



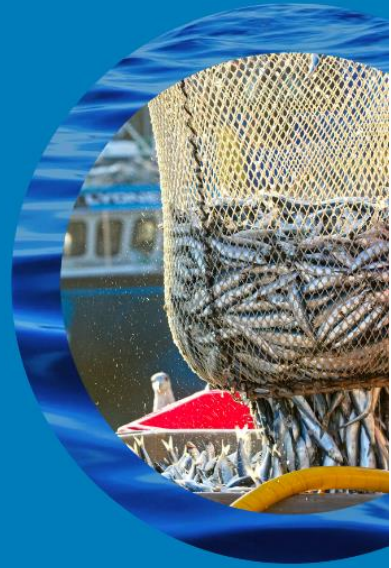
Marine  
Management  
Organisation



# Annual Report and Accounts

1 April 2021 to  
31 March 2022

**HC 752**



# Marine Management Organisation

**Annual Report and Accounts 2021/22  
For the period 1 April 2021 to 31 March 2022**

Presented to Parliament pursuant to Schedule 1, Paragraphs  
26, 27 and 28 of the Marine and Coastal Access Act 2009

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More information on our work can be found on our website at [www.gov.uk/mmo](http://www.gov.uk/mmo)





# 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

MMO continues to be an ambitious, service-driven regulator dedicated to delivering the best possible outcomes for users of the sea – whether they are inshore fishers with a single small vessel, or a power company developing the nation’s energy-generating capabilities. We are committed to continuing to engage, listen, learn, and work together to maintain strong and enduring working relationships with stakeholders through collaboration, partnership, and joint stewardship.

The UK’s exit from the EU and new status as an independent coastal state, brought with it new powers and reinvigorated policy ambition. This has given MMO opportunity to create and move towards our vision of a prosperous, sustainable, and ambitious future for our seas, coasts, communities, and marine environment. We have successfully delivered services during 2021/22, a year full of challenges; with industry uncertainty and the ongoing complexities presented by the Covid-19 pandemic.

This year we have also responded to a wide range of legislative changes for fisheries and the environment. During this time, we have continued to work with the fishing sector and other key stakeholders and partners to manage the changes effectively. This is in addition to administering vital grants that support the fishing and seafood sector in providing employment, economic growth and sustainability to the food chain (including the £65 million UK Seafood Fund Infrastructure Scheme), delivering funding to support key industries during the pandemic and adapting to new requirements introduced as a result of leaving the EU.

From the vast penguin colonies of South Georgia and the South Sandwich Islands to the marine turtles of Ascension Island, the UK Overseas Territories are home to globally significant biodiversity. MMO’s influence has continued to increase on the international stage as part of the UK Government’s extended Blue Belt Programme assisting with marine protection in UK Overseas Territories and our participation in The Ocean Country Partnership Programme (OCP), announced in 2021. This is a new UK Government-led programme delivered under the Blue Planet Fund to assist countries to establish Marine Protected Areas (MPAs).

The marine environment is seen to be critical in halting climate change and reversing biodiversity loss. From the creation of MMO’s new Strategic Renewables Unit to a range of conservation measures to help protect vital marine ecosystems, MMO has a key role to play in ensuring a sustainable future for our seas.

In the latter part of the year as restrictions were relaxed, external engagement activity restarted with the return of face-to-face meetings and a new approach to re-establishing long standing relationships with our broad range of stakeholders and partners. MMO sponsored and provided the keynote speech at the annual Coastal Futures event in January 2022, which was attended by over 600 people from more than 200 organisations. Regional Fishers Groups (RFGs) have also been established allowing direct engagement with the fishing industry, providing opportunities for fishers to directly inform management decisions that impact them.

A wide range of engagement activity is undertaken right across the business demonstrating MMO's continued commitment to listening to colleagues, partners, and stakeholders.

Innovation and growth are coming to the fore as we take new opportunities to transform and shape our services through increasing digitisation and development of technological solutions. This has included making further improvements to the functionality of the catch recording application used by fishers, starting phased introduction of vessel monitoring devices to our inshore fishing fleet and modernising how colleagues record data in the field with the mobile working application. These projects will provide better collection and use of data and, working together with industry, help to manage fishing sustainability.

