching, processing and aquaculture sectors, and that enhance the marine environment. At its launch, the FaSS will provide stability and continuity to the industry, focus on helping businesses adapt to the new conditions and opportunities of leaving the EU, and enhance industry capacity to recover from the short- and long-term consequences of COVID-19.

Importantly, the MMO has engaged extensively with Industry to ensure their readiness, working with exporters and other key stakeholder groups to ensure their preparedness for 1 January 2021. MMO has supported Industry engagement with regular communication activity and campaigns to support stakeholders, customers, and colleagues through these changes.

To help customers, we created a 'one stop shop' online guide signposting the steps commercial fishers and seafood exporters needed to take to continue trading. The guide covers the administrative side of the fishing industry; signposting to business requirements needed such as for fishing, landing, exporting, importing, transportation, food hygiene and regulatory controls. This included a 'step by step' guide to exporting fish and seafood products to the EU, and a checklist for fisher's landing their catch directly into the EU. The guide was issued to 2,500 fishing vessel licence holders and seafood exporters, was supplemented by a weekly Fishing and Seafood Industry update from October 2020 to help Industry in the run up to the end of the transition period.

## Impact of Covid-19 Pandemic

The Covid-19 pandemic had an impact on MMO's aspired performance and delivery ambitions over the reporting period. These impacts are many and varied, however; the MMO has taken action to adjust its delivery approach to ensure its ability to achieve successful delivery across all services, whilst providing accessible and responsive support to the fishing industry and other stakeholder. For MMO it was an imperative to support our staff in new and flexible ways of working, to take account of the difficulties they were facing during this unprecedented period in a sensitive, supportive and flexible way. Positively, this also brought opportunities for the MMO to be agile and innovative in its service delivery, utilising new technology, different ways of working and collaboration to increase the outreach of our services.

One of the key roles for the MMO throughout 2020/21 was to support customers and stakeholders through these unprecedented times. The priority was to ensure the Industry were informed of all available support through a Covid-19 pandemic guide 'Support available for our fishing and marine industries' to signpost to government financial interventions (e.g. Coronavirus Job Retention scheme, Business Interruption loan scheme), welfare and wellbeing support.

MMO collaborated with Defra and the UK Devolved Fisheries Authorities on a Joint Market Monitoring Group to discuss the markets and the best ways to monitor and understand them. This work was central to keeping senior officials across the UK informed about developments and allowed for timely decision making around sectoral financial support.

MMO alongside Defra and other seafood industry established two funding schemes to support the fishing and aquaculture industry, primarily aimed at businesses affected by the downturn of export and domestic markets, including the hospitality sector. Led by our data, we were able to define schemes that targeted the following:

- The Fisheries Response Fund (FRF) launched on 20 April 2020 to provide emergency support, by direct invitation, to help Fisheries and Aquaculture businesses cover their fixed costs for a three-month period with payments capped at £10,000 per vessel or farm. A total of £8 million was paid out to 1,253 eligible businesses: and
- The Domestic Seafood Supply Scheme (DSSS) launched on 29 April 2020 to provide financial support aimed at establishing domestic and local markets for businesses involved in the end to end fisheries supply chain. A total of £1 million was paid out to 20 eligible projects.

More broadly, writing to customers, MMO explained our business continuity approach and prioritised service delivery for critical infrastructure and transport of goods and works to protect human health. We improved our technology to enhance virtual engagement with customers and stakeholders.

In planning, we extended the Marine Plan consultation to give people additional time to respond to the documents.

For customers of the Marine Licensing service, MMO offered free variations to extend marine licences for projects affected by lockdown. In line with Government commitments MMO also

offered payment holiday arrangements to support those businesses struggling with cashflow through no fault of their own.

The introduction of lockdown measures and restrictions affected the regulatory support and assurance service and required rapid movement from a paper-based system of administering fishing vessel licence transactions to a more automated electronic process as our customers were unable to access our coastal offices; limiting and adjusting inspection processes to reflect social distancing restrictions; and implementing digital interviews to assist with investigation. We supported the industry in helping to facilitate the increased selling of fish direct to the public, and capturing, consolidating, and sharing local intelligence on the economic challenges

MMO quickly adopted the opportunity to engage with stakeholders virtually, providing all staff with IT equipment to consult with stakeholders in meaningful ways. This included the ability to support marine developers on licence applications. The Marine Planning team was able to not only conduct the consultations of the four remaining plan areas, but also deliver implementation training to a completely virtual format which significantly extended our reach to that of previous years. Equally, MMO was able to successfully continue its management of fish stocks was achieved by adapting our working styles during Covid-19 pandemic restrictions and working even more closely with industry and Policy colleagues.

However, undoubtedly for MMO colleagues 2020/21 was an undeniably challenging year; MMO Board and Executives were quick to put in place safe systems of work for people working at home but also outdoors and at sea. In parallel, managing the challenge of managing positive Covid-19 pandemic cases and keeping its colleagues safe, supported and informed.

MMO undertook 24 Covid-19 pandemic risk assessments in effort to maintain a high level of safety. Over 800 conversations took place between line managers and their teams to identify the support people needed to work during the pandemic; identifying a range of issues and vulnerabilities that the pandemic had created. These conversations helped to identify 27 of our colleagues requiring further wellbeing and vulnerability support. An enhanced operational safe system of work has been introduced for MMO outdoors that includes dynamic risk assessments and the introduction of Polymerase chain reaction (PCR) and rapid flow testing for MMO colleagues who embark on sea patrols and all jointly delivered with our Atlantic offshore partners.

It was clear that the benefits derived from working at home in terms of improved wellbeing and work/life balance, and the positive impact on the environment, had become a very important consideration for all colleagues. A programme of work was started to engage colleagues in a conversation around how we could retain the benefits through a flexible blend of home and office working. Rollout of the programme to teams began on a trial basis from June 2021.

The Covid-19 pandemic brought about changes to the UK job market and slowed recruitment processes whilst attention was prioritised in dealing with the national emergency. The average vacancies carried across the year were 80, we have continued to utilise the contingent labour market where necessary and have had an average of 41 agency and contractor workers across the year. There have been 68 new starters and 40 leavers. Although Covid-19 pandemic has meant that individuals may have required to take personal special leave, particularly during lockdown, the MMO has maintained a good level of capacity and has

tracked this weekly to ensure support is provided and work is reprioritised where necessary to ensure the wellbeing and health of our colleagues is protected.



# Thriving marine plants and wildlife and minimised marine waste

## Enabling sustainable marine development

### 'Our MMO Story'

We champion and lead sustainable development of our seas and coasts, supporting the UK's £46 billion marine development sector. This hugely significant sector delivers £500 billion in trade and sustains almost 1 million jobs each year. With 95% of all imports and exports coming into the UK by sea, our ports add a further £17 billion to the economy each year. The whole of the renewable energy economy is worth a further £47 billion to the economy and supports 220,000 jobs. MMO's role in planning and licensing marine development is to deliver positive solutions that protect the sea and deliver environmental, economic, and societal benefits. We are currently in the final stages of completing comprehensive, evidence-based marine plans that cover all our seas and coasts (an area almost twice the size of England). These plans will become the definitive guide and planning framework for all marine development in the future.

We've supported significant economic development of the marine area by licensing, permitting, and advising upon developments ranging from subsea cabling for telecommunications and power and offshore wind farms to ports and quay constructions, dredging and extracting aggregates for construction and transport infrastructure.

### Marine Planning

#### Key Outputs and Activities:

- Amended the draft North East (NE), North West (NW), South East (SE) and South West (SW) Marine Plans following consultation
- Submitted the NE, NW, SE and SW Marine Plans to the Secretary of State for adoption
- Developed and delivered implementation training sessions for the MMO to ensure decisions are made in accordance with marine plans
- Delivered external implementation training for other decision-makers in the marine area, making use of digital channels to improve our reach and impact
- Prepared the first three-yearly Report for the South Marine Plan

- Defined and developed our role to support the strategic development of renewable energy in the marine environment, initially focussing on Offshore Wind with plans to encompass wave and tidal going forward.

The MMO leads the development, implementation and monitoring of marine planning for England's seas. Marine planning helps manage the significant demands on space in and around our seas by ensuring that activities take place at the right time, in the right place and in the right way.

This work enables England to be one of the first countries in the world to introduce a comprehensive and integrated approach to the management of its marine area. By

mid-2021, there will be eleven adopted marine plans that will guide users to make informed choices for activities or development in England's marine area. This is a significant milestone for the MMO and the UK.

The public consultation for the draft North East, North West, South East and South West Marine Plans was extended due to the Covid-19 pandemic. A higher than expected response rate was received and the marine planning team followed up with stakeholders where required to ensure the marine plans were amended. All issues were resolved and following the amendment period it was recommended that there was no requirement for an Independent Investigation. Alongside the amendment of the marine plans, the statutory assessments (Habitats Regulations Assessment and Sustainability Appraisal) were also amended, considering new data provided by the Statutory Nature Conservation Bodies.

A significant milestone was reached when the amended plans and all accompanying documents were formally submitted to the Secretary of State for Defra to approve for adoption, which was achieved in June 2021.

To ensure that marine plans are accounted for in all relevant decisions across the MMO internal processes and public facing systems were updated and formal training was delivered.

External training was taken up by 180 decision makers across all marine plan areas and delivered virtually via webinar. The positive impact this has had is reflected in the use of the plans to support decision making. The Planning Inspectorate hold marine plans with the same regard as National Policy Statements when making their decisions. Further, this has led to improved join-up across the terrestrial and marine, as the Planning Advisory Service is updating their guidance to include details on marine planning.

Throughout the year, work has continued to develop the marine planning monitoring approach which is used to inform the three-yearly reports. Improvements have been made in several areas, including external monitoring survey design and delivery; indicators; logic models; and data sources.

Underpinning the development and success of all marine plans is prioritisation of active and regular engagement with a broad range of sectors and continued evidence gathering. The MMO has continued to foster strong stakeholder relationships by working in close partnership with local and national stakeholders. This year has seen face to face engagement replaced by virtual meetings providing MMO the opportunity to engage more widely. The MMO has input to a range of cross-governmental evidence projects such as the Offshore Transmission Network Review, various projects in relation to Natural Capital and Net Gain. This evidence will provide stronger and prescriptive marine policies and can be used by our customers when considering their marine licence applications, providing greater certainty towards a successful outcome and a swift progress through the decision-making process.

Recognising that MMO has a key role to play in support and engagement with developers in the growing offshore wind policy; MMO has been looking at better ways to integrate marine planning and licensing to support this agenda going forward. This has included working in close collaboration with the Defra Offshore Wind Enabling Actions Programme to increase understanding of the environmental impacts of offshore wind and find strategic solutions to reduce barriers to its expansion in English waters.

Importantly looking forward in the emerging MMO Strategy, MMO will aim to create an agile and widely owned English Marine Planning Framework that prescribes the strategic priorities and how we optimise, prioritise and manage our seas. This will

mean MMO can make significant contribution to Government commitments on net zero, with clear growth to support increased employment and renewable energy.

In April 2020 a recommendation was made to replace the East Marine Plans which was accepted by the Secretary of State. The

replacement of the East Marine Plans will be aligned with the wider thinking about the future of marine planning, which along with findings from a variety of evidence projects, will be used to begin work replacing the East Marine Plans.

## Marine Licensing

### Key Outputs and Activities:

- Achieved key performance indicator to determine 90% of applications within 13 weeks (593/660) which contributes to a thriving marine economy
- Achieved 75% cost recovery of Marine Licence costs, which reduces the burden on Grant in Aid funding
- Supported the £4.2 billion Thames Tideway Tunnel project with 500 determinations, which is enabling the project to meet 2023 completion date

The MMO has a key role in supporting sustainable development; since 2010, the marine licensing applications approved by the MMO will contribute to the enabling over £11 billion of economic activity in UK's marine economy.

During 2020/21, 90 per cent of marine licence applications within 13 weeks together with 91 per cent of variations to marine licences. This gives a combined determination of 90 per cent.

The self-service licensing system was introduced in 2017, now accounts for 58% of the licenses issued with 275 licenses processed through self-service during 2020/21. This service includes an additional verification tool to confirm exemption status was introduced to improve customer service, allowing applicants an easy entry into the self-service licensing system.

The marine licensing service has continued to focus on improving service delivery and efficiency this year, achieving 75% cost recovery (2019/20 81%). In addition to current licence applications Marine Licensing have worked with applicants to focus on clearing a stock of old applications either through closure or progression to the granting of a licence.

The Thames Tideway Tunnel is a £4.2 billion project covering 25 kilometres of interceptor sewer tunnel running through central London. It is due to complete in 2023 with the MMO being responsible for approvals required for marine elements of the project. During the year, the MMO have issued 11 approvals, 43 variations, 36 return discharges, and a range of other technical document reviews and approvals. Since the project began in 2015, the MMO have issued over 500 determinations, all of which (100%) within KPI.

The tunnel will prevent approximately 40 million of tonnes of untreated sewage entering the river each year or equivalent to the volume of 40 Wembley stadia. The interception and treatment of sewage will improve water quality of the tidal Thames by dramatically reducing discharges from combined sewer overflows into the river. This in turn, will reduce the amount ingested by wildlife, creating a positive ecological legacy. In addition, the way we build our new structures in the river can provide a legacy of new habitats for aquatic and other wildlife in and around the River Thames.

The MMO have continued to work closely with Department for Transport (DfT) in the development and delivery of the Harbour Orders (HRO) function. Harbour Orders update legislation for Statutory Harbour Authorities (SHA) so harbours can be improved, maintained and managed, essential for SHAs to regulate their harbours. The current caseload has reduced by around 50% from 26 to 15 by clearing the stock of long-term applications and finalising eight HROs that were laid in parliament and completed Government scrutiny. The impact of the new Orders results in modern regulation for SHAs to manage their harbours safely and efficiently for the benefit of their customers. This included one example of construction of a new Cruise Liner Terminal within the Port of Liverpool, enabling it to become more competitive and increasing its contribution to the local economy through new jobs and tourism (increased passenger capacity and visitors using local facilities).

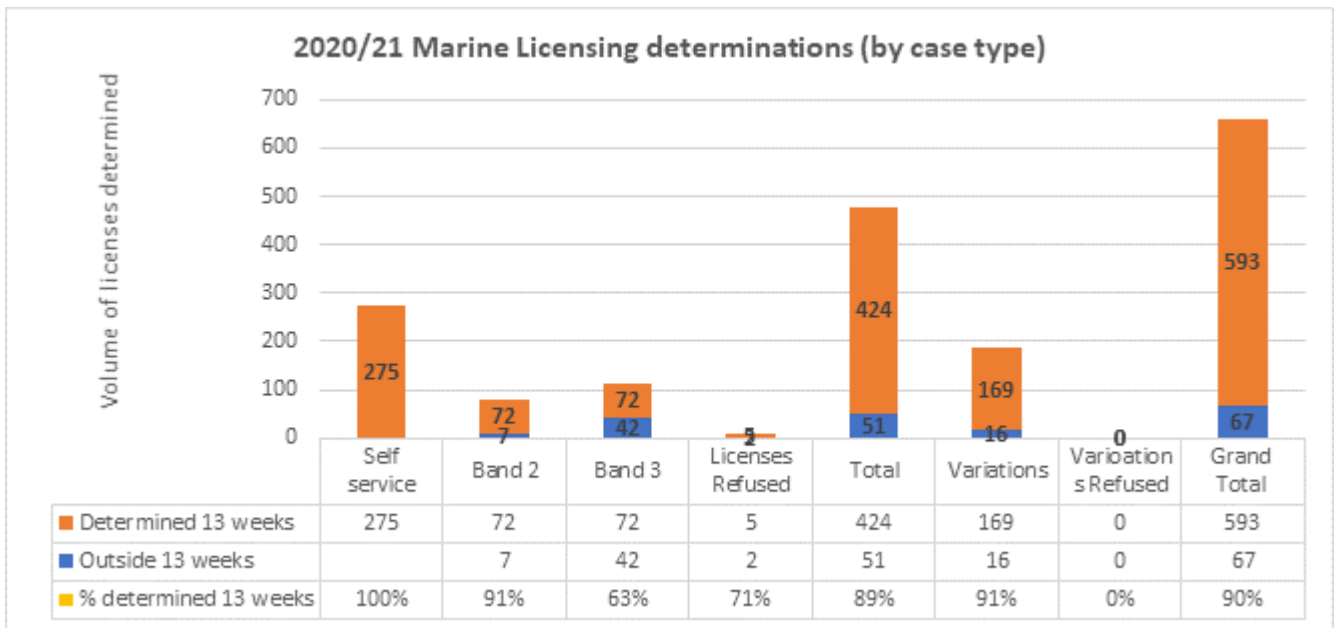
Inspections of marine licenses have been monitored for the first time this year. Monitoring has exceeded initial targets set for 2020/21 despite the challenging working

conditions. The increased levels of inspections were driven by opportunity to inspect due to lockdown restrictions freeing up time to devote to desk-based activity. This demonstrated a compliance rate of 62% with the other 38% non-compliance minor administrative issues by licence holders and nothing that would impact on the health of the marine environment.

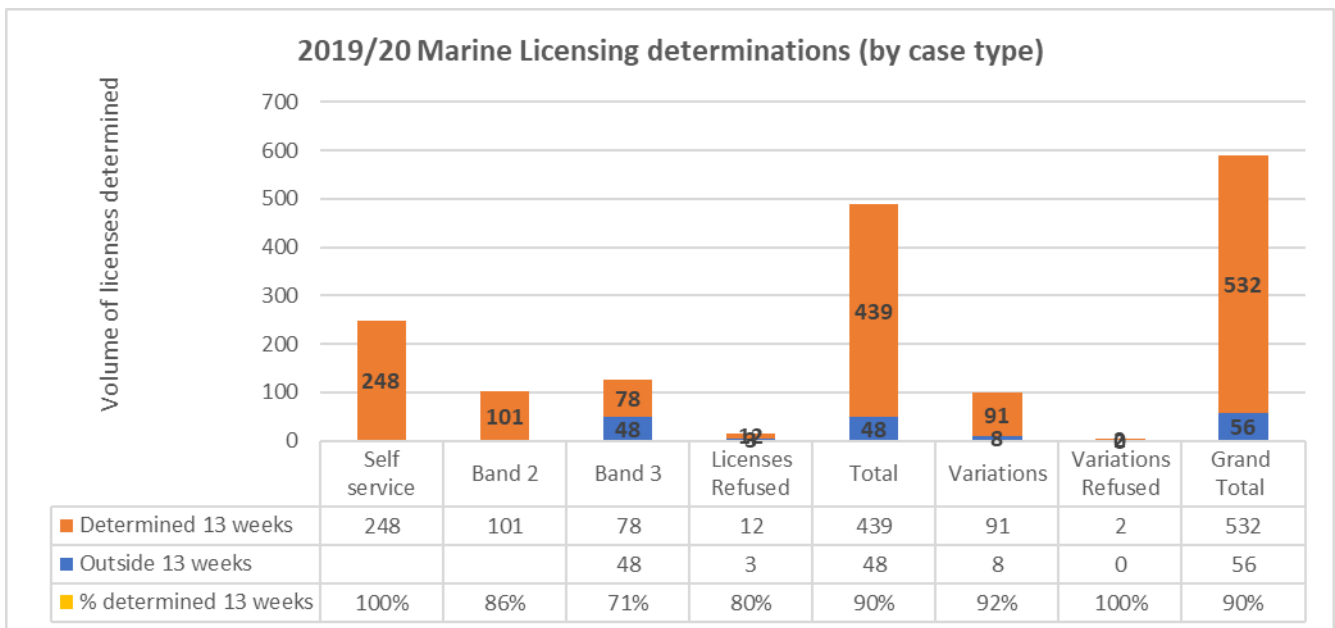
The MMO emerging strategy builds on the importance of maintaining a culture of compliance through co-management, earned recognition with an ambition to self-regulation. Marine licencing will develop over the coming year its approach to marine development in the longer term.

Inspections of Marine licences continue to be developed over the coming year to inform our regulatory approach to marine development in the longer term. Going forward: some Information Technology improvements have been identified for compliance reporting; alongside updates to guidance, Quality Assurance processes and refining final reports.

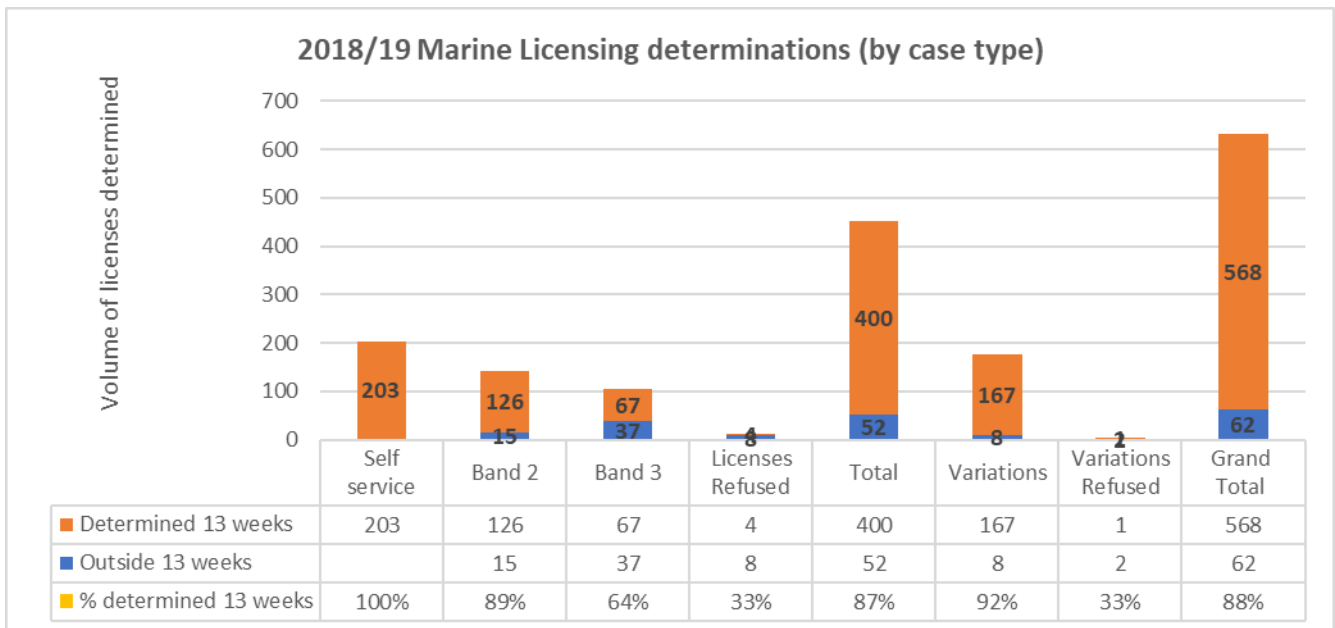
**Table 1: Licensing decision making – at 31 March 2021**



**Table 2: Licensing decision making – at 31 March 2020**



**Table 3: Licensing decision making – at 31 March 2019**



**Table 4 – Band overview**

<b>Self Service</b>	Low complexity project applications
<b>Band 2</b>	Medium to high complexity routine project applications of <£1 million development costs, that require more detailed environmental advice and consultation
<b>Band 3</b>	High complexity project applications of >£1 million development costs, that require detailed assessments including Environmental Impact Assessments (EIAs) and Habitat Regulations Assessments (HRAs)



## Protecting marine habitats and wildlife

### MMO Story

Climate change and the loss of biodiversity due to human activity continues to threaten the sustainability of the world's seas and oceans. England's seas and coasts are home to 175 Marine Protected Areas, designated to protect and improve the habitats and species essential for healthy, functioning marine eco-systems. Working with Inshore Fisheries and Conservation Authorities, the MMO supports and implements byelaws to confirm activities that are not allowed in each of our Marine Protected Areas. The MMO also plays a national role in responding to and helping to manage marine pollution incidents.

### Marine Conservation

#### Key Outputs and Activities:

- Call for Evidence and formal consultation on four offshore fishery byelaws. This has allowed a wide range of stakeholders to share their views on the proposals allowing us to be transparent and obtain the best possible evidence to inform management proposal.
- Assessment of impacts from marine non-licensable activities require management to protect an MPA and required significant engagement with a new group of stakeholders, which also raised awareness on marine habitats and species to locals from the Studland area.
- Creation of a three-year delivery programme for offshore marine protected areas (MPAs)

The MMO has well established relationships with Defra, Natural England, JNCC and the Inshore Fisheries and Conservation Authorities (IFCAs) to deliver a well-managed network of marine protected areas (MPAs). This is evidenced by the close working relationship throughout the MPA work.

The proposal to enhance these with Highly Protected Marine Areas (HMPAs), an

initiative to create a significant biodiversity boost for our seas, made progress in 2020/21 with further consultation and assessment of the government's Richard Benyon report and were announced in June 2020

During 2020/21, a key focus has been to deliver on the management of offshore MPAs under new powers provided by the Fisheries Act 2020. This work has been crucial to ensure that we create an ecological coherent network of well-protected UK 'Blue Belt' sites. This work is informed and relies on stakeholder engagement alongside discussions with our statutory advisors and has ensured that we are making informed decisions for management in the marine environment. Improving the accuracy of our byelaw impact assessment by incorporating Seafish economic data into our work. Delivery of new and enhanced capabilities is evident in the four fast-tracked MPA sites.

In 2020/21 MMO issued a call for evidence and subsequent consultation on management measures for four offshore MPAs. The measures propose banning bottom-towed fishing over all sensitive features, including the Dogger Bank Special Area of Conservation (SAC), Inner Dowsing, Race Bank and North Ridge SACs and

## South Dorset Marine Conservation Zone (MCZ).

The MMO is also responsible for managing the impacts from marine non-licensable activities. During 2020/21, the MMO has engaged with the boating community in Studland Bay, along with non-government organisation to move towards management within the bay. The impact of Covid-19 pandemic meant engagement was conducted virtually providing an opportunity to engage with almost 300 stakeholders at once, something that would not really be possible if meeting in person.

In January 2021, the MMO began plans to map out the delivery of management within all 40 offshore MPAs, where needed, within a three-year period. This timetable for management in MPAs is ambitious and will afford protection like never before in England MPAs which is a key ambition set out in the 25-year Environment Plan.

Over the course of the year we have issued a range of licences and variations including:

- 24 wildlife licences and variations all within deadline, most of which related to works requiring a marine licence in support of marine developments whilst protecting habitats and species.
- 24 scientific dispensations were issued within deadline, a significant area of work required in the lead up to end of the EU/UK Transition Period.
- 328 minor pollution events were dealt with by MMO. This involved testing resilience to pollution emergencies where technology was utilised to replace classroom-led teaching to deliver training to existing and new

members of staff and hosting mock incidents. This allowed for increased collaboration with key partner organisations becoming involved with training and providing feedback and shared lessons learned. Existing processes were re-defined to suit new ways of working ensuring we were able to fulfil key MMO functions as the MMO's Marine Emergency response and Marine Licensing emergency licensing were identified as two of Defra's 13 critical key functions.

- 96% of 25 IFCA byelaws were processed within deadline. The MMO continue to facilitate a monthly engagement to support connectivity across all ten IFCAs on developing byelaws and policy. Upon submission to the Secretary of State, Defra is able to review all concerns raised and how these have been addressed, further streamlining the process and avoiding duplication.

Looking forward in the emerging MMO Strategy, the MMO ambition is to work with partners to restore fully functioning marine eco-systems that introduce increased levels of protection and improvement to our marine environment. This will help MMO to contribute to environmental opportunities and recovery working with partners to lead assessment of the English coast and waters protection.

## Blue Belt Programme

### MMO Story

The Blue Belt Programme is central to the UK government's ambition of leading global action to tackle the serious problems of overfishing, species extinction and climate change. Blue Belt is an ambitious flagship programme to enhance marine protection in the UK Overseas Territories by establishing 4 million square kilometres of protected and managed oceans around five of the UK Overseas Territories and their dependencies. This vast marine area includes some of the most biologically diverse places on Earth, from the penguin colonies of South Georgia and the South Sandwich Islands to the marine turtles of Ascension Island.

### Key Outputs and Activities:

- One-year extension phase successfully completed with some adjustments due largely to Covid-19 pandemic impacts and EU Exit enabling MMO to continue providing strategic support to the seven Overseas Territories (OTs) and demonstrating the success of the 4-year programme and government commitment to continue to offer support
- The announcement of the 687,000 square kilometre Marine Protection Zone for Tristan da Cunha in November 2020 marked a significant achievement, a key overarching aim of the Blue Belt Programme to enhance protection across more than four million square kilometres (km) of marine environment in the UK OTs.

The MMO have continued to provide expert assistance to the UKs Overseas Territories (OTs) to help them review and develop legislation, to enable them to draft new Marine Management Plans and devise monitoring strategies including control and enforcement, consider incorporating use of evidence, data and best practice. This included:

- Assisted the OTs in a wide and diverse range of activity including working with the Ascension Island to

- ensure full and effective management of 440,000 square km of the Marine Protected Area (MPA). This will help protect marine life and sustainably manage ongoing human activities of inshore fishing and ecotourism
- Provided support to St Helena, to develop new policies for marine tourism and marine development and the St Helena Group (includes Tristan da Cunha and Ascension Island) to develop primary and secondary legislation to ensure MPAs can be effectively managed and enforced
- Supported Tristan da Cunha Islands to establish and monitor shipping areas to be avoided to protect vulnerable inshore areas, wildlife and lobster fisheries from maritime traffic incidents and subsequent pollution.
- The Blue Belt Surveillance and Intelligence Hub (BBSIH) was established in consultation with the UK OTs, to assist them to develop their own marine compliance and enforcement strategies. The BBSIH has assisted by the provision of satellite surveillance data and information which has enabled the UK OTs to establish effective compliance and enforcement of their own waters
- Completion of a review of International Commission for the

Conservation of Atlantic Tuna (ICCAT) regulations and compliance of relevant UK OTs. Areas highlighted for clarification and strengthening will ensure the UK Government is able to report strong compliance under the new metropolitan UK and UK OTs' single seat at ICCAT.

- Providing support on other key activities to develop and enhance compliance and enforcement strategies through bespoke technology roadmaps for each OT to identify opportunities for enhanced surveillance, monitoring and exploration of potential new technology options included drone prototypes, machine learning development of patrol planning (SMART), remote electronic monitoring and virtual Automatic Information System (AIS).
- Provision of assistance through a scoping exercise to establish opportunities for sustainable finance across the UK OTs. Pathways identified in this phase could enable UK OTs to have more secure, longer-term finance options and therefore more strategic management planning.

Stakeholder engagement has continued throughout the year, with a high level of interest in the programme from a range of interested parties. Information has continued to be provided about the programme across a number of communication channels, including a new Facebook page, whilst the announcement of the Tristan da Cunha Marine Protected Zone (MPZ) was marked by a short film from the Prime Minister and shared by international media. As a delivery partner for the programme, MMO continue to collaborate with Defra, Joint Nature Conservation Committee (JNCC), GB Non-Native Species Secretariat, Maritime and Coastguard Agency (MCA) and UK Hydrographic Office (UKHO) as well as

external partners including Loughborough University on drone trials, passive acoustic deployment in South Gorgia and the South Sandwich Islands (SGSSI), Northern Lighthouse Board to develop a system of virtual Automated Identification System masts for Tristan da Cunha and Global Fishing Watch.

Three maturity model targets were not met by 31 March 2021, and a further four have ongoing delays; this was largely due to dependencies on decision making and implementation in the OTs for final outcomes and ongoing impacts of Covid-19 pandemic on the UK based teams and capacity in the OTs as resource switched to emergency response planning. Additional delays to achieving targets included the offer by NGOs to one OT of an endowment fund which affected the final sign off for some deliverables as well as some UK staffing resource challenges. Identifying adequate external data sharing mechanisms has proved challenging and impacted on compliance and enforcement activities. A comprehensive risk register allowed close tracking of issues and implementation of mitigation actions where possible. EU Exit has had two impacts on compliance and enforcement.

From 1st January 2021 we lost access to the European Maritime Safety Agency technology which enables enhanced detections of potential illegal activity. This was anticipated early in 2020 and flagged on the risk register, enabling negotiations with the EU to continue access, which should resume shortly. EU Exit also required a new model for UK OT representation at the ICCAT regional fisheries management body, which is now through a new metropolitan UK and UK OT single seat. Considerable time was taken up liaising with Defra and Foreign, Commonwealth and Development Office (FCDO) on how this would work in practice and included a comprehensive review of OT compliance with ICCAT regulations to ensure this single seat was able to provide a strong compliance report.

## Thriving fishing industry that uses resources from nature more sustainably and efficiently

### Delivering sustainable fishing opportunities

#### MMO Story

The significance of the fishing industry for our coastal communities, and its contribution to food security for an island nation is substantial. The fishing catch sector in the UK is just one part of the supply chain, which includes the whole cycle of fishing, landing, farming and processing, and supplying domestic and export retail and hospitality industries.

The UK fleet of 6,000 vessels lands around 700,000 tonnes of seafood with a value of around £1 billion each year, supporting 12,000 jobs directly and a further 19,000 jobs in the seafood processing sector. With finite sea fish stocks to manage for now and the future, the MMO's role supports our fishing industry, providing fishing opportunities, informing negotiations to improve trading and quota allocations, licensing sustainable fishing activities, and monitoring, assuring and, when necessary, enforcing compliance with regulations. As we work through the changes and opportunities as an independent coastal state, we will work with our stakeholders and delivery partners, and use the best evidence to better match fishing capacity to opportunity, ensuring fish stocks are harvested and maintained at sustainable levels, and the future of our fishing sector and industries are supported

#### Fisheries Management

##### Key Outputs and Activities

- No closures of MMO-managed English inshore pool stocks enabling the industry to have continued access to quota across the year and avoiding vessels needing to tie-up to avoid unwanted bycatches.

During 2020/21, for the fourth year running, the MMO achieved the objective of maintaining fishing opportunities by ensuring no closures of major economic stocks. As a result of partnership working, sharing timely catch updates, and communicating with industry early the closure of the Celtic sea cod fishery was mitigated and the MMO managed the fishery within quota limits. Over 2020/21 the MMO supported the negotiation

of £7.1million of quota for the under 10 metre English fleet (2019/20 £8.8 million).

Engagement with inshore fishers and working in collaboration has been essential when managing fishing quotas. During 2020/21 the MMO created two new quota advisory groups in eastern English Channel and southern North Sea, to ensure meaningful engagement around the coast. This has meant that over 1,600 active inshore fishers in England have generated £9.6 million income from quota species to supplement income of £36 million from non-quota stocks such as shellfish. The benefit of engagement with these groups has been recognised by Defra, so that from 2021/22 these groups will be reconstituted into Regional Fisheries Groups, with a further three groups to be created.

The MMO has continued to manage effort schemes designed to limit the catching capacity and time at sea of certain fleet elements within the overall limits set out in regulation. These schemes maintain the sustainability of various fish stocks and we work closely with industry via working groups to ensure that we set limits that protect stocks but still enable allowable economic activity in the fishery.

Crab and scallop effort did not achieve the anticipated 90% uptake as both sectors were badly disrupted by the impact of Covid-19 pandemic on the hospitality sector along with impact of new stringent tests implemented by China to assess cadmium level in crab meat which reduced export levels. As at 31 December 2020 the position for crabs was 75%, with scallops at 76% uptake, but is expected to improve with the easing of restrictions and re-opening of the hospitality sector.

In August 2020, industry working group members approached the MMO and Defra for support in managing a new scallop fishery that had been identified on the Dogger Bank. The MMO, Defra, Fisheries Administrations, Centre for Environment, Fisheries and Aquaculture Science (Cefas) and the industry worked together with the MMO launching two call for evidence requests ahead of implementing fishing vessel licence variations to close the area; this was due to high volumes of effort on a stock that little was known about, the closure was put in place until 28 February 2021. Due to the live consultation on management measures within the Dogger Bank Special Area of Conservation, the closure was extended until April 2021. This is being kept under review and the area has been added to the Defra stock assessment list, so further information can be collected and analysed.

To enable the effective management of stocks over the course of the year the MMO has completed:

- 90 fishing vessel licence variations, a 34% increase compared to 2019/20
- 865 domestic swaps (between UK Producer Organisations (PO)), an increase of 80
- 149 International swaps, a decrease of 28.
- 91 under 10 metre to UK PO swaps, a decrease of 5
- 12 under 10 metre to non-sector swaps, a decrease of 8
- 14 leases, an increase of 1

The MMO has continued to develop PO compliance checks to ensure fair and transparent processes are in place. We have ensured that PO checks can be completed remotely meaning there has been no pause in delivery, this was demonstrated by the recognition of the Western Fish Producer Organisation.

Finally, allocation and monitoring of quota is a core to the fisheries management service. This year has involved significant change in the way that quotas are allocated, with additional quotas resulting from the EU-UK Trade and Cooperation Agreement needing to be shared across the UK fleet. MMO have played a key role in developing the evidence base to make decisions and then implementing the new policies to ensure that quotas could be allocated as soon as the annual ministerial determination was made. MMO continue to engage closely with the sector providing data to Fish Producer Organisations to support them in managing their member's quota allocations.

Through its emerging strategy, MMO will build on these achievements to lead the sustainable and transparent management of fishing opportunities to achieve a resilient and increasingly viable fishing sector. MMO, as England's national fisheries authority, will work with Defra to reform fisheries management and regulatory policies to support the catching sector and the wider seafood industry to deliver sustainable fish stocks.



## Administering marine support funding

### MMO Story

The fishing and seafood processing industry supports 21,000 jobs, contributes £2 billion to the economy and is a vital part of our food supply chain. The industry is also key to the sustainability of many of our coastal communities. The MMO administers funds to protect the marine environment and its natural resources through the European Maritime and Fisheries and the new Maritime and Fisheries Funds. These funds underpin the sector's competitiveness and economic viability, supporting infrastructure developments, safety and process innovations and projects that modernise the industry. Other projects assist local communities impacted by poverty or ill health, with projects aimed at supporting education and inclusion.

Funds are also focused on projects that support the collection of fishing and economic data, and those that help innovate and modernise how we manage sustainable fishing

More recently, in response to Covid-19 pandemic and its adverse impact on the fisheries sector, the MMO worked closely with delivery partners and industry to rapidly design and deliver a range of financial support schemes providing direct emergency funding to fishing vessel owners and aquaculture businesses.

### European and Domestic Funding programmes

#### Key Outputs and Activities:

- Designed and implemented four funding schemes to support the fishing industry, primarily aimed at businesses impacted by the downturn of export and domestic markets due to the Covid-19 pandemic with over £19 million paid out
- In consultation with the European Commission the MMO Grants Team were able to reallocate an additional £0.800 million EMFF funding to projects in response to the adverse impacts of the Covid-19 pandemic
- Funding support paid this year in respect of 587 European Maritime and Fisheries Fund and Maritime and Fisheries Fund claims, with a total value of £14.6 million paid
- 2020 Defra Group Awards winner – Customer First Award

Since its launch in 2016, the **European Maritime and Fisheries Fund (EMFF)** programme in England has approved 1,547 projects, committing £79.1 million in grant support for the fisheries, aquaculture sectors and coastal communities, of which a total value of £62.2 million has now been paid out to projects. During 2020/21, the MMO paid a total of £9.1 million to EMFF projects and committed a further £1.1 million to 52 projects, including 51 projects in fishermen's Health and Safety and ports and harbours, targeted specifically at tackling the impacts of Covid-19 pandemic. **Table 1** below provides detail of the expected outcomes from EMFF investment for the Fishing Industry, Coastal Communities, Aquaculture and Processors

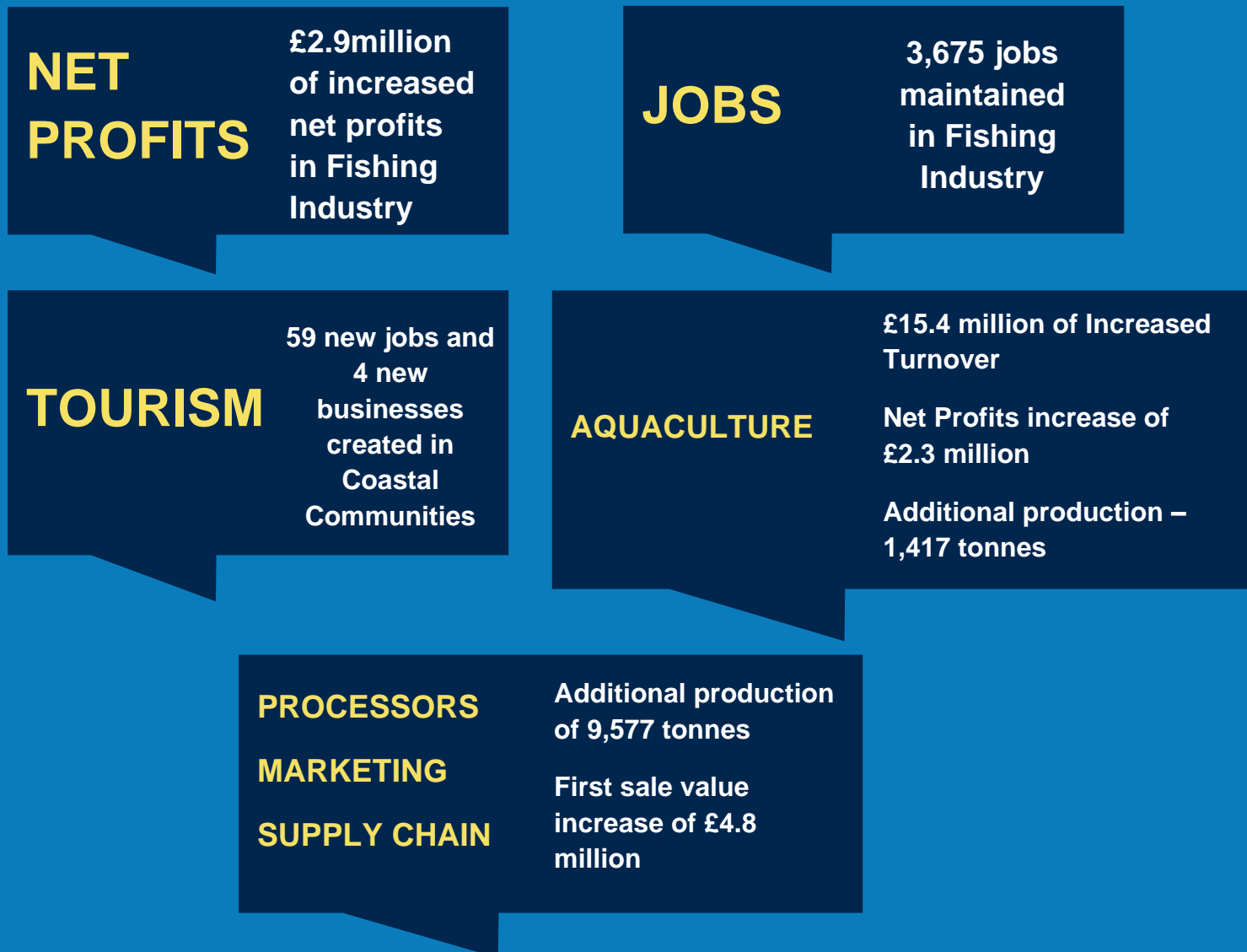
The MMO administered the **Maritime and Fisheries Fund (MFF)** and since October 2019 has awarded over £10 million to 404 projects providing support to the sector

while exiting the EU by increasing the level of industry funding available during the Implementation Period. During 2020/21 a further 161 projects were awarded funding, with £5.5 million paid out in respect of 324 MFF claims. The impact of projects under EMFF and MFF will realise economic benefits such as maintaining jobs in the sectors, supporting coastal communities, helping businesses to grow their turnover,

ensure the long-term sustainability and viability of operators

Through the emerging strategy MMO will look to support the seafood industry by influencing and informing the use of domestic grant funding to support the future of compliance and regulatory reform, the management of fishing opportunities to support a resilient seafood sector and improved science an evidence.