The Board and the Executive leadership team have finalised the new MMO Strategy which will launch to MMO colleagues and stakeholders in the autumn of 2022. This demonstrates the continued commitment from MMO to make a difference to the future of our seas, coasts and communities to deliver the Defra 25 Year Environment Plan. This MMO Strategy will enable a clear platform for us all to engage with our wide variety of stakeholders and customers, providing a clear narrative for us to discuss our joint vision and goals for our seas. It is ambitious, as it should be for any forward-thinking organisation, with strategic goals around sustainable marine development, ecosystem recovery, modernising the services we deliver, transforming how we regulate, assuring the sustainable and transparent management of fishing opportunities for industry and improving how we use evidence and data.

A new three-year Corporate Plan is also in development to guide the organisation as it continues to modernise, transform, and build on our growing reputation. A stronger performance framework will be established to focus on the actions, outcomes, and effectiveness of our service delivery. This plan will be vital in enabling us to measure our progress at various levels; from the outcomes and impacts defined for each of our strategic goals, through to the performance of our individual services and demonstrate that we continue to be an organisation that delivers value for money.

I, together with the whole Board would like to pay tribute to our colleagues across the organisation for their hard work and dedication and extend our appreciation to stakeholders and partners for all the valuable contributions and input to MMO's work during 2021/22. We continue to support our colleagues' health, safety and wellbeing and ensure MMO is an open, diverse, and inclusive employer. The transformation of organisational delivery and the input from all colleagues is an essential part of building a more sustainable MMO, with longer-term capacity, confidence through capability, and a stronger sense of purpose for the future.



**Hilary Florek**  
Chair  
Marine Management Organisation





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

It has been another successful year for MMO supporting our customers and stakeholders with the delivery of our **six marine services**, as we develop further as a customer-centric, outward-facing regulator that's ambitious for our seas and coast.

As always, the dedication, professionalism, and passion of our MMO workforce is at the heart of everything we do. This year has been a demanding year for colleagues, driven by a combination of delivering in covid restrictions and most significantly with gaps in our MMO capacity and capability, on which I'm pleased to confirm progress. My sincere thanks to colleagues and teams across MMO for their significant delivery achievements.

For the first time ever, we've developed and implemented a full set of marine plans. We are working with decision makers in rolling out a new, integrated marine planning framework for England which sets out how we optimise, prioritise, and manage our seas. These are major steps forward in **enabling sustainable marine development**, as we work to support the sustainable use of our seas and protect and restore our precious marine environment. At the same time, we continue to develop our evidence base and monitor the effectiveness of our marine plans.

Our licensing work has also been supporting sustainable marine development with notable projects this year including a contentious marine licence variation for the Hinkley Point C Nuclear New Build. There has also been continued close working with Department for Transport (DfT) in the development and delivery of our Harbour Orders services. This has resulted in the Port of Liverpool gaining statutory powers to construct a new Cruise Liner Terminal and Cornwall Council were supported to limit harbour activities in St Ives Bay during the 2021 G7 Summit.

We continue to focus on **delivering sustainable fishing opportunities**, including supporting the development and delivery of Fisheries Management Plans (FMPs) and leading on the preparation of the 'front runner' FMPs. We're working closely with delivery partners and key stakeholders, such as commercial and recreational fishers and their representatives, Producer Organisations, Processors, Inshore Fisheries and Conservation Authorities (IFCAs) and environmental non-government organisations (eNGOs), as well as actively engaging Regional Fisheries Groups (RFGs) to support the fishing and seafood sectors.

We are **protecting marine habitats and wildlife** through new measures and increased action. MMO took on new regulatory powers in the Fisheries Act 2020 to help manage fishing in English offshore waters for the conservation of marine flora, fauna, and habitats. Following stakeholder engagement and consultation, we implemented fisheries management measures in the first set of offshore Marine Protected Areas (with further actions planned for remaining offshore MPAs over the next two years), putting MMO at the forefront of protecting more marine species and habitats than ever before.

**Administering marine support funds** delivers financial support and investment to help the long-term sustainability, resilience, and prosperity of the seafood sector. MMO's Grants Team launched with Defra, the Fisheries and Seafood Scheme (FaSS) in April 2021 to replace the European Maritime and Fisheries Fund. In its first year, over 650 applications were received with the value of FaSS payments made reaching £5.5 million.



Importantly, MMO was also chosen to deliver the £65 million UK Seafood Fund Infrastructure Scheme on behalf of Defra. MMO continues to conclude delivery of the UK European Maritime Fisheries Fund (EMFF), and has during 2021/22 delivered the Marine Support Fund, a £15.6 million 'top up' fund to EMFF.