**Table 1: EMFF outcomes expected Fishing Industry, Coastal Communities, Aquaculture and Processor businesses**



## Providing regulatory support and assurance

### MMO Story

The MMO has responsibility for ensuring compliance with the national and international marine regulations which the UK is signed up to, done through regulatory support and assurance of fisheries, marine development, and marine support funding. The MMO works closely with Inshore Fisheries and Conservation Authorities on marine management assurance activities, aligning local and national support and assurance activities supported through a range of key partnerships, including Natural England, the Centre for Environment, Fisheries and Aquaculture Science, the Sea Fish Industry Authority and the Joint Maritime Security Centre. Our assurance approach is based on proactive, professional engagement with stakeholders and customers through information and education, to ensure marine rules and regulations that support sustainable fishing and marine development are clear, understood and followed.

The MMO operates a range of assurance and inspections activities, including patrols, surveillance, and inspections onshore and at sea and taking appropriate and proportionate legal enforcement action when necessary.

The MMO also contributes to wider national maritime security activities as a partner in the Joint Maritime Security Centre, working alongside other sea-based law enforcement agencies to assure the integrity of our Exclusive Economic Zone.

### Fisheries Enforcement

#### Key Outputs and Activities:

- Implemented a digital self-service capability to enable continued export trade of fisheries products while meeting international Illegal, Unreported and Unregulated (IUU) reporting obligations and regulations
- Delivered enhanced control and compliance capability to deter and detect illegal fishing to assure the integrity of the Exclusive Economic Zone (EEZ), the sustainable harvest of sea fisheries resources and the protection of the marine environment both leading up to and following the end of the EU/UK Transition Period.
- Implemented a new licensing capability through the Single Issuing Authority to enable continued access for UK vessels to EU and international waters and vice versa
- Supported the delivery of future fisheries agreement with the EU and future trade negotiations
- Supporting Defra in the successful passage of the Fisheries Bill (now Fisheries Act 2020) through Parliament and development of the supporting framework that underpins it

To support the export of fish through frictionless trade, on leaving the EU we implemented a new digital platform, which has been further improved over the course of the year to facilitate the verification of catch data. Importantly, the MMO has invested heavily into industry readiness, by working with exporters to ensure their preparedness in terms of being registered and using the systems ahead of leaving the

EU. On 1 January 2021 the platform was stood up and has facilitated trade both efficiently and informatively as industry reacted to changes in process. This also includes the recruitment and training of an entire Fish Export Service (FES) support team, established to provide extended cover arrangements, including evenings and weekends, informed by analysis of current market practice.

MMO continued to increase its delivery of enhanced control and enforcement capability, implementing new commercial arrangements for the supply of two offshore vessels and engaging with partners to ensure adequate coverage of our waters both prior to and post EU Exit. Operational teams continued to work with fishery and maritime security partners to prepare for a wide range of potential scenarios that could have arisen from EU Exit including the development and refresh of a national threats assessment, standard operating procedures (SOP) which were tested through a series of table-top and live exercises led by the MMO, Joint Maritime Security Centre, and the Cabinet Office. Increased joint working with partners including IFCA's also allowed for increased flexibility in the delivery of Compliance and Enforcement activity.

Throughout 2020/21 the MMO developed the functionality of the Single Issuing Authority (SIA) to deliver a licensing capability on behalf of all the UK Fisheries Administrations enabling the licensing of UK vessels, where permitted, to fish in EU, third country and international waters and vice versa. This capability was successfully delivered on 1 January 2021 with over 2,000 UK and EU vessels now licensed to fish in one another's 12-200 nautical mile waters.

The MMO provided technical expertise to support the UK's EU Exit negotiating approach and subsequent implementation of the Trade and Cooperation Agreement (TCA)'s. Alongside this, guidance and support has been provided to Defra policy

teams in respect of new technical conservation measures, specific stock recovery measures, and the development of future catching policies. The MMO has prepared industry with updated guidance relating to new 2021 landing obligation requirements, and the associated de-minimis and survivability landing exemptions for certain species and the specific requirements attached to each exemption. The MMO has continued the Fully Documented Fisheries programme using electronic on-board monitoring. This work supports the policy of reducing wasteful discarding of fish as well as improving confidence in catch data as well as informing future policy on the potential use of Remote Electronic Monitoring (REM) technology across other fleet segments.

During the year the Catch App for simplified catch recording for the under-10m fleet was adopted by 2,400 UK under 10 metre fishing vessel owners, representing 82% of the fleet. The digital app provides a range of new fisheries information that supports quota management and helps us champion the case for the under-10 metre fleet as well as providing better evidence of the provenance of catch to support fishers continuing to trade and export.

Intelligence colleagues and operational staff implemented a swift reaction to Covid-19 pandemic and EU Exit, developing joint intelligence products feeding into national Defra groups on reactions and helping shape Government's response to impacts, including the delivery of industry support packages.

Compliance officers took on a Data Submission campaign aimed at increasing the submission of sales notes, landing declarations and logbook data to reduce the impact on trade post exit. This resulted in the development of guidance and information to assist industry, which in turn increased the level of compliance. This was supplemented by the development and

integration of more refined enforcement tools to assist assurance and inspections. On investigation some key high-profile cases were progressed, including Greenpeace, adapting to Covid-19 pandemic limitations first developing then

clearing a backlog by adopting new innovative technology measures to conduct Police and Criminal Evidence (PACE) Act interviews.

# Organisational capability and development

## People

### Key Outputs and Activities:

- Launched the MMO People Plan and created a prioritisation plan
- Retained Investors in People Accreditation
- Surveyed and communicated with our people to understand their feeling about MMO
- Health and Safety performance realised a year without a lost time injury, a decrease in accidents to five and improved engagement in near miss reporting of 14, which is an indication of the continued engagement with colleagues in our approach to Health, Safety and Wellbeing.

### People Plan

A key priority for MMO over the year has been to set out its commitment to MMO colleagues in the MMO People Plan. There are eleven key commitments which will evolve over next few years in terms of the colleague offer. During 2020/21, focus has been on Health, Safety and Wellbeing specifically focused on supporting colleagues over the Covid 19 pandemic and ways of working throughout the year. Equally, effort has been invested into Valuing our Values of being Accountable, Innovative, Engaging, and Inclusive. We launched a reward scheme that allows colleagues to be recognised for demonstrating the values as exemplars through their approach to their work. MMO improved its Colleague Offer over the year through the Annual Pay Remit, by matching the Defra pay scales, for some of MMO lowest paid colleagues meant they had a pay increase of more than 5%, through the

realignment, with all colleagues receiving at least a 2% increase in pay.

Improving the MMO leadership capability remains a key priority to provide our leaders with the right tools and skills to effectively lead our people. This year MMO has invested into building its senior leadership community. This has improved communication and engagement on key issues impacting the organisation, ensuring increased understanding of key strategic issues relating to preparing for end of the EU Exit transition period, the approach to developing the MMO Values and the People Plan.

Despite the challenges of remote working over the year, MMO has made investments supported by Defra Estates to modernise the workspace at some of its locations. This is particularly important where there is a need to store equipment required for field activity. This is an area which MMO will continue to seek investment to support in the forthcoming Spending Review.

### Pulse Survey

In August 2020, MMO published the results of its survey completed by 233 colleagues with a response rate of 63%. The survey was used to gauge current levels of colleague engagement and wellbeing, understand colleague experience of working at MMO (including in relation to the Covid-19 pandemic) and identify strengths, best practice along with opportunities for improvements. The key outcomes from the survey indicated the MMO response to the Covid-19 pandemic were very positive around our MMO collective management and support of colleagues and how they



have adapted to our change in working patterns. The results were positive when compared to the Defra Covid -19 survey and against some areas of the Civil Service survey. The survey established a benchmark across all service areas and will be used to indicate progress with the MMO People Plan.

### **Investors in People**

During 2020/21, MMO achieved re-accreditation of our Investors in People status (IiP); IiP was used to assess the effectiveness of MMOs people management against globally recognised standards. The IiP assessment considered our people's responses across four component areas of organisational ambition (communication of MMO objectives and motivating our people to work towards them), leading (working towards the MMO values and empowering and involving people), supporting (structured work towards MMO objectives, managing and rewarding performance) and improving (building capability, delivering continuous improvement and creating sustainable success).

### **Health, Safety and Wellbeing**

During 2020/21 MMO, created and delivered the Health, Safety and Wellbeing roadmap to drive continuous improvement. This roadmap has outlined our strategy for further improvement and development and focuses on several key areas including leadership, personal objectives, and assurance.

MMO Mental Health First Aiders provided 367 MHFA conversations to support our colleagues, equating to 2,000 minutes of positive help around mental health supported by our MHFA team. A health and wellbeing calendar was launched to raise further awareness of mental health issues and the introduction of free access for colleagues to the Headspace App to ensure colleagues are supported through a variety of means.

MMO Health partners continue to provide a support service enabling MMO colleagues and family to reach out to the Employee Assistance Programme with 7% utilisation of the service, they have also provided many free professional support services that include financial, legal, and counselling support.

### **Establishment**

During 2020/21, the MMO employed an average full time equivalent of 402 people (31 March 2020: 393) plus 60 FTE from the contingent labour market.

From the outset of the Covid-19 pandemic, MMO set out to be sensitive and flexible in how we engaged and supported our people through specific Covid-19 policies and procedures (such as Paid Special Leave policy to support those with caring responsibilities).

## **Customers and public engagement**

### **Key Outputs and Activities:**

- Publication of the 'MMO Story'; setting out our renewed vision, mission, and a new brand identity
- Over 95% of customer complaints responded to within 20 working days
- Over 217 per cent increase in reach of social media content
- Over 39,000 likes, shares, and clicks of our social media content, an increase of 181% in comparison to 2019/20
- Social media shared over 3,500 times, an increase of 235% in comparison to 2019/20
- Over 750 items of digital content published, an increase of 322 in comparison to 2019/20

During 2020/21, the MMO has continued to support its colleagues, customers, and stakeholders through an unprecedented period of considerable national, political and industry change. This has included clearly communicating and signposting to the advice, guidance and support available in the Government's response to the Covid-19 pandemic. Communications activity has focused on ensuring that clear information has been communicated on a timely basis.

In July 2020 the MMO launched 'Our MMO Story – the Next Ten Years'. This sets out the MMO's aims and how it will achieve its bold ambitions for a prosperous future for our seas, coasts, and communities. The MMO Story focused on five key areas of our Services, People, Stakeholders, known changes and our bridging years. The Story will sit under the emerging an MMO Strategy which will be completed in 2021/22.

In the latter part of 2020/21, there has been a steady increase in the media attention on the UK's ability to adequately monitor and enforce fisheries regulation in our waters. In response, the MMO has provided clarity on its role in protecting England's waters from illegal fishing activity and the resources put in place to ensure appropriate compliance and monitoring.

This year, improvements have been put in place in how MMO identifies and responded to complaints. This has been evidenced with 96% of complaints responded to within 20 working days (135 of 141 complaints received), a marked improvement on 2019/20 performance at 76%. Further improvements on complaints service delivery are planned which include how the MMO uses complaints to help drive improvements to service delivery to its customers.

MMO has introduced a new Stakeholder Engagement Framework (SEF) to enhance the awareness of MMO, whilst introducing a coordinated and organised structure for our strategic level stakeholder conversations. The key aims of the SEF are to build a stronger profile and understanding of the

MMO, be more outwardly facing and customer focused through actively engaging and listening to stakeholders and building mutual understanding and respect. MMO will use both the emerging ten-year Strategy and the MMO Story as the basis for growing stronger relationships to establish and deliver shared ambitions and outcomes.

Through the MMO Strategy the ambition is to develop a trusted customer approach to compliance and regulation that will ensure the highest levels of customer service. This will be supported by stakeholder engagement whereby MMO seek to develop mutual understanding that helps devise and share objectives.

<b>Cases referred to Parliamentary and Health Service Ombudsman (PHSO) in 2020/21</b>	
Number of cases accepted for investigation	2 (2 cases were not accepted)
Number of cases with decisions	1 not upheld, 2 upheld; 2 outstanding with the PHSO
Number of recommendations complied with	2

### Key Outputs and Activities:

In addition to the critical change activity to support the preparations to exit the EU, the end of the EU transition period and providing support for the Covid-19 pandemic emergency funds. MMO has continued to invest in change to support the industry compliance with Control regulations, in particular:

- Catch Recording for Under 10 metre vessels – the MMO has continued to iterate the service for Under 10 catch recording to ensure it continues to meet user needs. This service serves a high population of users who can now record their fishing trips and is being used to enable better management of fisheries, to support determination of future fishing quotas and to inform decision making. Additionally, this assists in the traceability of the catch from who caught the fish, through to landing and then exporting the fish.
- Data Exchange with the EU – the MMO have continued to modernise the system and have ensured that the service is optimised and meets all requirements following the UK leaving the EU.
- Strategic reporting database (SRDB) – the MMO have started to create a platform to bring all data together to create a rich data analysis capability. This will support the aims of Seafish Seafood 2040 (SF40) especially in respect to supply chain alignment and innovation in data transmission between bodies. Moreover, as MMO moves towards publication of its strategy, as an integral part of the Defra Marine and Fisheries Outcome System,

we share many of the stated outcomes within the SF40 and our IT roadmap, including the role of the SRDB, will continue to be reviewed and aligned with the MMO strategy. We work closely with Seafish and share data with them to facilitate many of the analyses and reviews set out within their SF40, this is another keyway in which MMO is integral to supporting delivery of the SF40.

A range of other changes and improvements in relation to Fisheries Control and Capability Programme were also implemented including:

- An operational strategic reporting database was developed to enable migrating data from legacy systems
- A new Vessel Monitoring System Hub was procured and implemented to replace and modernise the service that provides vessel location data to the MMO, Devolved Administration and Inshore Fisheries Conservation Authority colleagues; and
- Data Exchange Query Functionality was upgraded to facilitate ongoing exchange of fishing and sales activity data with EU and other countries Development of an internal mobile working system and preparations for a wider roll out of the Vessel Monitoring System to under 12-metre vessels continued in preparation for rollout in 2021/22.

### Key Outputs and Activities:

- Informing the public of the impact of Covid-19 pandemic on fishing activity through more timely statistical releases.
- High quality GIS and Statistical information to support delivery of Covid-19 pandemic financial support schemes and EU exit negotiations.
- Publishing ten evidence reports, finalising a further five that will be published, and contributing to three partner projects that support the development of marine plans, protection of designated features and the management of fisheries
- Producing a new Evidence Strategy for the period 2021- 2025 to support the Evidence programme and develop indicators in the future to support evaluation of our effectiveness as the National Fisheries Authority. We will work across Defra to share and compare strategies with a view to sharing with stakeholders in 2021/22
- Gathering the latest five-year suite of evidence requirements from the MMO teams to fulfil the MMO Story ambitions and new responsibilities

The Data and Geographical Information Systems (GIS) team published geospatial data products from MMO evidence projects to the Defra Data Services Platform. The

teams' expertise in the analytics of Vessel Monitoring Systems data to analyse historical spatial trends within UK fishing waters were used to inform the EU Exit programme to assist in the negotiations.

Following the increasing demand for urgent delivery of GIS analysis and charts, significant work was undertaken to enhance the delivery speed of data and evidence to senior decision makers. These improvements had almost immediate effect following action by Greenpeace in both the North Sea and English Channel with the spatial evidence providing the operation leads with the necessary evidence to proceed with confidence

A key achievement over the year has been the update of the MMO Evidence Strategy which covers the period 2021 to 2025. The new strategy reflects the adaptations for new and changed policy that MMO will implement as well as advances in evidence production best practice.

During the year MMO continued to collaborate with academia and colleagues across the Defra group develop and deliver evidence that is supporting the MMO's delivery and implementation of policy and regulations. This approach, based on MMO publishing our requirements and steering the work of others, continues to achieve better value for money. Additionally, MMO has produced insights for delivery of work related to marine planning, conservation, fisheries, and licensing.

This year, the team was focused on fisheries, providing both environmental and social evidence to support the transition to becoming the National Fisheries Authority. MMO managed the development of evidence for the Fisheries Management Plans analysing and presenting both MMO and Cefas information. Further, MMO completed an evaluation of control and enforcement

activities that has informed our approach to fisheries management.

Our statistical analysts developed interim indicators for 2021/22 using currently available control and enforcement data that better illustrates the effectiveness of the MMO's management in delivering our desired fisheries outcomes.

In the final part of the year MMO developed the evidence programme for 2021/22 and the following years to plan the delivery of new evidence requirements. These reflect the MMO's focus on learning about our effectiveness through evaluation research, and the recognition of our need for an increase in people research as well as better use of technology and action research to inform our strategic priorities and their delivery.

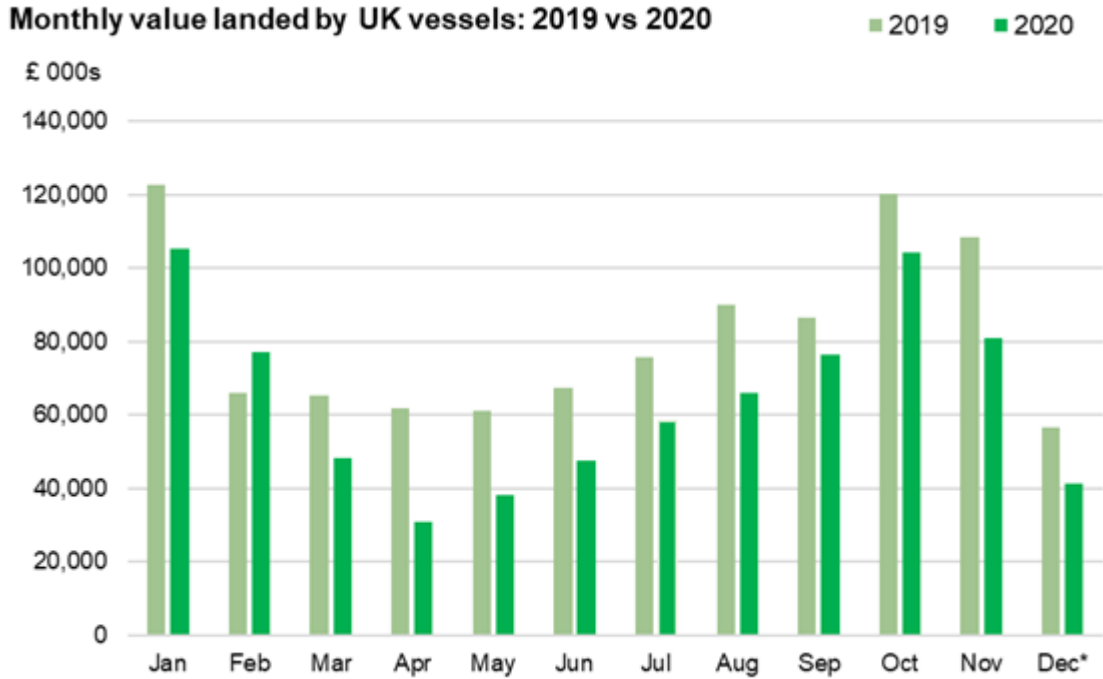
The MMO role in providing crucial statistical analysis to support Government's response to the key impacts of Covid 19 and end of EU Transition on the Seafood Sector In particular, as the measures taken to lessen the pandemic effects impacted the sector, MMO published a new monthly statistical release examining the impacts of Covid-19 pandemic on the sector.

Table 1 provides a comparison of fish landings in 2020 to 2019 (pre pandemic) with an overall decline in the value of lands of 21% in 2020 compared to 2019 and value being below 2019 in all months after February. Table 2 shows the comparison of landings in 2020 to 2019 by value and species type and follows a similar pattern whilst Table 3 shows the live landings by species. Feedback to MMO on sharing this data has been positive, that the same approach was applied to the MMO annual statistical publication making it more concise and bringing out the important messages more clearly for users. Learning from this experience, MMO plans to improve our statistical products based on its users' needs to ensure the MMO gives stakeholders the best possible picture of the UK sea fishing sector.

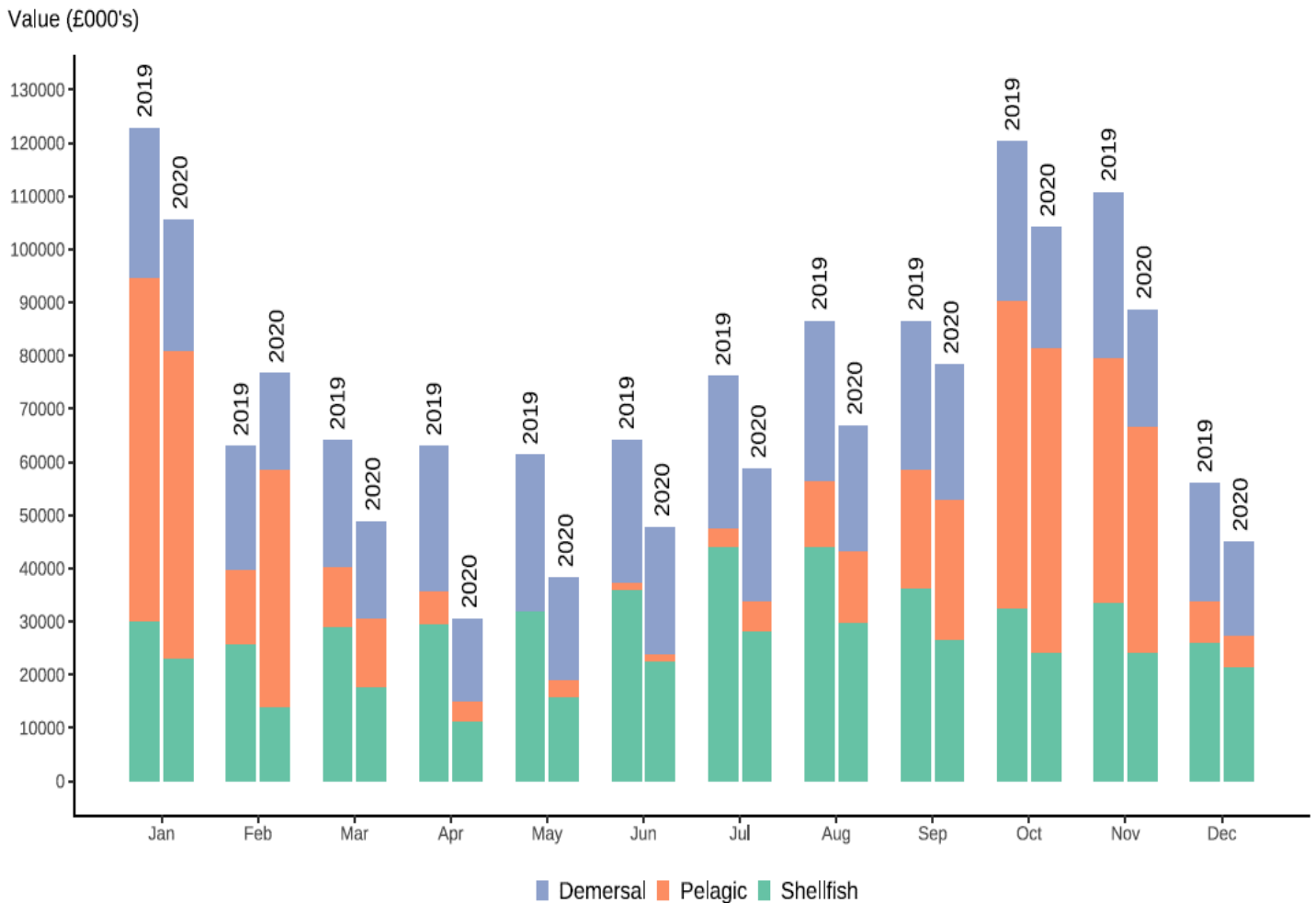
Through the MMO emerging strategy, the MMO will look to maximise economic value from the use of evidence and data through integration of more data and information. This will continue to improve decision making and to understand the effectiveness of MMO activities and achievement of Defra outcomes.



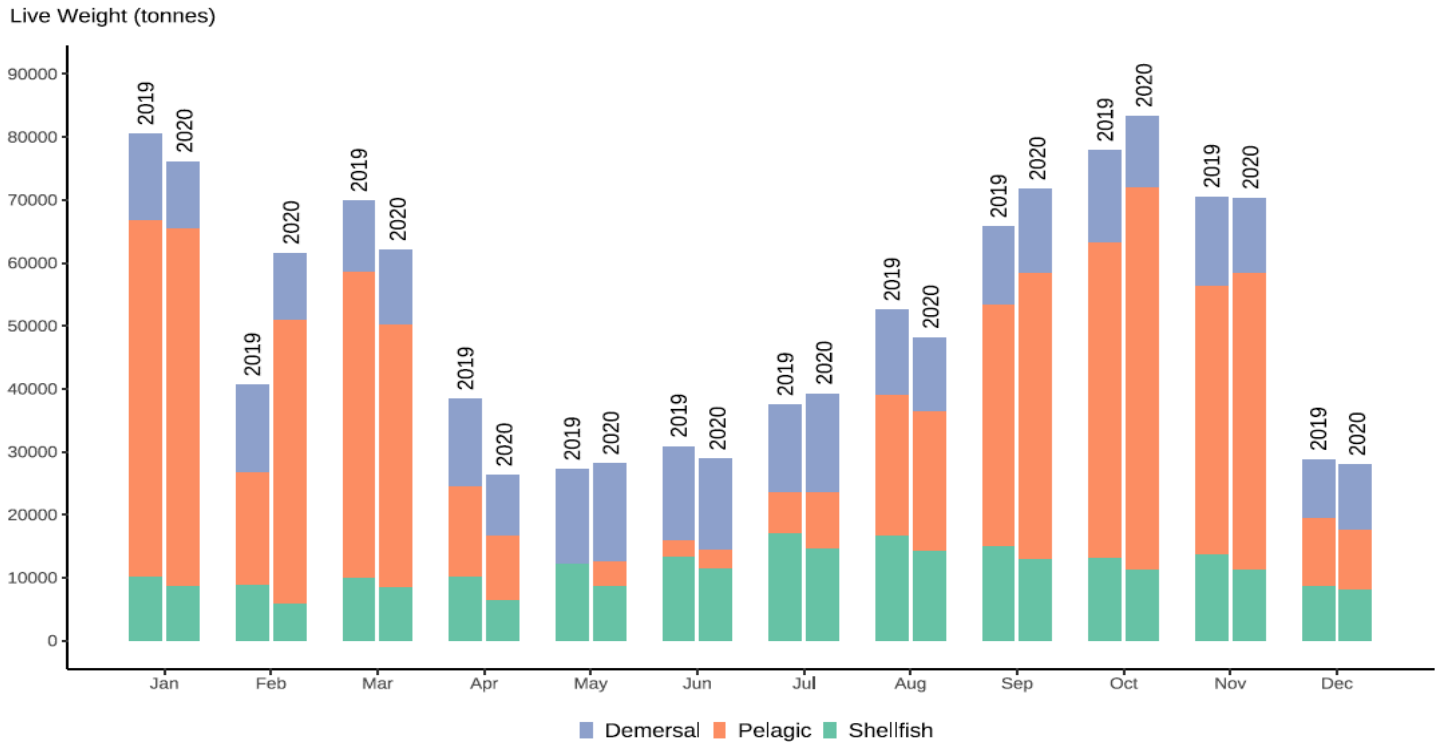
**Table 1: Fish Landings by the UK fleet in 2020 compared with 2019**



**Table 2: Value landed by Species Group**



**Table 3: Live Weight landings by species (tonnes)**

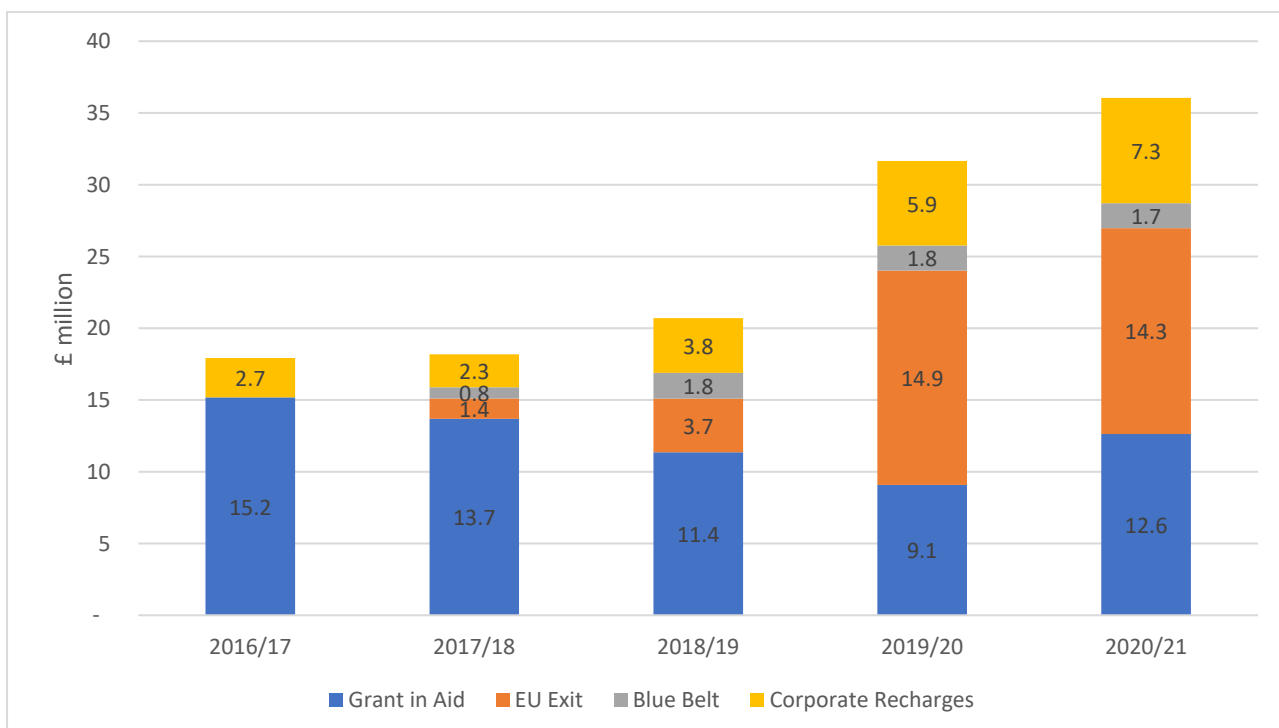


## Financial Review

The MMO's level of activity continued to increase over 2020/21, this is reflected in the Comprehensive Net Expenditure for 2020/21 of £36.1 million, an increase of 14% from previous year (2019/20: £31.7m).

This Comprehensive Net Expenditure of £36.1 million included £12.6 million of Defra Grant in Aid funded expenditure to support the delivery of its statutory duties; £14.3 million to support preparation for and delivery of repatriated functions following the end of the EU transition period; £7.3 million in notional corporate recharges and £2.1 million\* provided by Foreign, Commonwealth and Development Office (FCDO) which is provided to MMO to support the delivery of the Blue Belt Programme. This is shown in Figure one below.

**Figure 1: Five-year summary of the MMO comprehensive net expenditure by funding category**

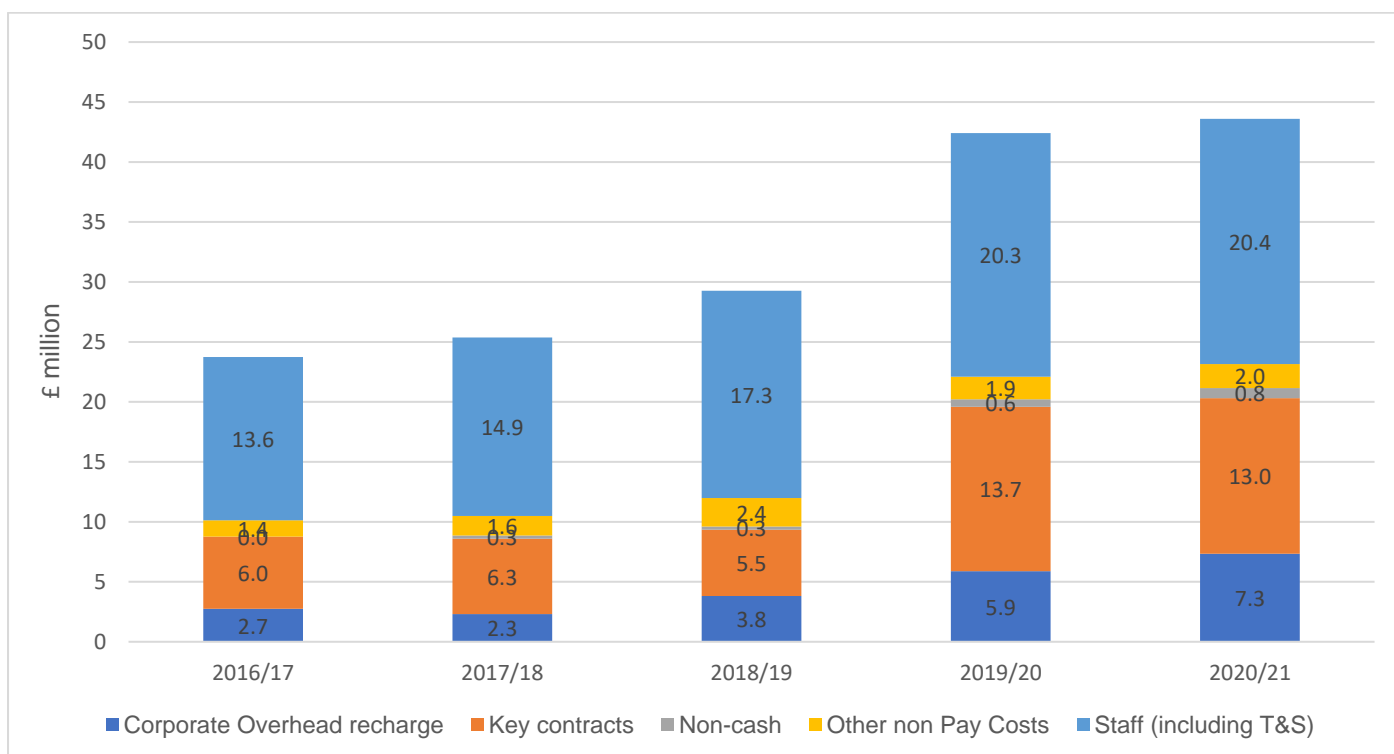


- Proportion of Blue Belt funding relates to Corporate Recharges and is reflected accordingly in the graph

Gross expenditure increased to £43.5 million (2019/20 £42.4 million). The most significant increases in expenditure over the reporting period are in relation to the corporate overhead costs which are managed by Defra on behalf of the MMO. Most of the increase relates to costs associated with management of the Department's IT infrastructure. The breakdown of gross expenditure over the last five years is shown in figure two and a detailed breakdown of expenditure is provided in the Financial Statements pages 88 to 106.

The MMO receives income through fees and charges for the delivery of its Marine Licensing Service, income from the European Maritime Fisheries Fund (EMFF) to support the administration of the fund, and specific measures of funding support to enhance its regulatory capability for fisheries and other revenue which includes income from Devolved Administrations in respect of cost recovery for shared fisheries IT infrastructure. Full details are provided in note 4 to the Financial Statements.

**Figure 2: Five-year summary of gross expenditure as reported in the financial statements**



### Expenditure by strategic objective

In line with the performance summary (pages 14-15) the MMO regulatory services contribute towards the Defra Group delivery plan strategic objectives SO2 and SO3. The table below sets out MMO Comprehensive Net Expenditure for 2020/21 by the relevant Defra Strategic Objective aim:

Defra Strategic Objective - aim	MMO Service	Net comprehensive expenditure 2020/21 £'000	Net comprehensive expenditure 2020/21 £'000
2.5 Thriving marine plants and wildlife, and minimised marine waste	Enabling sustainable marine development	1,690	5,525
	Protecting marine habitats and wildlife	820	
	Supporting global marine protection	3,015	
3.5 A thriving fishing industry that uses resources from nature more sustainably and efficiently	Delivering sustainable fishing opportunities	2,592	30,526
	Administering marine support funds	610	
	Providing regulatory support and assurance	27,324	
<b>Total</b>		<b>36,051</b>	<b>36,051</b>

### EU Exit expenditure

Of the £43.5 million gross expenditure, £14.3 million (2019/20 £14.8m) was spent on activities related to EU Exit and preparations for the end of the transition period. The MMO has received

EU Exit funding from HM Treasury over the previous three years as separate tranches, a proportion of which was utilised to fund dedicated EU Exit staff resource. The first tranche of EU Exit funding was received in 2017/18, the trend in EU Exit expenditure since then is shown in the table below alongside the average EU Exit FTE.

Financial year	EU Exit Expenditure £'000	EU Exit staff resource (Average FTE)
2020/21	14,344	89
2019/20	14,924	73
2018/19	3,737	38
2017/18	1,412	28

Expenditure was initially related to preparations for EU Exit given the responsibilities to deliver a number of new repatriated functions and repatriated funds as an independent coastal state. EU Exit activities were managed and governed through a separate programme of works with ringfenced funding, and expenditure has increased since 2017/18 in line with the development of the programme and the preparation for a number of potential EU Exit dates.

Although the transition period has now ended, the current level of expenditure is not expected to reduce over the next Spending Review period due to the ongoing development of new repatriated functions and repatriated funds which will be enduring. EU Exit related delivery in 2020/21 is referenced throughout the performance analysis (pages 16-18), however, a summary of key EU Exit themes and related expenditure is set out in the table below with supporting narrative:

EU Exit project	Expenditure 2020/21 £'000
Fish Export Service	1,834
Control and Enforcement	11,621
Fisheries Management	455
Future Funding	434
<b>Total</b>	<b>14,344</b>

**Fish Export Service:** To ensure that the UK can continue to be able to trade fish with the EU as its primary export market EU Exit funding has been used to develop a Fish Export Service with enduring capability to meet the increased demand for Catch Certificates (now required as UK recognised as a third country).

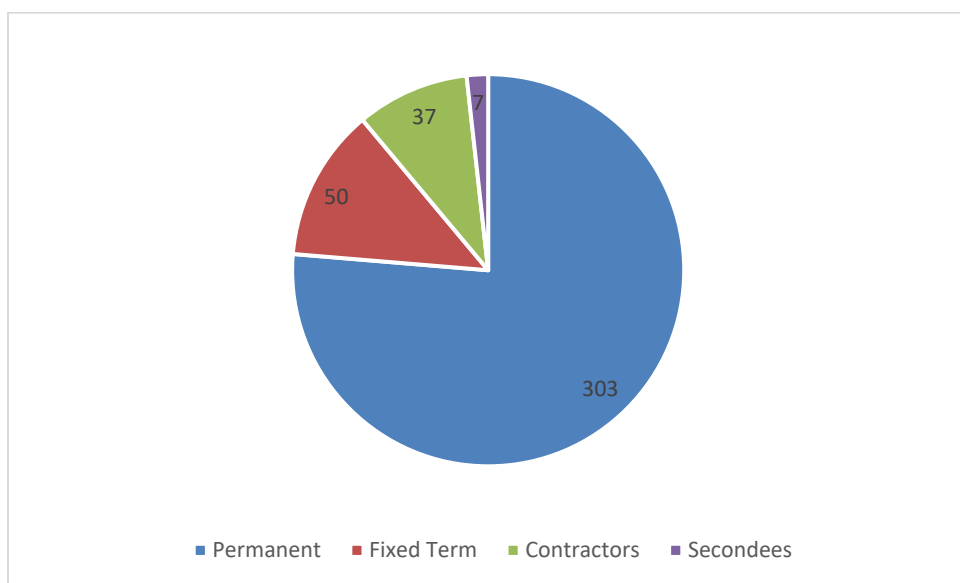
**Control and Enforcement:** As an independent Coastal State, there is increased complexity and demand for fisheries protection on an enduring basis. To ensure England can exert demonstrable control throughout our waters to assure the sustainable exploitation of sea fisheries resources EU Exit funding has been used to deliver enhanced and enduring control and enforcement capability. This includes the delivery of additional surface/aerial surveillance capabilities and additional Marine Enforcement Officers operating both onshore and at sea.

**Fisheries Management:** This was previously an EU competency under the Common Fisheries Policy (CFP), and EU Exit funding has been used to deliver the essential functions needed to keep UK fisheries operating as an independent coastal state. This includes the need to administer

permissions & monitor access to our waters for both the domestic and EC/third country fleet and to support equal access and management of fishing opportunities.

**Future Funding:** The UK currently benefits from the EU’s European Maritime and Fisheries Fund, which helps deliver the outcomes of the EU Common Fisheries Policy, supporting sustainable development, marine conservation, and development and jobs in coastal communities. There is an HMT commitment to replace EMFF from 2021 through the creation of a domestic scheme Fisheries and Seafood Scheme (FaSS) for England. EU Exit funding has been used to support the policy development underpinning this repatriated function on behalf of the UK.