As the independent marine regulator for England's seas, we continue to deliver professional regulatory marine services for our customers and stakeholders. Through 2021/22 we increased MMO's capacity and capability in our **regulatory support and assurance services** at sea and in ports. We undertook a range of assurance inspections (taking enforcement action where required) covering fisheries, wildlife licences, marine protection and assuring marine licence conditions and MMO grant applications - demonstrating how MMO's assurance services extend beyond fisheries.

We also started the journey of modernising our assurance inspections using mobile devices and digital capabilities and moving away from outdated paper-based activities. In addition, MMO continued to operate the UK Single Issuing Authority and Fish Export Service on behalf of all UK Fisheries Authorities. These free to use services are key to continued trade and, by working with industry, we have continued to deliver digital user enhancements and efficiencies to these services. There is a continued focus on helping the industry to further modernise and better support and represent fisheries. Our MMO Coastal Offices have been on hand to help fishers with the catch recording app and processes. This app aims to improve recording, reporting and sharing of catch data. We also provided information and guidance to help fishers prepare for the introduction of Inshore Vessel Monitoring System (I-VMS) from 2022/23.

**Supporting global marine protection** continues to be a core part of MMO's service delivery. We play a leading role in supporting ocean protection and management as part of the UK Government's Blue Belt Programme. As an expert delivery partner, MMO supports the UK Overseas Territories (UKOTs) in the protection and sustainable management of their marine environments. In 2021/22 the Turks and Caicos Island Government joined the Blue Belt Programme and two new exciting sub-programmes, Blue Belt Ocean Shield, and the Global Ocean Wildlife Analysis Network, were also launched to further support Territories. In addition, MMO is a delivery partner in the new Ocean Country Partnership Programme. This is another new UK-led programme announced to help tackle marine pollution, support sustainable seafood practices, and establish designated, well-managed and enforced MPAs.

Strengthening our international networks is key to our ambition to further support global marine protection. Climate change has been top of all our agendas and was brought further into the spotlight in the autumn of 2021 when the UN Climate Change Conference, COP26, took place in Scotland. During this time, we highlighted MMO work both domestically and internationally that contributes to the global efforts to help address the impact of climate change, as well as work to adapt and build resilience to protect our precious oceans.

As England's marine manager, MMO is at its best when we work together to deliver our services and goals. Our engagement activity is broad and wide ranging, taking place at a national, regional, and local level via our coastal teams, through quarterly Regional Fisheries Groups and MMO attendance at industry events. We issue regular updates including fortnightly bulletins to the fish and seafood sector and monthly stakeholder and coastal MP briefings and bulletins. With the return of more face-to-face engagement, we are committed to build even stronger relationships in the year ahead.

This year we also refreshed our MMO Customer Charter setting out the service our customers should expect from us. We've also implemented a more streamlined customer complaints process - working to better use data, insights, and evidence across each of our six services to support decision making, learning, improving, and to help evaluate our impact and contributions.

As we look forward, there are a range of important plans and projects on the horizon including developing and agreeing MMO's role in supporting the Government's British Energy Security Strategy, and the implementation of Fisheries Management Plans (FMPs).

I am pleased to note the further development and growth in teamwork across the MMO Board and the Executive Leadership Team, together leading the design and delivery of a number of important deliverables including the MMO Strategy, a new approach to strategic risks, and our new strategic performance framework.

I'm excited to have our new long-term MMO Strategy in place, following a positive Spending Review settlement in challenging times. For the first time in many years, we are now able to plan our resources and delivery for the next three years using our Corporate Plan. This will help shape MMO's plans to modernise our services, make better use of technologies, increase investment in evidence and data plus focus on a more sustainable organisation with action to grow our capacity, capability, and culture. We can also be even more outward looking by building stronger connections and partnerships with our customers, stakeholders, and delivery partners.



**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)

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. 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.

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 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.

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 2022. Actions to achieve the strategic objectives are described in more detail in Defra's Outcome Delivery Plan.

In 2021/22 MMO received an interim one-year funding settlement, rolled over from 2020/21. This allowed us to work with Defra colleagues to secure a multi-year funding settlement from 2022-2025. The MMO Action Plan for 2020/21 was therefore also carried over into 2021/22 and formed the basis of our performance targets and objectives. The plan sets out how MMO will contribute to achieving the Defra strategic objectives and 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.