**Figure 3: 2020/21 breakdown of the average full-time equivalent number of people employed by the MMO**



### COVID-19 related expenditure

As detailed in COVID-19 detailed performance analysis (pages 19-21) during 2020/21 the MMO was designated by the Secretary of State the administration of the emergency grant funding support schemes, the Fisheries Response Fund (FRF), the Seafood Disruption Support Scheme (SDSS) and the Seafood Response Fund (SRF). Through the management of these funds the MMO carried out these duties in the capacity as Agent on behalf of Defra, as the Principle. Therefore, the transactions of grant expenditure feature in Defra’s Resource Accounts and not the MMO’s Accounts.

The MMO did not incur any COVID-19 related project expenditure which was funded by either HMT or through the MMO’s Spending Review 2019 (SR19) allocation.

The overall impact of COVID-19 on the 2020/21 financial statements is limited to immaterial increases in accrued income and a reduction in trade payables due to a pause in the MMO raising invoices as the impact of the pandemic was considered at this early stage.

### Long term expenditure trends

Over the eleven years since vesting, the MMO’s net expenditure related to core activities has reduced from £29.0 million in 2010/11 to £20.0 million in 2020/21 (including the notional corporate recharge) in line with the obligation to achieve challenging savings over the subsequent Spending Review periods.

From 2017/18 expenditure on EU Exit related activities commenced, initially in relation to preparatory work but then in relation to the delivery of enduring repatriated functions. The additional expenditure incurred in relation to EU Exit has resulted in a significant increase in overall expenditure and this level of expenditure is expected to continue as repatriated functions become part of core delivery. The increase in expenditure in relation to EU Exit and the impact on overall expenditure is shown in figure one.

A key requirement for the MMO during 2021/22 will be to work with the Defra Group to deliver a sufficient resource settlement for 2021/22 and beyond as part of the future planned Spending Review. This will support the MMO's ambition, in becoming the principal regulator of the English seas now the UK has exited from the EU.



# Sustainability Report

Sustainable development is core to the MMO's mission, purpose, ambition and central to the way the MMO delivers its business. The MMO's environmental performance is assessed by measuring its contribution to the targets set out in the Greening Government Commitments (GGC). It has continued to work under the GGC framework during 2020/21 with performance against GGC targets disclosed within this report, in line with the requirements of the HM Treasury financial reporting guidance 2020/21.

Greenhouse gas (GHG) emissions are categorised within three scopes, with the MMO application as follows:

- **Scope one (Direct) emissions** – This is emissions from consumption of fuel from vehicles in the MMO lease car fleet (controlled by the MMO), on official travel.
- **Scope two (Energy indirect) emissions** – This is emissions from the consumption of gas and electricity through our estates.
- **Scope three official business travel emissions:** In the GGC, this is limited to emissions from business travel recorded through the Defra travel booking portal.

The table below summarises MMO performance in 2020/21 compared to prior years:

MMO Greenhouse Gas Emissions		2020/21	2019/20 (Restated)	2018/19 (Restated)
<b>Non-financial indicators (tCO<sub>2</sub>e)</b>	<b>Total Gross Emissions for Scope 1,2 &amp; 3</b>	140	304	317
	Total Net Emissions for Scope 1,2 & 3 (i.e. less reductions e.g. green tariffs)	140	304	317
	Gross emissions from Scope 1 (Direct)	68	124	117
	Gross emissions from Scope 2 (Energy indirect)	36	55	66
	Gross emissions from Scope 3 (business travel)	36	125	134
<b>Related energy consumption (thousand KWh)</b>	Electricity	139	213	233
	Gas	157	184	187
<b>Financial Indicators (£'000)</b>	Expenditure on energy*	N/A	N/A	N/A
	Carbon Reduction Certificate (CRC) Licence Expenditure (2011 onwards)	0	0	0
	CRC Income for recycling payments	0	0	0
	Expenditure on accredited offsets - Woodland Trust Enterprise	0	0	0
	Expenditure on official business travel	20	383	460

At the time of preparing the final report for 2020/21 an estimate of consumption was used for the last quarter of the year due to lags in receiving actual information. Actual data is now available for the final quarter of 2019/20, and the 2019/20 figures have been restated, with restatements including an increase of seven tCO<sub>2</sub>e for Scope 1 emissions, a decrease of 11 tCO<sub>2</sub>e for Scope 2 emissions, and a decrease of nine tCO<sub>2</sub>e for Scope 3 emissions.

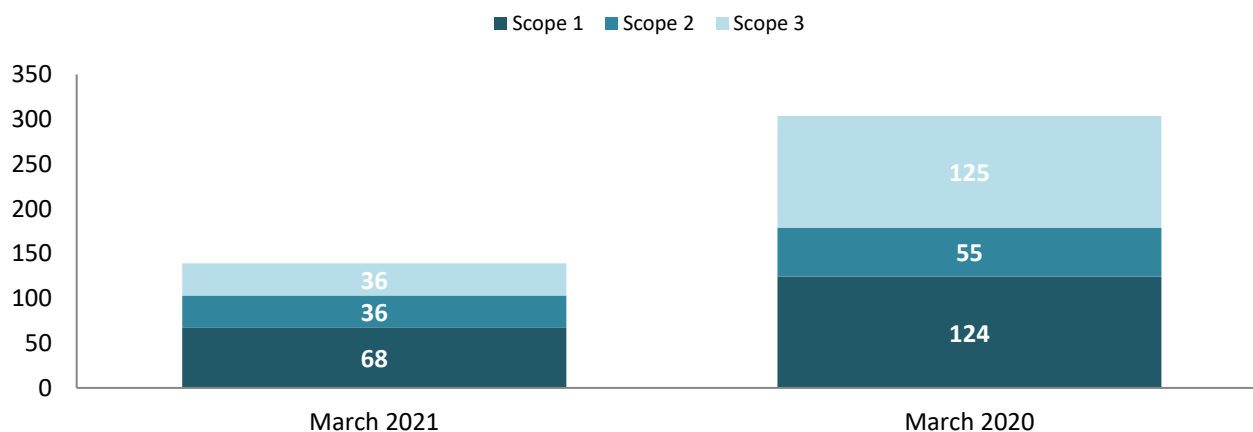
The MMO Scope 3 emissions recorded in the table above relate to business travel, for which reporting data is available. They do not include all indirect MMO emissions, including emissions relating to the MMO's air and surface surveillance contracts as data is not always available and where it is available it is prepared by the supplier and not MMO or Defra.

Data is available in relation to the emissions from commercial surface surveillance provision for 2020/21 which included 12 months of operation for one commercial vessel and five months operation for a second commercial vessel. Emissions reported for these vessels were 2,814 tCO<sub>2</sub>e and 1,339 tCO<sub>2</sub>e respectively and related to a total of 37,654 nautical miles travelled during the year. These estimates have been calculated by the supplier based on technical vessel data, fuel consumption, vessel load of 25%-50% and relevant conversion factors. Comparable data is not available for Royal Navy surface surveillance provision, therefore in year and prior year comparisons cannot be made.

\*Information relating to expenditure on energy is not available as estates functions are managed by Defra Group Corporate Services with the MMO receiving a notional corporate overhead recharge.

Total GHG emissions in 2020/21 have decreased by 164 tCO<sub>2</sub>e compared to 2019/20 with decreases for all three categories of emissions, Scope 1 (direct), Scope 2 (energy indirect) and Scope 3 (business travel). The breakdown of emissions by scope is shown in the figure below:

**Total Carbon Emissions by Scope (tCO<sub>2</sub>e)**








The MMO has reduced emissions for all three categories of emissions, which is out-with the overall increase in average full-time equivalent staff at 31 March 2021 to 402 people (31 March 2020: 393). This is due to the impact of the Covid-19 pandemic on ways of working across the MMO during 2020/21 and the significant proportion of MMO's people being home-based during this period, with limited business travel.


Information relating to total waste and water consumption are shown in the table below:

Non – hazardous waste for Head Office		2020/21	2019/20 (Restated)	2018/19 (Restated)
Non-financial indicators (t)	Total Waste	14	20	24
	Waste to landfill	0	1	1
	Waste reused/recycled	10	10	14
	Waste incinerated	4	9	9
Finite Resource Consumption – Water		2020/21	2019/20 (Restated)	2018/19 (Restated)
Non-financial indicators (m <sup>3</sup> )	Water Consumption	1,303	1,443	1,826
Non-financial indicators (m <sup>3</sup> /average FTE)	Water Consumption per Full Time Equivalent (FTE)	3	4	6

### Performance against GGC Targets

The GGC targets as detailed in the table below, aim to reduce government’s environmental impact:

GGC Target	Target	2020/21	Status	Link to UN Sustainable Development Goals
To cut greenhouse gas emissions by 44% from a 2009/10 baseline from MMOs apportioned share of the Defra estate and business related transport	360 tCO <sub>2</sub> e	140 tCO <sub>2</sub> e	Achieved	
Reduce the number of domestic flights by 30% from a 2009/10 baseline	148 flights	6 flights	Achieved	
Reduce the amount of waste going to landfill to less than 10%	<10%	0%	Achieved	
Continue to improve our waste management by reducing the overall amount of waste generated from a 2009/10 baseline	<27 tonnes	14 tonnes	Achieved	
Continue to further reduce water consumption from a 2009/10 baseline	<1,409m <sup>3</sup>	1,303m <sup>3</sup>	Achieved	

Report on office water use against best practice benchmark	N/A	N/A	Achieved (see below)	
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The MMO has achieved all GGC targets in 2020/21, with environmental performance significantly improved due to the impact of the Covid-19 pandemic ways of working. The MMO will continue to maximise the use of technology into 2021/22, to balance a return to MMO offices with the environmental benefits of reduced travel.

### Office water use against best practice benchmark

In line with the GGC target above, MMO water usage for 2020/21 against the best practice benchmarks is shown in the table overleaf. The overall target for water usage has been achieved in 2020/21.

Best practice benchmarks	Current MMO performance against benchmarks
Sites with best performance (<4m <sup>3</sup> /FTE)	60%
Sites with Good performance (4-6m <sup>3</sup> /FTE)	40%
Sites with Poor performance (>6m <sup>3</sup> /FTE)	0%

### Sustainable Procurement

The MMO follows the procurement processes adopted by Defra and as such contributes to the promotion of sustainable procurement across government. Supplier sustainability consideration is a standard evaluation criterion in all tenders over £10,000 and where possible, contracts are awarded through MMO frameworks and other pan government frameworks operated by the Crown Commercial Services (CCS). This approach supports all of the GGC's as well as wider Government commitments such as Social Value, Modern Slavery, Small and Medium Enterprises and the Public Sector Equality Duty.

The MMO receives food and catering services as part of a Defra Group facilities management contract.

### Climate Change Adaptation

The MMO ensures that all operational decision-making with long term implications, account for the risks of climate change and is robust to changing weather, extreme weather events and sea level rises.



**Tom McCormack, CBE**  
Chief Executive Officer and Accounting Officer  
Marine Management Organisation  
13 December 2021





## 2. Accountability Report





## 2.1 Corporate Governance Report

The Corporate Governance Report explains the composition and organisation of the MMO's governance structures and how they support the achievement of its strategic objectives.

### 2.1.1 Directors' Report

#### Responsibility for the direction of the MMO

##### Non-Executive Board Members

Each member of the MMO Board is appointed by the Secretary of State for Environment, Food and Rural Affairs, for a term of three or four years. Members may be considered for re-appointment in accordance with guidance from the Office of the Commissioner for Public Appointments.

For the year ended the 31 March 2021, there were nine Non-Executive Board members in post. The following re-appointments were made during the period:

- Hilary Florek was reappointed as Chair of the Marine Management Organisation (MMO). Her second term is for three years and will run from 8 February 2021 to 7 February 2024.
- Belinda Howell, Robert Wilson, and William Roberts have had their terms extended by one year.

The composition of the Board for the year ended 31 March 2021 is as follows:

Non-Executive Board Member	Role	Appointment date	End date
Hilary Florek	Chair	08/02/2018	07/02/2024
Anthony Delahunty	Non-Executive Board Member	01/02/2017	31/01/2023
Terence Jagger	Non-Executive Board Member	01/02/2017	31/01/2023
Belinda Howell	Non-Executive Board Member	01/05/2018	30/04/2022
Robert Wilson	Non-Executive Board Member	01/05/2018	30/04/2022
William Roberts	Non-Executive Board Member	01/08/2018	31/07/2022
Peter Judge	Non-Executive Board Member	01/02/2019	31/01/2022
David Lyall	Non-Executive Board Member	01/02/2019	31/01/2022
Bill Dickson	Non-Executive Board Member	01/02/2019	31/01/2022

The Audit and Risk Assurance Committee (ARAC) members were William Roberts (Chair), Terence Jagger and Belinda Howell.

The Remuneration Committee members were Rob Wilson (Chair), Anthony Delahunty and Peter Judge.

#### **Interests**

During 2020/21, there were no significant interests held by any of the Non-Executive Board Members which may conflict with their responsibilities. A register of Non-Executive Board Members' interests is published on the MMO's website. Related party disclosures can be seen in note 12 to the Accounts.



## Executive Directors

The Chief Executive Officer and Directors have authority and responsibility for directing the activities of the MMO. The following appointments were made during the period:

- Jenny Stewart was appointed as Director of Planning and Change on 1 June 2020 following the resignation of Terry Robertson on 10 January 2020.
- Andrew Wareing resigned from the role of Director of Business Development and Transformation on 11 June 2021.
- Phil Haslam resigned from the role of Director of Operations on 6 August 2021

The composition during the reporting period is as follows:

<b>Executive Member</b>	<b>Most Current Role</b>	<b>Appointment date</b>	<b>End date</b>
Tom McCormack	Chief Executive Officer	10/09/2019	09/09/2024
Michelle Willis	Director of Finance and Resources Deputy Chief Executive Officer	18/02/2013	-
Phil Haslam	Director of Operations	01/12/2016	06/08/2021
Trudi Wakelin	Director of Marine Licensing	06/02/2017	-
Andrew Wareing	Director of Business Development and Transformation	05/12/2016	11/06/2021
Jenny Stewart	Director of Planning and Change	01/06/2020	
Selina Stead	Chief Scientific Advisor	01/06/2017	-
Emma Moir	Director of EU Exit	11/10/2019	03/04/2020

## Interests

During 2020/21 the Chief Executive Officer/Accounting Officer and Directors held no interests outside of the MMO relating to the MMO's business.

## Personal data related incidents

During 2020/21 there have been no incidents of data loss involving personal information over the reporting period that required formal reporting to the Information Commissioner's Office.

## 2.1.2 Statement of Accounting Officer's Responsibilities

Under the Marine and Coastal Access Act 2009, the Secretary of State has directed the Marine Management Organisation 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 Marine Management Organisation and of its income and expenditure, Statement of Financial Position, 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* in particular to:

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

The Accounting Officer of Defra has appointed the Chief Executive Officer as Accounting Officer of the Marine Management Organisation. 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 for safeguarding the Marine Management Organisation's assets, are set out in *Managing Public Money* issued by HM Treasury.

### **Disclosure of audit information to auditors**

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

### **2.1.3 Governance Statement**

As Accounting Officer, I have responsibility for maintaining a sound system of risk management, governance and control that supports the achievement of the policies, aims and objectives of the Marine Management Organisation (MMO) whilst safeguarding the public funds and MMO assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money. I am required to prepare a Governance Statement to provide assurances of operating sound systems of internal control and set out how these duties have been carried out.

The MMO's Executive, which comprises five Executive Directors, a Chief Scientific Advisor, and me, with collective responsibility for the management of the MMO and its business, in line with the Minister's priorities and the business strategy set by the MMO Board.

#### **Oversight by the Department for Environment, Food and Rural Affairs**

The MMO's functions and responsibilities are provided under the Marine and Coastal Access Act 2009. The Department for Environment, Food and Rural Affairs (Defra) is the MMO's sponsoring department and the MMO is accountable to Defra for its use of resources and its performance. The corporate governance arrangements between Defra and the MMO are set out in a Framework Document which can be found at <http://webarchive.nationalarchives.gov.uk/20140305091040/http://www.marinemangement.org.uk/about/documents/mmo-framework-update.pdf>

#### **Governance within the Marine Management Organisation**

As a Non-Departmental Public Body (NDPB) within the Defra Group, the MMO is led by a Non-Executive Board that is responsible for setting the overall strategic direction for the MMO in delivery of its strategic objectives and evaluating performance. Hilary Florek is Chair of the Board and has responsibility for ensuring the MMO activities support the wider policies of the Secretary of State (SoS) and its decisions comply with statute and any direction given by the SoS. At 31 March 2021, the MMO Board comprised nine Non-Executive Board Members. A full list of Non-Executive Board Members is included at page 59.

Governance arrangements are currently detailed in the MMO Code of Conduct for standards of behaviour and the MMO Framework Document for accountabilities and responsibilities, planning, budgeting and control and external accountabilities. This is supported by the MMO's Action Plan which sets out the operational and financial strategic objectives to which the MMO is committed. Based on this structure, executive governance is taken forward through the Executive Directors, led by myself. The Executive is supported by a Senior Leadership Team that, together with their functional teams, all interact to achieve delivery of the strategic objectives.

The MMO has in place financial and non-financial Schemes of Delegation, with guidance on regularity and propriety, including an Anti-Fraud and Bribery Policy and Disclosures in the Public Interest (Whistleblowing) Policy and Procedure to comply with the Public Interest Disclosure Act 1998. The schemes of delegation were updated during the year following approval by the MMO Board to reflect new repatriated functions (Fish Export Service, UK Single Issuing Authority for licensing of UK and EU vessels) and other updates including the Covid-19 pandemic financial intervention schemes. MMO Framework Document will be updated to reflect these changes during 2021/22.

The MMO Board delegates responsibility to its two principal committees: The Audit and Risk Assurance Committee (ARAC) and the Remuneration Committee. The Terms of References for these committees are reviewed regularly, each chaired by a Non-Executive Board member. In addition, the MMO Board and Executive is supported by a Chief Scientific Advisor on matters of science and evidence.

## **MMO Governance updates in response to Covid-19 Pandemic**

In March 2020 the Prime Minister announced extraordinary and unprecedented measures to slow the spread of the Covid-19 pandemic in the UK. The Prime Minister asked the public to stay at home and effectively put the Country into 'lockdown'. Throughout 2020/21, the majority of MMO Teams (excluding our regulatory assurance service) have worked from home with new ways of working and communication to deliver essential services.

The Executive Directors supported by the Senior Leadership Team followed UK Government guidelines, invoking Business Continuity plans, and setting up dedicated governance forums to consider the impact on the MMO people and its services. This included the Covid-19 Response Group (CRG), with daily Executive Leadership Team meetings. The MMO was represented on all newly established Defra governance groups including the Emergency Policy Liaison which considered cross cutting issues across the Defra Group.

CRG was later replaced by the MMO Restart Working Group which considered MMO outdoors and work from home service delivery and associated business preparations adapting to lifting of government restrictions. MMO has also engaged with the Project Horizon, a Defra led project set up to evaluate the impact of the Coronavirus pandemic has had on how we work and the opportunities it provides. Project Horizon consists of three phases, or 'Horizons' including Recovery (Horizon 1), Sustain and Improve (Horizon 2) and People and Places (Horizon 3) and MMO is represented in all phases.

## **MMO Governance updates in response to the end of the UK/EU transition period**

The MMO Implementation Control Centre (ICC) was established in December 2020 to assure the delivery and performance MMO's ongoing and new services following the end of the EU/UK transition period. The ICC has been pivotal in capturing, controlling, and resolving implementation and live running issues with new services implemented from 1 January 2021, and in utilising feedback received from Industry to identify planned service design tactical and technological improvements (mainly on the Fish Export Service). The ICC also maintains focus of operational plans covering our enhanced presence at sea capability alongside the fishing activity of UK and EU vessels in the England Exclusive Economic Zone (EEZ).

## **MMO Board and Committee activity including performance**

### **MMO Board**

The MMO Board considers standard agenda items which include the approval of previous MMO Board minutes, updates on actions; reports from myself and Directors, including health, safety and wellbeing; reports detailing performance in delivering the Action Plan; financial reporting and risk management, complemented with reports from Sub-Committees.

During 2020/21, the MMO Board met on seven occasions and considered a number of priorities across the three themes of Operational and Financial, Strategic Developments and Committee Report and sub-groups:

- Operational and Financial: consideration of Performance (delivery of MMO Services) financial, risk, assurance, and commercial approvals (for contracts exceeding £250k), the demersal landing obligations and Control and Capability Programme (mobile working project). People matters (Health, Safety, and wellbeing) were also covered with particular focus on the MMO People Survey results.

- Strategic Developments: reviewing the MMO Story implementation, business planning, Comprehensive Spending Review, Highly Protected Marine Areas, Stability and Security Fund (CSSF) Blue Belt Programme governance, preparedness for the end of the EU/UK transition period including the Fisheries Act 2020 impact on MMO Functions and duties (Fish Export Service and Single Issuing Authority) with approval of updates to the MMO Scheme of Delegations for new Services including the domestic and Covid-19 pandemic financial support schemes;
- The development of the MMO Strategy for the next 10 years; and
- Committee reports and sub-groups; approval of the MMO Annual Report and Accounts, Evidence Strategy, and development of a new MMO Strategy for 2021/22.

This approach has ensured that appropriate direction and escalation has been provided following substantive challenge and debate; all of which are formally documented.

I can confirm that where conflicts of interest have arisen, the Chair has initiated protocols for managing sensitivities. During 2020/21, any conflicts considered to be prejudicial in nature have been reported to the Chair in advance to allow impartial discussions and decision making to be upheld. A full register of interests is maintained and reviewed following each MMO Board meeting.

Hilary Florek, the MMO Chair has completed performance reviews for all Non-Executive Board members during the reporting year, taking account of performance and reflecting on individual portfolios of responsibility and discussing priorities for the future.

MMO did not hold a Board effectiveness review for the period of this governance statement but a review will be completed by Internal Audit in 2021/22.

### **Audit and Risk Assurance Committee (ARAC)**

The ARAC comprises three Non-Executive Board members. The MMO Board and Accounting Officer receive ARAC minutes and reports from the ARAC Chair concerning the work of the committee.

The ARAC provides an independent view on the appropriateness and adequacy of the MMO governance, risk management and assurance processes. It provides constructive challenge and advice, taking account of risks, on the effectiveness of the MMO's control environment. The principal focus for activities is documented in its Terms of Reference.

During 2020/21, the ARAC met on five occasions and considered a variety of items across the three themes of Externalities, External Audit and Accounting and Risk and Assurance:

- Externalities: preparedness for the end of the EU/UK transition period including legislative changes impacting MMO, implementation of Covid-19 pandemic Financial intervention schemes and the outcome of the Comprehensive Spending Review and Business Planning for 2021/22
- External Audit and Accounting: Annual Report and Accounts (interim and final), National Audit Office Audit Completion Report (including Letter of Representation)
- A deep dive on risk to identify the strategic risk associated with the delivery of Defra strategic objectives through the lens of the MMO Story and providing input and direction on improvements to the risk environment, including assurance mapping and risk reporting (waterfall methodology)
- Risk and Assurance: Internal Audit Programme development and review including the Head of Internal Audit opinion, strategic and corporate risks, counter fraud, and changes to the MMO

## Scheme of Delegations and risk management framework including a deep dive on the Landing Obligation

The ARAC Chair reports regularly to the MMO Board and Accounting Officer on items discussed at ARAC. In addition, the Chair of the Committee will inform the MMO Board (via the MMO Board Chair) of any fraud, misappropriation, or malpractice immediately that it is discovered or suspected. During 2020/21, no such issues were escalated to the MMO Board.

### Remuneration Committee

The Remuneration Committee comprised three Non-Executive Board members in 2020/21. The Remuneration Committee met twice during 2020/21. The objective of the committee is to provide assurance to the MMO Board on the governance of Executive remuneration, contractual issues, and compensation commitments: these are described in the committee's Terms of Reference. In accordance with best practice, it is a standard part of the committee's dealings to report to the MMO Board after every meeting and to produce a formal report on key business conducted at the end of each year.

### Attendance at meetings

Attendance at meetings of the MMO Board, ARAC and Remuneration Committee in 2020/21 was good.

Non-Executive Board member	Board		ARAC		Remuneration Committee	
	Meetings	Attended	Meetings	Attended	Meetings	Attended
Hilary Florek (Chair)	7	7	N/A		N/A	
Anthony Delahunty (Remuneration Committee Member)	7	7	N/A		2	2
Terence Jagger (ARAC member)	7	7	5	5	N/A	
Belinda Howell (ARAC member)	7	7	5	5	N/A	
Robert Wilson (Remuneration Committee Chair)	7	7	N/A		2	2
William Roberts, (ARAC Chair)	7	7	5	5	N/A	
Bill Dickson	7	7	N/A		N/A	
Peter Judge	7	7	N/A		2	2
David Lyall	7	7	N/A		N/A	

## Data Quality to support the MMO Board's needs

The MMO Board agrees the form and content for all reports to be considered at Board meetings, which are minuted and coordinated by the Board Secretariat. All papers brought to the MMO Board for discussion are validated and approved by each Director for their area of responsibility; this ensures completeness, accuracy, and quality so that the content of all papers is of a standard expected for MMO Board consideration. The MMO Board has not raised any specific concerns with the quality of the information provided.

## Compliance with the HM Treasury Corporate Governance Code

The MMO is required to comply with the provisions in the HM Treasury Corporate Governance Code or explain where it has not done so. The only provision of the code that the MMO Board has not complied with is the requirement for a Nominations and Governance Committee. The code indicates that the role of a Nominations and Governance Committee is to: Ensure that there are satisfactory systems for identifying leadership and high potential; Scrutinise the incentive structure and succession planning for the MMO Board and senior leadership; and scrutinise governance arrangements. The MMO Board is satisfied that the relevant assurance covering each of these aspects is obtained through myself and the Director of Finance and EU, supported by the Chair of the Remuneration Committee and the Audit and Risk Assurance Committee; consequently, it does not require a Nominations and Governance Committee.

## Risk, controls, and compliance

The MMO operates a structured risk and control framework which enables the identification, prioritisation, and escalation of key strategic risks. The Executive Leadership Team, (ELT) met throughout the year. ELT scrutinise organisational progress on performance, risk management and financial management monthly. This ensures risk is managed in a way that coordinates effort, minimises duplication, sets direction, creates an audit trail, and enables timely decision making.

**Risk –** There is a risk that MMOs ambitions, decisions and delivery are adversely impacted by new regulation, legislation or policy priorities not staying aligned in the context of the end of the EU/UK transition period or due to Covid-19 pandemic recovery.

- This risk identifies the MMO Story and services do not align with the revised political aspirations introduced through the Fisheries Act 2020 creating divergence with MMOs statutory obligations.
- MMO manage this risk by maintaining good connectivity with Defra and our current influence is mitigating the risk. The Fisheries Act 2020 and the evolving understanding of the EU Trade and Cooperation agreement have provided greater clarity. Section 14 of Marine and Coastal Access Act has been amended for extended powers and along with the MMO Scheme of Delegation to reflect new Services



<p><b>Risk</b> – There is a risk that MMO’s ambitions reflected in the MMO Story, are not matched to available resources or by securing required additional investment support.</p>
<ul style="list-style-type: none"> <li>• This risk identifies to ongoing uncertainty to the delivery of MMO Services in the absence of a multi-year Comprehensive Review financial settlement meaning we are unable to implement strategies to implement change and support the delivery of the big ambitions set out in the MMO Story.</li> <li>• The Defra Group business planning process has concluded, and MMO has received 2021/22 budget allocations for MMO Services, EU transition activity and capital IT developments. The budget allocation is a one-year baseline roll-over, and a three-year financial settlement will be provided as part of the 2021 Comprehensive Review settlement process.</li> </ul>
<p><b>Risk</b> – There is a risk that MMO does not build effective engagement, relationships, and partnerships with key stakeholders to secure support for MMO’s outcomes, services, and change deliveries.</p>
<ul style="list-style-type: none"> <li>• This risk focuses on the adequacy of relationships and communication with customers and stakeholders leading to less effective implementation of MMO Services and change initiatives and new services introduced at the end of the EU/UK transition period.</li> <li>• The MMO manage this risk by proactively engaging with Industry through our Stakeholder Engagement Framework including weekly and monthly stakeholder bulletins, media partnerships, training, and events, and calls directly with industry leads.</li> </ul>
<p><b>Risk</b> – There is a risk that MMO will be impacted by external factors outside of its control related to climate change, net zero which could lead to failure to deliver its vision and ambition.</p>
<ul style="list-style-type: none"> <li>• This risk focuses on the MMO contribution in support of the government’s ambitions in its 25-year Environment Plan for net zero carbon emissions by 2050.</li> <li>• The MMO story sets our ambitions in supporting the government’s ambitions with new environmental legislation. Whilst this risk has a dependency on the 2021 Comprehensive Spending Review, we will use our ‘bridging years’ to work with our stakeholders, delivery partners and government to reset our ambitions to support this key UK and global agenda across the next ten years</li> </ul>

## Information risk management

The MMO holds personal and sensitive information commensurate with its size, statutory requirements and deemed essential for business delivery. The MMO recognises the need to maintain Information Security and all applicable controls are in line with the HMG Security Policy Framework and ensure compliance with relevant legislation. The MMO’s Information Assurance and governance activities are overseen by the Information Asset Owners, the Senior Information Risk Owner (SIRO) with support from Defra’s Digital, Data and Technology Services (DDTS). There have been no significant lapses of protective security in the reporting period.

The MMO has fully participated in the Macpherson review of quality assurance of government models. The MMO does not own any business critical models but has in place appropriate quality assurance arrangements that could be (i) used in future if any models were to fall within scope, and (ii) are currently used to assure the quality of information contributed to other models.

The MMO as part of Defra group continues to strengthen data protection governance and business processes building on work done in 2018/19. The Defra Group Data Protection Officer

(DPO) is the MMO's DPO and has put in place arrangements for monitoring data protection risks and in March 2020 made recommendations for further improvements which are being implemented by the MMO. The MMO is implementing supporting structural change to strengthen data protection and security governance in line with change in Defra Group and wider government. MMO have appointed a Data Protection Manager (DPM) and are working to the recommendations of the DPO to strengthen the data protection position of MMO, moving towards a state of business as usual.

### **Ministerial direction**

No ministerial directions were issued to the MMO during 2020/21.

### **Internal Audit**

The Head of Internal Audit's (HIA's) Annual Report has provided an opinion of 'moderate'. Their opinion has been formed based on an assessment of the design and operation of the risk management framework and an assessment of the range of individual assurances arising from their risk-based internal audit assignments that have been reported throughout the period. This assessment has taken account of the relative materiality of these areas.

### **External Audit**

There are no outstanding management issue(s) or management actions from the 2019/20 audit.

### **Whistleblowing**

The MMO is committed to high standards of integrity, honesty, and professionalism. To support this, the MMO has in place a Disclosures in the Public Interest (Whistleblowing) Policy and Procedure and we encourage our staff to use the procedures outlined therein to raise concerns about any past, present or imminent wrongdoing. It is also set out that MMO takes all concerns very seriously; all allegations will be promptly investigated and that appropriate, and proportionate, action will be taken. The Whistleblowing Policy was reviewed by Internal Audit during the year and a refreshed Policy is to be communicated to all staff in 2021/22.

### **Conclusion**

Overall, I am satisfied there are no significant control weaknesses to report and the effectiveness of the overall governance and risk frameworks has continued to be demonstrated. A comprehensive process of risk management was in place throughout the year and the four strategic risks identified in section 2.1.3 (pages 66-67) have been effectively monitored and managed through the control frameworks.

## 2.2 Remuneration and Staff Report

The Remuneration and Staff Report provides information on the people in MMO and sets out the MMO's remuneration policy for Directors, reports on how the policy has been implemented and the amounts awarded to directors.

### 2.2.1 Remuneration Report

#### Terms of Reference for the Remuneration Committee

The MMO Remuneration Committee is a committee of the MMO Board that has been set up to provide assurance to the MMO Board on the governance of Executive remuneration, contractual issues and compensation commitments. Members of the committee are appointed by the MMO Board but must not include the Chair of the MMO Board. At the 31 March 2021 the committee was made up of two Non-Executive Board Members.

The duties of the committee are to recommend to the MMO Board the policy for the remuneration and performance management of Executive Directors and the Chief Scientific Advisor. The objective of such policy is to provide Executive Directors with appropriate incentives to encourage enhanced performance, so that they are rewarded in a fair manner for their contributions to the success of the MMO.

All issues relating to the MMO Chief Executive Officer's remuneration are decided by the MMO Board following recommendations by the Chair. Proposals on Executive Directors' remuneration are made by the Chief Executive and considered by the Remuneration Committee, which makes a recommendation to the Board for decision. All decisions are made in accordance with the Senior Civil Service Pay Guidance issued by the Cabinet Office and the recommendations of the Senior Salaries Review Body.

#### Salary

'Salary' includes gross salary, overtime and any other allowance to the extent that it is subject to UK taxation. Bonus payments, benefits in kind and pension benefits are to be reported separately under Government Financial Reporting Manual 2020/21 guidance.

#### Pension benefits

#### Cash equivalent transfer values (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. It is an assessment of what it costs the scheme to provide these pension benefits. The actuarial factors used in the calculation of CETV include the Consumer Price Index (CPI) as the measure to update civil service pensions.

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

This reflects the increase in CETV effectively funded by the employer. It does not take into account the increase in accrued pension due to inflation or contributions paid by the employee (including the value of benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

## Taxable expenses classified as benefits in kind

Taxable expenses classified as benefits in kind cover any business expenses incurred by the MMO to the extent that they are subject to UK taxation together with the associated tax. For 2020/21 this consists of costs of accommodation, travel and subsistence incurred by Non-Executive Board Members where the place of work in their contract is their home. The MMO pay the benefit in kind for Non-Executive Board Members to HMRC.

### Non-Executive Board Members' remuneration (subject to audit)

Non-Executive Board Members' remuneration is determined by Defra; however, their fees and expenses are paid by the MMO. The remuneration reported in the table is actual expenditure incurred in the year. The fees reported are actual expenditure incurred in the year; where a Non-Executive Board member has been in post less than a year, the full year equivalent (FYE) is given beneath the actual amount. All payments were made under normal PAYE rules in accordance with their terms and conditions.

Non-Executive Board Member	Role	Appointment date	End date	2020/21 Fee £'000	2019/20 Fee £'000	Taxable expenses classified as benefits in kind 2020/21, to nearest £100	Taxable expenses classified as benefits in kind 2019/20, to nearest £100
Hilary Florek	Chair	08/02/2018	07/02/2024	40-45	40-45	0	3,900
Anthony Delahunty	Non-Executive Board Member	01/02/2017	31/01/2023	15-20	10-15	100	2,200
Terence Jagger	Non-Executive Board Member	01/02/2017	31/01/2023	10-15	10-15	300	2,600
Belinda Howell	Non-Executive Board Member	01/05/2018	30/04/2022	10-15	10-15	100	600
Robert Wilson	Non-Executive Board Member	01/05/2018	30/04/2022	10-15	10-15	0	1,500

Non-Executive Board Member	Role	Appointment date	End date	2020/21 Fee £'000	2019/20 Fee £'000	Taxable expenses classified as benefits in kind 2020/21, to nearest £100	Taxable expenses classified as benefits in kind 2019/20, to nearest £100
William Roberts	Non-Executive Board Member	01/08/2019	31/07/2022	10-15	10-15	0	1,700
Peter Judge	Non-Executive Board Member	01/02/2019	31/01/2022	10-15	10-15	100	100
David Lyall	Non-Executive Board Member	01/02/2019	31/01/2022	10-15	10-15	0	0
Bill Dickson	Non-Executive Board Member	01/02/2019	31/01/2022	10-15	10-15	0	1,400

Non-Executive Board Members have no entitlement to performance related pay or pension contributions.

## Notes

- A. Remuneration Committee members are Rob Wilson (Chair) and Anthony Delahunty.
- B. Audit and Risk Assurance Committee members are William Roberts (Chair), Terence Jagger and Belinda Howell.
- C. No additional paid work was carried out on behalf of the MMO by any Non-Executive Board member.

## Directors' remuneration (subject to audit)

The MMO Directors have the authority and responsibility for directing and controlling the major activities during the reporting period and have influence over the entity as a whole. The salaries reported are actual expenditure incurred in the year; where a Director has been in post less than a year, the full year equivalent (FYE) is given beneath the actual amount.

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.

	Current Role	Appointment date	End date	Salary (£'000)		Bonus Payments (£'000)		Benefits in Kind (to nearest £100)		Pension Benefits (£'000)		Total (£'000)	
				2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
Tom McCormack	Chief Executive Officer	10/09/2019	09/09/2024	115-120	65-70 (115-120 FYE)	5-10	0	0	0	0	12	125-130	75-80 (125-130 FYE)
Michelle Willis	Director of Finance and EU	18/02/2013		90-95	90-95	5-10	0-5	0	0	44	58	140-145	150-155
Phil Haslam	Director of Operations	01/12/2016		85-90	90-95	5-10	5-10	0	0	35	37	130-135	130-135
Trudi Wakelin	Director of Marine Licensing	06/02/2017		80-85	80-85	0-5	0-5	0	0	41	30	125-130	115-120
Andrew Wareing	Director of Business Development and Transformation	05/12/2016		80-85	80-85	0-5	0-5	0	0	22	15	105-110	95-100
Jenny Stewart	Director of Planning and Change	01/06/2020		75-80 (90-95 FTE)	0	0	0	0	0	47	0	120-125 (135-140 FTE)	0
Selina Stead	Chief Scientific Advisor	01/06/2017		15-20 (80-85 FTE)	30-35 (80-85 FTE)	0	0	0	0	7	12	20-25 (85-90 FTE)	40-45 (90-95 FTE)
Emma Moir	EU Exit Director (secondment)	10/10/2019	03/04/2020	0	30-35 (70-75 FYE)	0	0	0	0	0	32	0	65-70 (100-105 FYE)

	Current Role	Appointment date	End date	Salary (£'000)		Bonus Payments (£'000)		Benefits in Kind (to nearest £100)		Pension Benefits (£'000)		Total (£'000)	
				2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
John Tuckett	Chief Executive Officer	19/01/2015	07/07/2019	0	35-40 (125-130 FYE)	0	0-5	0	0	0	26	0	65-70 (155-160 FYE)
Terry Robertson	Director of Strategic Development and Planning	19/03/2018	16/01/2020	0	50-55 (80-85 FYE)	0	0	0	0	0	22	0	70-75 (100-105 FYE)
Philippa Coyne	Acting Director of Finance	08/07/2019	08/09/2019	0	5-10 (70-75 FYE)	0	0	0	0	0	8	0	15-20 (75-80 FYE)

<b>Band of highest paid executive disclosed in remuneration report (£'000)</b>	125-130	115-120
<b>Median total remuneration (£)</b>	29,529	28,489
<b>Ratio</b>	4.3	4.1

## Notes

- A. John Tuckett, Chief Executive Officer, left the MMO on the 7 July 2019.
- B. Tom McCormack was appointed Chief Executive Officer and Accounting Officer of the MMO on 10 September 2019.
- C. Michelle Willis was appointed Acting Chief Executive Officer and Accounting Officer in the interim period from 7 July 2019 to 9 September 2019.
- D. Emma Moir is an employee of Defra and was on secondment to the MMO as Director of EU Exit for the period from 10 October 2019 to 3 April 2020.
- E. Philippa Coyne was appointed Acting Director of Finance in the interim period from 7 July to 9 September 2019.
- F. Terry Robertson, Director of Strategic Development and Planning, left the MMO on 16 January 2020.
- G. Selina Stead, Chief Scientific Advisor, is a part-time role at 0.2 FTE.
- H. Jenny Stewart was appointed Director of Planning and Change on 1 June 2020.



## **Fair Pay Disclosure (subject to audit)**

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce.

The remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and cash equivalent transfer of pensions. The banded remuneration of the highest-paid Director in the MMO in financial year 2020/21 was £125,000 to £130,000 (2019/20: £115,000 to £120,000). In addition to this the median total remuneration of the workforce £29,529 has increased slightly from last year (2019/20: £28,489). The ratio of the highest paid executive compared to the median total remuneration is 4.3 (2019/20: 4.1). The median salary used in the fair pay disclosure has been calculated using salaries for all MMO staff and an annual equivalent remuneration paid to interim staff based on the grade of post they are covering. All salaries were in a range from £21,048 to £175,760, with 13 staff receiving an annual equivalent salary in excess of the highest paid director.

Overall performance has been assessed against work objectives, the MMO core competence framework and role profiles. Bonus payments for each of the performance years have been made as a non-consolidated pay award where an individual has been awarded a good or excellent mark. Bonuses awarded in the 2020/21 year are in respect of performance in the 2019/20 year.

## Directors' Pension benefits (subject to audit)

Executive Group Member	Real increase in pension (£'000)	Real increase in lump sum (£'000)	Value of pension at 31/03/2020 (£'000)	Value of lump sum at 31/03/21 (£'000)	CETV at 01/04/20 (£'000)	Real increase in CETV (£'000)	CETV at 31/03/21 (£'000)
Phil Haslam	0 – 2.5	0	5 - 10	0	90	21	121
Michelle Willis	2.5 – 5	0	30 - 35	0	418	25	463
Trudi Wakelin	0 – 2.5	0	45 - 50	0	611	23	658
Andrew Wareing	0 – 2.5	2.5 - 5	30 - 35	100 - 105	782	23	833
Selina Stead	0 – 2.5	0	0 - 5	0	18	4	23
Jenny Stewart	2.5 - 5	0	25 - 30	0	377	29	424

## Pensions

Pension benefits were provided through the Principal Civil Service Pension Scheme (PCSPS).

Tom McCormack is neither a member of the Principal Civil Service Pension Scheme nor any Partnership Scheme linked to his employment with MMO.

## 2.2.2 Staff Report

### Staff Costs and Numbers (subject to audit)

	2020/21 Permanently employed £'000	2020/21 Others £'000	2020/21 Total £'000	2019/20 Total £'000
Wages and salaries	12,140	3,699	15,839	15,140
Pension costs	3,256	0	3,256	3,026
Social security costs	1,347	0	1,347	1,241
<b>Total Staff Costs</b>	<b>16,743</b>	<b>3,699</b>	<b>20,442</b>	<b>19,407</b>

All of the MMO's permanently employed staff are public servants. Others include staff on inward secondments from other government departments and temporary agency staff. There were no staff exit packages in 2020/21 (2019/20: nil).

Temporary staff are appointed for short term work through the Crown Commercial Framework Agreements. There was no expenditure on consultancy in 2020/21 (2019/20: nil) as shown in note 3 on page 101 of the financial statements.

Average Number of Full Time Equivalent Staff	2020/21 Number of people	2019/20 Number of people
Directly Employed	358	350
Inward Secondments	7	5
Temporary Agency/Interim Staff	37	38
<b>Total</b>	<b>402</b>	<b>393</b>

### Pensions

The PCSPS is an unfunded multi-employer defined benefit scheme, subsequently the MMO is unable to identify its share of the underlying assets and liabilities. The Scheme Actuary valued the scheme as at 31 March 2016. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice.gov.uk/my-civil-service/pensions](http://www.civilservice.gov.uk/my-civil-service/pensions)).

From 1 April 2020 to 31 March 2021, employers' contributions of £3,241k were payable to the PCSPS (2019/20: £3,057k) at one of four rates in the range of 20.0 per cent to 30.3 per cent of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during the period under review, 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 £14k were paid to one or more of the panel of three appointed stakeholder pension providers (2019/20: £13k).

Employer contributions are age-related and range from eight per cent to 14.75 per cent of pensionable pay. Employers also match employee contributions up to three per cent of pensionable pay. In addition, employer contributions of £1k, under 1 per cent of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

No employees have retired early on ill health grounds (2019/20: none). Ill health retirements are met by the pension scheme and are not included in the table above.

### Staff composition

The composition of MMO staff at 31 March 2021 is shown in the table below:

	Male FTE	Female FTE	Total FTE
CEO (SCS 2 level or equivalent)	1	0	1
Director (SCS 1 level or equivalent)	2	3	5
Other Staff	181	186	367
<b>Total</b>	<b>184</b>	<b>189</b>	<b>373</b>

### Sickness absence data

During the period to 31 March 2021 the average number of sickness days for our staff was 6.4 days (2019/20: 5.5 days).

### Equality and Diversity

The MMO is committed to the principle of equality and will not tolerate discrimination on grounds of any protected characteristic.

It values the diversity amongst our workforce and are committed to providing a fair and equal working environment for all MMO employees. The MMO uses a recruitment system, which gives each application a unique candidate number, and all applications for employment are short-listed using candidate numbers rather than names.

The MMO aims to ensure that any employee with a disability is provided with an equal, safe working environment free from harassment and discrimination. In order to ensure that people with a disability can compete on equal terms with other candidates, the MMO offers a guaranteed interview to all applicants with a disability who meet the minimum criteria for a post. This then allows applicants with a disability the opportunity to demonstrate job accountabilities and behaviours at interview.

Where employees have declared a disability the MMO has been able to support them by providing appropriate adjustments in the work environment, ranging from specialist equipment, allowing time away from the desk and permitting home working.

The MMO has also publicised and encouraged managers to bring to the attention of staff the Workplace Adjustments Passport. This provides a discussion framework, helps managers work

with a person to understand their needs, and how the MMO can support them in their career development.

### **Other employee matters**

The MMO have achieved Disability Confident Level 3 and are supporting other organisations to achieve Disability Leadership status by working as an accreditor. We have reported our gender pay gap in line with national requirements and have instigated an action plan to address the relatively small, published gap.

The MMO conducts an annual People Survey which this year returned an average staff engagement score of 68%. The MMO has an employee forum to address opportunities to increase employee engagement.

During 2020/21 MMO had an average staff attrition rate of 9%.

The MMO is committed to health, safety and wellbeing of all workers and holds regular initiatives, including health drop-in centres, mental health support teams, and has an employee assistance programme. In addition, a quarterly programme board is held and sponsored by an MMO Director.

The MMO has a constructive and proactive relationship with our recognised Trade Unions (TU) supported by a partnership agreement, and a quarterly partnership forum. The MMO regularly consults with TU in employment matters.

The MMO participates in Defra group and government talent schemes for example positive action pathways, including significant investment in leadership and management training over the past 12 months and continues to utilise apprenticeship funding streams to enhance career development and social mobility.

The MMO pay policy complies with government pay remit guidelines.

## Trade Union Facility Time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 are effective the 1 April 2017 and require the MMO to publish information in relation to Trade Union Facility Time for 2020/21.

**Table 1**

### Relevant union offices

What was the total number of your employees who were relevant union officials during the relevant period?

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
3	3

**Table 2**

### Percentage of time spent on facility time

How many of your employees who were relevant union officials employed during the relevant period spent a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time?

Percentage of time	Number of employees
0%	
1-50%	3
51%-99%	
100%	

**Table 3**

### Percentage of pay bill spent on facility time

Provide the figures requested in the first column of the table below to determine the percentage of your total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period.

Provide the total cost of facility time (£'000)	<b>16</b>
Provide the total pay bill (£'000)	20,442
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	<b>0%</b>

**Table 4**

### Paid trade union activities

As a percentage of total paid facility time hours, how many hours were spent by employees who were relevant union officials during the relevant period on paid trade union activities?

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	<b>0%</b>
--	-----------

## Off-payroll engagements

Following the Review of Tax Arrangements of Public Sector Appointees published by the Chief Secretary to the Treasury on 23 May 2012, the MMO is required to publish information on our highly paid and/or senior off-payroll engagements.

<b>Number of temporary off-payroll worker engagements for £245 or more per day as at 31 March 2021</b>	<b>22</b>
Of which...	
Number that have existed for <u>less than one</u> year at time of reporting	<b>16</b>
Number that have existed for between <u>one and two</u> years at time of reporting	<b>3</b>
Number that have existed for between <u>two and three</u> years at time of reporting	<b>2</b>
Number that have existed for between <u>three and four</u> years at time of reporting	<b>1</b>



<b>Number of temporary off-payroll workers engaged at any point during the year ended 31 March 2021 for £245 or more per day</b>	<b>32</b>
Of which...	
Number determined as in-scope of IR35 <i>[i.e. the intermediaries legislation applies to the engagement]</i>	<b>32</b>
Number determined as out-of-scope of IR35 <i>[i.e. the intermediaries' legislation does not apply to the engagement]</i>	<b>0</b>
Number of engagements reassessed for compliance or assurance purposes during the year	<b>13</b>
Of which: number of engagements that saw a change to IR35 status following review	<b>13</b>
Number of engagements where the status was disputed under provisions in the off-payroll legislation	<b>0</b>
Of which: number of engagements that saw a change to IR35 status following review	<b>0</b>

<b>Off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2020 and 31 March 2021</b>	
Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year. (1)	<b>0</b>
Total number of individuals <u>on payroll and off payroll</u> that have been deemed "board members, and/or senior officials with significant financial responsibility", during the financial year. This figure should include both on-payroll and off-payroll engagements (2)	<b>16</b>

All existing off-payroll engagements, as disclosed above, have been assessed to confirm that they have paid the correct tax and national insurance. The confirmation has been provided to the Defra Chief Finance Officer.

## **2.3 Parliamentary Accountability and Audit Report**

The Parliamentary Accountability and Audit Report brings together the key accountability documents, detailing the regularity of expenditure, so that Parliament can be assured that funds have been expended in the manner intended.

### **2.3.1 Regularity of Expenditure (subject to audit)**

The Marine Management Organisation's Accounting Officer, the Chief Executive Officer, is the person on whom parliament calls to account for stewardship of its resources. The standards the accounting officer is expected to deliver cover Governance, Decision-making and Financial Management.

The Marine Management Organisation complies with the HM Treasury guidance "Managing Public Money", which in short covers the principles as to how Government bodies handle public funds with probity and in the public interest. The Financial Memorandum sets out the specific financial framework, within which the Marine Management Organisation is required to operate. This is complemented by the Scheme of Delegation which is the means a statutory body authorises its employees to carry out certain of its functions. The Marine Management Organisation has separated its Scheme of Delegation into two parts for ease of reference:

- a financial schedule of delegations ("FSoD") which covers all financial functions or functions which have monetary implications e.g. loans, scheme payments etc.; and
- a non-financial schedule of delegations ("NFSoD") which covers all non-monetary functions e.g. licences, enforcement action etc.

Under the Government's transparency agenda, expenditure is published monthly on all transactions over £25k and Government Procurement Card spend over £500.

An annual audit of the Marine Management Organisation's Accounts is undertaken by the National Audit Office (NAO). In addition to this is an ongoing internal audit programme which helps to provide assurance to our Chief Executive/Accounting Officer as well as our Audit and Risk Assurance Committee that finances are being handled appropriately and with propriety.

All of the above give us assurances that our finances are being handled with regularity.

For 2020/21 the MMO can report that there were no losses, special payments or gifts incurred during the year to date which exceeded £300k.

### **2.3.2 Fees and Charges (subject to audit)**

Information in respect of Fees and Charges can be seen in note 4 to the Accounts.

### **2.3.3 Remote contingent liabilities (subject to audit)**

Information in respect of contingent liabilities can be seen in note 11 to the Accounts.

### **2.3.4 Long-term expenditure trends**

Information in respect of long-term expenditure trends can be seen in the 'Financial Review' at pages 48-52.

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

**Tom McCormack CBE**  
Chief Executive Officer and Accounting Officer  
Marine Management Organisation

13 December 2021

# THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

## Opinion on financial statements

I certify that I have audited the financial statements of the Marine Management Organisation for the year ended 31 March 2021 under the Marine and Coastal Access Act 2009. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual.

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

In my opinion, the financial statements:

- give a true and fair view of the state of the Marine Management Organisation's affairs as at 31 March 2021 and of the Marine Management Organisation's net operating expenditure for the year then ended; and
- have been properly prepared in accordance with the Marine and Coastal Access Act 2009 and Secretary of State directions issued thereunder.

## Opinion on regularity

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

## Basis of opinions

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

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Marine Management Organisation in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

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

## Conclusions relating to going concern

In auditing the financial statements, I have concluded Marine Management Organisation's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

The going concern basis of accounting for the Marine Management Organisation is adopted in consideration of the requirements set out in the HM Treasury's Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

### **Other Information**

The other information comprises information included in the Performance Report and the Accountability Report but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's certificate thereon. The Marine Management Organisation and the Accounting Officer are responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

### **Opinion on other matters**

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

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Marine and Coastal Access Act 2009; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

In the light of the knowledge and understanding of the Marine Management Organisation and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability reports. 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 returns adequate for my audit have not been received from branches not visited by my staff; or

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

### **Responsibilities of the Marine Management Organisation and Accounting Officer for the financial statements**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Marine Management Organisation and the Accounting Officer, are responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the Marine Management Organisation and the Accounting Officer determine are necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error.
- assessing the Marine Management Organisation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Marine Management Organisation and the Accounting Officer anticipates that the services provided by the Marine Management Organisation will not continue to be provided in the future

### **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit, certify and report on the financial statements in accordance with the Marine and Coastal Access Act 2009

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

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

My procedures included the following:

- Inquiring of management, the Marine Management Organisation's Head of Internal Audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Marine Management Organisation's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;

- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Marine Management Organisation's controls relating to the Marine and Coastal Access Act 2009 and the Fisheries Act 2020 and Managing public Money;
- discussing among the engagement team and involving relevant internal and or external specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition and posting of unusual journals;
  - Obtaining an understanding of the Marine Management Organisation's framework of authority as well as other legal and regulatory frameworks that the Marine Management Organisation operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Marine Management Organisation. The key laws and regulations I considered in this context included the Marine and Coastal Access Act 2009, the Fisheries Act 2020, Managing Public Money, and relevant employment, taxation and pensions legislation.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate

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



I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

## **Report**

I have no observations to make on these financial statements.

**Gareth Davies**  
**Comptroller and Auditor General**  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

**15 December 2021**





## 3. Financial Statements





## Statement of Comprehensive Net Expenditure for the year ended 31 March 2021

	Note	2020/21 £'000	2019/20 £'000
<b>Expenditure</b>			
Staff Costs	2	20,442	19,407
Other Expenditure	3	23,018	23,014
<b>Total Expenditure</b>		<b>43,460</b>	<b>42,421</b>
<b>Income</b>			
Revenue from contracts with customers	4	(4,491)	(3,823)
Other Operating Income	4	(2,918)	(6,937)
<b>Total Income</b>		<b>(7,409)</b>	<b>(10,760)</b>
<b>Net Operating Expenditure</b>		<b>36,051</b>	<b>31,661</b>
<b>Other Comprehensive Net Expenditure</b>			
Net (Gain) / Loss on revaluation of Intangibles	5	0	(3)
<b>Comprehensive Net Expenditure</b>		<b>36,051</b>	<b>31,658</b>

The notes on pages 94 to 108 form part of these accounts.

## Statement of Financial Position at 31 March 2021

	Note	31 March 2021		31 March 2020	
		£'000	£'000	£'000	£'000
<b>Non-current assets:</b>					
Property, plant and equipment		30		61	
Intangible assets	5	3,883		3,900	
<b>Total non-current assets</b>			<b>3,913</b>		<b>3,961</b>
<b>Current assets:</b>					
Trade and other receivables	6	8,483		7,028	
Cash and cash equivalents	7	9,544		4,487	
<b>Total current assets</b>			<b>18,027</b>		<b>11,515</b>
<b>Total assets</b>			<b>21,940</b>		<b>15,476</b>
<b>Current liabilities:</b>					
Trade and other payables	8	14,889		6,546	
Provisions		0		90	
<b>Total current liabilities</b>			<b>14,889</b>		<b>6,636</b>
<b>Total assets less current liabilities</b>			<b>7,051</b>		<b>8,840</b>
<b>Non-current liabilities:</b>					
Other payables	8	0		0	
<b>Total non-current liabilities</b>			<b>0</b>		<b>0</b>
<b>Total assets less total liabilities</b>			<b>7,051</b>		<b>8,840</b>
<b>Taxpayers' equity and other reserves:</b>					
General reserve			7,046		8,826
Revaluation reserve			5		14
<b>Total equity</b>			<b>7,051</b>		<b>8,840</b>



**Tom McCormack CBE**

Chief Executive Officer and Accounting Officer  
 Marine Management Organisation  
 13 December 2021

The notes on pages 94 to 108 form part of these accounts.

## Statement of Cash Flows for the year ended 31 March 2021

	Note	2020/21 £'000	2019/20 £'000
<b>Cash flows from operating activities</b>			
Net Operating Expenditure		(36,051)	(31,661)
Adjustment for notional corporate recharge	3	7,344	5,890
Adjustments for depreciation and amortisation	3	927	639
Adjustments for impairment of PPE and Intangibles	3	0	74
(Increase)/decrease in trade and other receivables	6	(1,455)	(2,296)
Increase/(decrease) in trade payables and other liabilities	8	8,343	1,561
Use of provisions		(90)	(100)
<b>Net cash outflow from operating activities</b>		<b>(20,982)</b>	<b>(25,893)</b>
<b>Cash flows from investing activities</b>			
Purchase of Intangible Assets	5	(879)	(1,810)
<b>Net cash outflow from investing activities</b>		<b>(879)</b>	<b>(1,810)</b>
<b>Cash flows from financing activities</b>			
Grant from Defra		26,918	31,269
<b>Net financing</b>		<b>26,918</b>	<b>31,269</b>
<b>Net increase / (decrease) in cash and cash equivalents in the period</b>	7	<b>5,057</b>	<b>3,566</b>
<b>Cash and cash equivalents at the beginning of the period</b>	7	<b>4,487</b>	<b>921</b>
<b>Cash and cash equivalents at the end of the period</b>	7	<b>9,544</b>	<b>4,487</b>

The notes on pages 94 to 108 form part of these accounts.

## Statement of Changes in Taxpayers' Equity for the year ended 31 March 2021

	Note	General Reserve £'000	Revaluation Reserve £'000	Total £'000
<b>Balance at 31 March 2019</b>		<b>3,310</b>	<b>29</b>	<b>3,339</b>
<b>Changes in Taxpayers' Equity 2019/20</b>				
Grants from parent department		31,269	0	31,269
Notional corporate recharges	3	5,890	0	5,890
Net gain on revaluation of intangible assets	5	0	3	3
Transfers between reserves		18	(18)	0
Comprehensive Net Expenditure for the year		(31,661)	0	(31,661)
<b>Balance at 31 March 2020</b>		<b>8,826</b>	<b>14</b>	<b>8,840</b>
<b>Changes in Taxpayers' Equity 2020/21</b>				
Grants from parent department		26,918	0	26,918
Notional corporate recharges	3	7,344	0	7,344
Net gain on revaluation of intangible assets	5	0	0	0
Transfers between reserves		9	(9)	0
Comprehensive Net Expenditure for the year		(36,051)	0	(36,051)
<b>Balance at 31 March 2021</b>		<b>7,046</b>	<b>5</b>	<b>7,051</b>

The notes on pages 94 to 108 form part of these accounts.

## **Notes to the Accounts**

### **Note 1 Statement of accounting policies**

#### **1.1 Requirement to prepare accounts**

These accounts are for the year ended 31 March 2021 and have been prepared in accordance with the Marine and Coastal Access Act (MCAA) 2009 and the Secretary of State direction there under.

The financial statements have been prepared in accordance with the 2020/21 Government Financial Reporting Manual (FReM) issued by HM Treasury. 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 Marine Management Organisation (MMO) for the purpose of giving a true and fair view, has been selected.

The particular policies adopted by the MMO are described below. They have been applied consistently in dealing with items that are considered material to the accounts. There have been no specific judgements made by management in the process of applying these accounting policies that are considered to have had a significant effect on the amounts recognised in the financial statements.

#### **1.2 Accounting convention**

The accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment and intangible non-current assets. Reported transactions have been recognised on an accruals basis unless otherwise stated in these notes to the accounts.

#### **1.3 Going concern**

The accounts have been prepared on a going concern basis. In common with other Non-Departmental Public Bodies (NDPBs) within the Defra group, the future financing of the MMO's liabilities is accordingly to be met by future supplies of grant-in-aid and the application of future income, both to be approved annually by Parliament. Approval for amounts required for 2021/22 have been confirmed and there is no reason to believe that future approvals will not be forthcoming. As part of the Governments' commitment to increase transparency and accountability of public services, Defra completed a review of its arm's length bodies in 2013 and confirmed that the MMO will be retained as an executive NDPB, on the grounds of performing a technical function which should remain independent.

#### **1.4 Operating Segments**

In accordance with IFRS8 Operating Segments, all MMO business activities have been identified as forming a single reportable operating segment. All information provided to the Board and Directors for the purposes of financial management is presented on this basis.



## 1.5 Non-current assets

### 1.5.1 Intangible non-current assets: recognition and measurement

The MMO holds a number of software licences, and title to a suite of bespoke software applications. Internally generated intangible assets are recognised as Construction in Progress (CIP) until they are brought into beneficial use. Treatment of the development costs complies with the criteria noted in IAS38 (Intangible Assets).

### 1.6 Revaluation

All non-current assets other than freehold and leasehold property are reviewed annually using indices provided by the Office for National Statistics. Where movements in indices are material, assets are re-valued, and their value less disposal costs is depreciated over the periods in which they contribute net benefits to the business on a straight-line basis.

### 1.7 Depreciation and amortisation

Conventionally, and in line with Defra accounting policies, depreciation and amortisation is recognised in the month the asset was brought into beneficial use and ceases in the month in which the asset is disposed. Unless the useful life of the asset is specified by contract or other obligations, depreciation and amortisation will normally be reckoned over useful lives within the following ranges:

Office equipment	3 – 10 years
Information Technology	3 – 10 years
Vehicles	4 years
Intangible assets	2 – 12 years

### 1.8 Impairment

The carrying amounts of the MMO's tangible and finite life intangible assets are reviewed at each Statement of Financial Position date to establish whether there are any indications of impairment. If such indications are evident, the estimated recoverable amounts of the assets are compared to their carrying amount. If the carrying amount exceeds the recoverable amount, an impairment loss is immediately recognised. The recoverable amount is the greater of the fair value, less costs to sell, and the value in use. The value in use is an estimate of the future cash flow benefits expected to derive from the asset, discounted by a rate that reflects current market assessments of the time value of money and the risks specific to the asset.

### 1.9 Employee benefits

The MMO accounts for staff costs and pension contributions in the periods for which they are payable. The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme. The MMO is unable to identify its share of the underlying assets and liabilities. The scheme administrators carry out actuarial valuations of the scheme and prepare full accounts for the scheme.

The MMO recognises in its accounts those costs collected from it by the scheme administrators in respect of Accruing Superannuation Liability Charges (ASLCs), which are shown as “pension costs”.

The MMO recognises a liability and expense for all other employee benefits, including unused annual leave, accrued at the Statement of Financial Position date, provided these amounts are material in the context of the overall staff costs. IAS 19.17 states that the expected costs of bonus payments should be recognised when a legal or constructive obligation to make such payments, as a result of past events, exists and a reliable estimate can be made.

### **1.10 Grants and subsidies**

The MMO has a role designated by the Secretary of State as the UK European Maritime Fisheries Fund (EMFF) Managing Authority, Certifying Authority, and the Intermediate Body for England.

Through the management of this structural fund the MMO will carry out duties in the capacity as Agent for Defra, as the Principal. The transactions of grant expenditure and the funding amounts reclaimed from the European Commission (EC) feature in Defra’s Resource Accounts and not the MMO’s Accounts. The Defra Resource Accounts include only those transactions which are in relation to the activities of the England Intermediate Body only.

Other UK agencies make payments to claimants for certain schemes, principally European Maritime Fisheries Fund (EMFF) for fisheries control and enforcement and under EU Data Collection Regulations. The MMO co-ordinate this expenditure, submitting programme plans and claims to the EC. The MMO does not report within its own accounts the transactions or balances relating to third parties, unless temporarily holding funds received for onward disbursement.

The MMO has a role designated by the Secretary of State as the administrator of the Maritime Fisheries Fund (MFF). Through the management of this fund the MMO will carry out duties in the capacity as Agent for Defra, as the Principal. The transactions of grant expenditure feature in Defra’s Resource Accounts and not the MMO’s Accounts.

During 2020/21, the MMO was designated by the Secretary of State the administration of the emergency grant funding support schemes, the Fisheries Response Fund (FRF), the Seafood Disruption Support Scheme (SDSS) and the Seafood Response Fund (SRF). Through the management of these funds the MMO will carry out duties in the capacity as Agent for Defra, as the Principal. The transactions of grant expenditure feature in Defra’s Resource Accounts and not the MMO’s Accounts.

Grant funding received from Home Office through the Asset Recovery Incentive Scheme, under the Proceeds of Crime Act, are a share of penalties imposed by the courts following successful prosecution of offenders by the MMO during the financial reporting period. Receipts are accrued and deferred upon notification of award by the Home Office and are only recognised as income in the Statement of Comprehensive Net Expenditure when the funding is used. Funds must be spent in the financial year in which they are earned and used on initiatives which may either reduce the instances of crime or benefit the community and unutilised funds are returned to Home Office.

### **1.11 Other Expenditure**

From April 2015 arrangements for paying corporate overheads moved to a notional recharge basis. The notional Corporate Overhead Recharge, which is calculated by Defra, includes

expenditure relating to estates management and the elements of the IBM Service Concession Arrangement which were previously recognised separately in 'Other Expenditure'.

## 1.12 Income

The MMO has assessed all revenue and associated cash flows in accordance with IFRS 15 Revenue from contracts with customers to identify those arising from contracts with customers. This requires income to be recognised upon delivery of the contractual services to the customer.

The MMO fees and charges income streams (1 – 2 below) have been assessed as within scope of IFRS 15 as they meet the definition of a contract through the supply of marine licensing services. The contractual service and associated performance obligation has been assessed as the work undertaken by the MMO in the course of processing the application as this is chargeable to the customer. The transaction price remains in line with the basis of the fees and charges as set out (1-4 below). The assessment of the impact of IFRS 15 is immaterial as the point at which control of performance obligations is transferred to customers under IFRS 15 matches the point at which the risks and rewards were transferred under previous standard IAS 18 revenue. Consequently, transition disclosures under IFRS 15 are not required.

- 1) From the 1 September 2018 fees and charges have been issued in accordance with the Marine Licensing (Application Fees)(Amendment) Regulations 2018 supported by powers on the MCAA 2009; which sets the charge for marine licence applications at £122 per hour and provides powers to charge for travel time and subsistence costs. This statutory instrument allows charging for marine licence activity on a band basis, depending on the criteria of an application, as follows:
  - i) Self-service applications for low value/risk applications, available online through a self-service portal at a fixed fee of £50.
  - ii) Band 2a (Band 2a-c under the previous regulation set in 2014) and Band 2b (Band 2 d-e under the previous regulation set in 2014) are fees up to a capped limit, invoiced in arrears, and are recognised on an accruals basis.
  - iii) Band 3 are uncapped hourly fees, invoiced in arrears, and are recognised on an accrual basis.
- 2) The Public Bodies Act 2011 allows the Secretary of State to change the funding arrangements of certain bodies such as the MMO by means of an order. From 1 October 2014, changes to the MMO's charging powers were made in an Order under section four and five of the Act allowing the MMO to recover costs incurred for licence variations, in monitoring sites where licensable activity is taking place, reviewing monitoring reports required from licensing holders, and in varying existing licences. Revisions to the statutory instrument made provision for changes to the Act, where such income is recognised on an accrual basis.
- 3) Other revenue, which is assessed as in scope for IFRS 15 is recognised when the outcome is delivered to the customer. The impact of IFRS 15 is immaterial as the point at which control of performance obligations is transferred to customers under IFRS 15 matches the point at which the risks and rewards were transferred under previous standard IAS 18 revenue. Therefore, transition disclosures under IFRS 15 are not required.

The following Other Operating Income is recognised in accordance with IAS20 Grants and is therefore out of scope of IFRS15:

- 4) The MMO recognises income earned from the EC as a contribution to the MMO's expenditure on enforcing fisheries regulations (EMFF) and preparing statistical reports on the condition of UK fisheries (EMFF DCF). Income is recognised upon confirmation from the EC of the amount payable.

The MMO sets its licence fees with due regard to HM Treasury's Fees, Charges and Levies guidance in "Managing Public Money", with the financial objective of recovering all recoverable costs of providing the service. Income Note 5 reports the cost under recovery.

### **1.13 Provisions**

The MMO provides for the obligations arising from past events where it is probable that it will be required to settle the obligation and a reliable estimate can be made. This is in accordance with IAS37. Future costs have not been discounted.

### **1.14 Value Added Tax (VAT)**

As an executive NDPB the MMO is unable to recover the VAT incurred through the delivery of non-statutory services, with one exception; the taxable pre-application advice received from Cefas and charged to customers who have requested it in advance of making applications for Marine Licences. As VAT is not recoverable on most of the activities, it is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets.

### **1.15 Contingent liabilities and remote liabilities**

In addition to contingent liabilities disclosed in accordance with IAS 37, the MMO discloses, for Parliamentary reporting and accountability purposes, certain contingent liabilities where the likelihood of a transfer of economic benefit is remote - unless disclosure of those remote liabilities is itself believed likely to increase the possibility of the liability being accrued, or the value of these remote liabilities is not material.

### **1.16 Financial instruments**

#### **1.16.1 Financial assets**

The MMO holds trade receivables in this category. These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables do not carry any interest and are recognised and carried at the lower of their original invoiced value or recoverable amount. Provision is made when there is objective evidence that the asset is impaired. Balances are written off to net expenditure when the probability of recovery is assessed as being remote or it is uneconomic to do so.

In line with the Government Financial Reporting Manual IFRS 9 Financial Instruments is effective from 1 April 2018. In accordance with IFRS 9 the MMO must recognise a loss allowance on short term trade receivables equal to their lifetime Expected Credit Losses. The MMO has performed an assessment of expected credit losses and as a result has recognised

a loss allowance equivalent to all customer invoices over 12 months old. This change in approach to impairment from the incurred loss model under IAS39 is immaterial, consequently the transition disclosures under IFRS 9 are not required.

### **1.16.2 Financial liabilities**

These comprise trade and other payables and financial liabilities. They are initially recognised at fair value of consideration received less directly attributable transaction costs. Trade payables are not interest bearing and are stated at their nominal value.

### **1.16.3 Derivative financial instruments and hedging**

The MMO is required to disclose the role that financial instruments had at 31 March 2021 in creating or changing the risks faced by the MMO in undertaking its activities.

The non-trading nature of the MMO's activities, and the way that MMO is financed, means that it is not exposed to the degree of financial risk faced by other business entities. MMO has no powers to borrow or invest surplus funds and financial assets and liabilities generated by the day to day operational activities and are not held to change the risks facing the MMO in undertaking its activities.

## **1.17 Impending applications of newly issued accounting standards not yet effective**

IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, requires disclosures in respect of new IFRSs, amendments and interpretations that are, or will be applicable after the reporting period. There are a number of IFRSs, amendments and interpretations that have been issued by the International Accounting Standards Board that are effective for future reporting periods. Those with relevance to the MMO are outlined below. The MMO has not adopted any new IFRS standards early.

IFRS 16 – Leases. This standard is effective from 1 January 2019, with public sector implementation expected in line with the Government Financial Reporting Manual from 1 April 2022. It will supersede all existing IFRS standards on leases. In line with Note 9 'Commitments under leases' the MMO has current operating lease commitments of £2,399k in relation to Buildings and Land, and £143k in relation to lease cars. These lease commitments will be assessed as 'right of use' assets in line with the implementation of IFRS 16.

## Note 2 Staff numbers and related costs

	<b>2020/21 Permanently employed £'000</b>	<b>2020/21 Others £'000</b>	<b>2020/21 Total £'000</b>	<b>2019/20 Total £'000</b>
Wages and salaries	12,140	3,699	15,839	15,140
Pension costs	3,256	0	3,256	3,026
Social security costs	1,347	0	1,347	1,241
<b>Total Staff Costs</b>	<b>16,743</b>	<b>3,699</b>	<b>20,442</b>	<b>19,407</b>

All permanently employed MMO staff are public servants. Others include staff on inward secondments from other government departments and temporary agency staff. Temporary staff are appointed for short term work through the Crown Commercial Framework Agreements.

Information relating to senior MMO staff salaries and other benefits in kind is disclosed within the Remuneration Report from page 69 of the Annual Report. Information relating to staff numbers and other staff information is included within the Staff Report from page 76.

### Note 3 Other expenditure

	Note	2020/21 £'000	2019/20 £'000
Aerial, Surface and Satellite Surveillance		8,511	8,774
CEFAS Scientific Support for Marine Environment Work		2,350	2,378
Other ICT		1,452	694
Other Programme Costs		501	648
Data and Evidence		471	853
Shared Services (SSCL)		393	375
Data Collection Framework		313	70
Prosecutions and Legal Services		178	79
Audit Fees - Internal Audit (GIAA)		142	180
Travel, Subsistence and Hospitality		131	914
Rentals payable under operating leases		99	101
Training		91	98
Bad Debt		78	0
Technical Services		72	1,272
Audit Fees - External Audit (National Audit Office)		50	52
Grant Expenditure		1	23
Losses and Special Payments		4	
Consultancy		0	0
<b>Non-cash</b>			
Corporate Overhead Recharge		7,344	5,890
Amortisation	5	896	608
Depreciation		31	31
Impairment of Intangible Assets		0	74
Utilisation of provision		(50)	(20)
Provisions not required and written back		(40)	(80)
<b>Total</b>		<b>23,018</b>	<b>23,014</b>



## Note 4 Income

	2020/21 £'000	2019/20 £'000
<b>Revenue from contracts with customers</b>		
Marine Licences (Marine and Coastal Access Act 2009)	3,489	3,646
Other revenue	1,002	177
<b>Total revenue from contracts with customers</b>	<b>4,491</b>	<b>3,823</b>
<b>Other Operating Income</b>		
European Maritime Fisheries Fund	2,918	6,937
<b>Total Income</b>	<b>7,409</b>	<b>10,760</b>

## Fees and charges (recovered costs)

	Income £'000	Full Cost £'000	(Deficit) £'000
Marine Licences (Marine and Coastal Access Act 2009)	3,489	4,637	(1,148)

The MMO sets its licence fees with due regard to HM Treasury's Fees, Charges and Levies guidance in "*Managing Public Money*", with the financial objective of recovering all chargeable costs.

The information has been provided for fees and charges purposes and not for IFRS 8 purposes.

On 1 September 2018, the MMO implemented a revision of the fees and charging instrument, underpinned by the MCAA 2009. Fees are charged for licensing activities on a tier basis; self-service fixed fee £50, capped (Band 2) or hourly charge (Band 3) depending on the criteria of the application.

The MCAA 2009 marine licensing income recognised in the period to 31 March 2021 consists of income relating to both the 2014 charging instrument (effective 1 April – 31 August 2018) and the 2018 charging instrument (effective 1 September 2018). Of this £125k related to navigational dredging and £908k for monitoring and varying marine licences under the powers of Order to the Public Bodies Act 2011 effective from 1 October 2014.

Fees for navigational dredging licences are issued under the regulations made under powers in the MCAA 2009. Schedule 9 (part 4) of the regulations provided a transitional period for operators and regulators to meet the statutory requirements of the Act. This period ended on 31 March 2014, navigational dredging became enforceable from 1 April 2014.

The cost recovery deficit of £1,148k relating to MCAA 2009 marine licences has materialised because the cost of the MMO undertaking these activities exceed the fee rate set within the statutory instrument which restrict the MMO's ability to recover all recoverable costs, where appropriate.

## Note 5 Intangible assets

	Software & Licences £'000	Construction in Progress £'000	Intangible Assets £'000
<b>Cost or valuation</b>			
At 1 April 2020	8,560	195	8,755
Additions	0	879	879
Revaluations	0	0	0
<b>At 31 March 2021</b>	<b>8,560</b>	<b>1,074</b>	<b>9,634</b>
<b>Amortisation</b>			
At 1 April 2020	(4,855)	0	(4,855)
Charged In period	(896)	0	(896)
Revaluation	0	0	0
<b>At 31 March 2021</b>	<b>(5,751)</b>	<b>0</b>	<b>(5,751)</b>
<b>Net Book Value at 1 April 2020</b>	<b>3,705</b>	<b>195</b>	<b>3,900</b>
<b>Net Book Value at 31 March 2021</b>	<b>2,809</b>	<b>1,074</b>	<b>3,883</b>
	Software & Licences £'000	Construction in Progress £'000	Intangible Assets £'000
<b>Asset Financing</b>			
Owned	2,809	1,074	3,883
On-balance sheet (SoFP) other service concession arrangements	0	0	0
<b>Net Book Value at 31 March 2021</b>	<b>2,809</b>	<b>1,074</b>	<b>3,883</b>

Internally generated intangible assets classified as construction in progress are development costs for new information systems.

The following internally developed systems were under construction during the year:

- Data Exchange Reporting

Internally developed systems are recognised at cost and have a useful economic life of five years. The last revaluation of intangible assets was carried out on 31 March 2021, this did not result in any increase or decrease in the value of the assets.

The net book value of Software and Licences includes the Catch Recording System with a carrying amount of £1,302k. The system is used to electronically record and store fisheries catch data. The system was brought in to use in November 2019 and has a remaining amortisation period of 44 months.

	Software & Licences £'000	Construction in Progress £'000	Intangible Assets £'000
<b>Cost or valuation</b>			
At 1 April 2019	4,567	2,422	6,989
Additions	0	1,810	1,810
Transfers	3,963	(3,963)	0
Impairments	0	(74)	(74)
Revaluation	30	0	30
<b>At 31 March 2020</b>	<b>8,560</b>	<b>195</b>	<b>8,755</b>
<b>Amortisation</b>			
At 1 April 2019	(4,220)	0	(4,220)
Charged In period	(608)	0	(608)
Revaluation	(27)	0	(27)
<b>At 31 March 2020</b>	<b>(4,855)</b>	<b>0</b>	<b>(4,855)</b>
<b>Net Book Value at 1 April 2019</b>	<b>347</b>	<b>2,422</b>	<b>2,769</b>
<b>Net Book Value at 31 March 2020</b>	<b>3,705</b>	<b>195</b>	<b>3,900</b>

	Software & Licences £'000	Construction in Progress £'000	Intangible Assets £'000
<b>Asset Financing</b>			
Owned	3,705	195	3,900
On-balance sheet (SoFP) other service concession arrangements	0	0	0
<b>Net Book Value at 31 March 2020</b>	<b>3,705</b>	<b>195</b>	<b>3,900</b>

## Note 6 Trade receivables and other current assets

	2020/21 £'000	2019/20 £'000
<b>Amounts falling due within one year</b>		
Trade Receivables	1,079	679
Bad Debt	(215)	(137)
Other taxation and social security	0	15
Prepayments and Accrued Income	1,333	873
Prepayments and Accrued Income (EU)	6,286	5,598
<b>Total due within one year</b>	<b>8,483</b>	<b>7,028</b>

There were no receivables falling due after more than one year at 31 March 2021 (31 March 2020: nil).

## Note 7 Cash and cash equivalents

	2020/21 £'000	2019/20 £'000
<b>Balance at 1 April 2020</b>	<b>4,487</b>	<b>921</b>
Net changes in Cash and Cash Equivalent balances	5,057	3,566
<b>Balance at 31 December 2020</b>	<b>9,544</b>	<b>4,487</b>

Cash is held in accounts which are provided by Government Banking Services (GBS). The current provider is Royal Bank of Scotland.

## Note 8 Trade payables and other current liabilities

	2020/21 £'000	2019/20 £'000
<b>Amounts falling due within one year</b>		
Trade Payables	1,645	1,774
Other taxation and social security	818	608
Accruals and Deferred Income	1,599	1,301
Other Payables:		
Defra Network	8,958	1,973
Aerial & Surface Surveillance	1,869	890
<b>Total due within one year</b>	<b>14,889</b>	<b>6,546</b>

There were no payables falling due after more than one year at 31 March 2021 (31 March 2020: nil).

## Note 9 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:

	31 Mar 2021 £'000	31 Mar 2020 £'000
<b>Buildings and Land</b>		
Not later than one year	561	215
Later than one year and not later than five years	1,552	503
Later than five years	286	388
	<b>2,399</b>	<b>1,106</b>
<b>Other</b>		
Not later than one year	75	89
Later than one year and not later than five years	68	140
	<b>143</b>	<b>229</b>

As at 31 March 2021, 22 cars were leased over a period of four years which is reflected in the other operating lease commitments above.

#### Note 10 Other financial commitments

The MMO entered non-cancellable contracts (which are not leases or PFI contracts) as detailed below. The payments to which the MMO were committed at 31 March 2021, analysed by the period during which the commitment expires, are as follows:

	31 Mar 2021 £'000	31 Mar 2020 £'000
Not later than one year	2,738	5,361
Later than one year and not later than five years	1,093	976
Later than five years	0	0
<b>Total present value of obligations</b>	<b>3,831</b>	<b>6,337</b>

#### Note 11 Contingent liabilities

The Court of Appeal (Civil Division) has granted the Marine Management Organisation permission to appeal an adverse legal ruling by the High Court made in 2021. MMO is pursuing the appeal along with alternative arrangements for finalising the case and may face a financial liability the value of which will be determined at a later stage of the proceedings.

#### Note 12 Related party transactions

The MMO is an executive Non-Departmental Public Body sponsored by Defra, which is regarded as a related party. During the year, the MMO has carried out a number of material transactions with Defra in the normal course of business. In addition, the MMO had various material transactions with the Cefas and Seafish, for both of which Defra is regarded as the parent Department.

The MMO also had transactions with other government departments the most significant of which was with the Ministry of Defence (MOD).

The following table shows the organisation where our Non-Executive Board or Directors have a related party interest.

Board Member / Senior Staff	Corporate Related Body	Role	Total payments made (Goods & Services) £'000	Total income received £'000	Amount owed by MMO at 31 March 2021 £'000	Amount owed to MMO at 31 March 2021 £'000	Bad Debt at 31 March 2021 £'000
Anthony Delahunty	Royal National	Lifeboat Operations Manager	0	19	0	4	0

	Lifeboat Institution						
Belinda Howell	Centre for Environment, Fisheries and Aquaculture Science (Cefas)	UK Seafood Innovation Fund - steering group member	2,350	0	1,056	0	0

No Non-Executive Board Member or member of the Executive Group has undertaken any material transactions with the MMO constituting an interest which needs to be declared. Further information on Non-Executive Board Members and Directors can be found in the Remuneration Report from page 69.

### Note 13 Third-party assets

Court costs recovered by the MMO can be retained, however, they must be held for a period of six months after the date of prosecution due to defendants' right to appeal. Court costs disclosed below relate to monies which have been held for a period less than the required six months and are therefore classed as a third-party asset.

During the period to 31 March 2021, the MMO received fishing administrative penalties imposed by English or Welsh courts on owners of fishing vessels in accordance with Sea Fishing (Penalty Notices) (England) Order 2011 SI 2011 No 758. The MMO acts as custodian, however, it has no direct beneficial interest, therefore these monies are not included in the Accounts and will be transferred to HM Treasury as consolidated fund extra receipts once they are six months old.

Bond receipts are sums of money deposited with the MMO by suspects or defendants as security against their failure to submit to the jurisdiction of English courts and pay the penalties for their alleged wrongdoing. They are collected when foreign fishing vessels are detained by the MMO and released from detention before the court case is concluded or the fines paid. The MMO acts as custodian, however, it has no direct beneficial interest, therefore the funds held remain the property of the person depositing them unless, or until, they fail to submit to the court process or pay their penalties, in which case they are forfeited to the Crown.

The amounts are set out in the table below:

<b>Monetary assets and monies on deposit</b>	<b>31 Mar 2021 £'000</b>	<b>31 Mar 2020 £'000</b>
Court Costs	78	92
Fishing Admin Penalties	135	132
Bonds	70	105
<b>Total</b>	<b>283</b>	<b>329</b>

#### **Note 14 Events after the reporting date**

Andrew Wareing resigned as Director of Digital and Analysis on 11 June 2021, Simon Dixon was appointed acting Director in the interim and Stephanie Campbell was appointed permanent Director of Digital on 11 October 2021.

Philip Haslam resigned as Director of Operations on 6 August 2021, Michael Coyle was appointed interim Director pending recruitment of a permanent replacement.

The Annual Report and Accounts are authorised for issue on the date of the Comptroller and Auditor General's audit certificate.





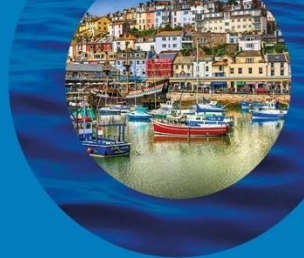
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