The year 2021/22 was a bridging year where we embedded and built on the ambitions set out in MMO Story, published in 2020/21, and developed a new MMO Strategy – **MMO 2030: Healthy, Productive Seas and Coasts**. The strategy sets out our aspirations for the marine environment and coastal communities over the next eight years will drive a more outcome focussed approach to planning and decision making. The strategy will be complemented by a three-year corporate plan that details how our services will deliver our aspirations and meet Defra priority objectives. Both strategy and corporate plan will be underpinned by a new performance framework, developed through 2021/22, that will link service delivery to outcomes and impacts for the marine environment. We plan to launch these during 2022/23.

### MMO's role

MMO is tasked with delivering the Government's vision for clean, healthy, safe, productive, and biologically diverse oceans and seas. These are reflected in MMO's 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 MMO fulfils its role

The UK Marine Policy Statement 2011 provides a framework for MMO's activities in the marine area. This key piece of national policy sits alongside and complements existing legislation covering the marine environment. Following the UK leaving the EU, new 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.

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 MMO's lead sponsor and provides funding through Grant in Aid. 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.

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.





## MMO's people

At the 31 March 2022, MMO employed an average full time equivalent of 437 people (31 March 2021: 402); delivering the front line operations of implementing plan-led marine management, licensing marine works, administering European and domestic grant funding, 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.

## MMO's customers

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 the Fisheries and Seafood Scheme (FaSS), and coastal communities, amongst others. 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. 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

MMO operates a structured risk and control framework which enables the identification, prioritisation and escalation of strategic and operational risks and issues. During 2021/22, eight strategic risks were identified as having the potential to affect MMO's business success in delivering its strategic objectives, credibility, and relationships with delivery partners. The risks identified are substantively linked to MMO achieving its long-term strategic goals as described in the MMO Strategy:

1. Our work with partners to **restore functioning marine ecosystems** introducing increased levels of protection and improvement to our marine environment
2. Create an agile and widely owned **English Marine Planning framework** that sets out and prescribes the strategic priorities for how we optimise, prioritise and manage our seas integrating across the range of sectors that use the seas as well as with terrestrial planning policies.
3. Ensure MMO is recognised as a world leader for the marine management activities it **regulates** and the services it delivers across England, UK and internationally.
4. Create an agreed framework for a culture of **compliance** through leadership, co-management and earned recognition leading, where possible, to self-regulation.
5. Support global marine protection by example and through sharing our expert services; **delivering beyond the UK**
6. Lead the **sustainable and transparent management of fishing opportunities** to achieve a resilient and increasingly viable fishing sector.
7. Maximise value from the use of evidence and data through effective specification, capture, integration and sharing of marine **evidence and analysis**.
8. MMO's **capacity and capability** to deliver its operational and strategic objectives.

In the reporting year, MMO has not only updated its Risk Strategy, but we have also refreshed MMO capability in risk management to consolidate our organisational resilience and embed a risk management culture.

MMO maintains a rolling programme of risk register updates and analysis with reports provided to the MMO Board, Audit Risk and Assurance Committee (ARAC) and the Executive Leadership Team (ELT).

To mitigate and manage these risks, action plans are in place, with responsible Executive Directors as named leads. See pages 64-66 (Governance Statement) for more information.

### **1.1.5 Going concern statement**

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 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. MMO has received approval for funding for the next three years commencing 2022/23, as part of the Spending Review 2021 settlement agreement. The public services provided by MMO are anticipated to continue in the future and there is no reason to believe that future approvals will not be forthcoming.

### **1.1.6 Performance summary**

MMO's contribution to Government's vision to make our air purer, our water cleaner, our land greener and our food more sustainable is set out through its contribution to the Defra Outcome Delivery Plan (Defra ODP). The Defra ODP replaced the Single Departmental Plan in July 2021 and introduced four strategic outcomes:

1. Improve the environment through cleaner air and water, minimised waste, and thriving plants and terrestrial and marine wildlife.
2. Reduce greenhouse gas emissions and increase carbon storage in the agricultural, waste, peat, and tree planting sectors to help deliver net zero.
3. Reduce the likelihood and impact of flooding and coastal erosion on people, businesses, communities, and the environment.
4. Increase the sustainability, productivity and resilience of the agriculture, fishing, food, and drink sectors, enhance biosecurity at the border and raise animal welfare standards.

MMO services contributes to the delivery of Outcomes 1 and 4:		Defra Outcome Delivery Plan priorities	
		Improve the environment through cleaner air and water, minimised waste, and thriving plants and terrestrial and marine wildlife	Increase the sustainability, productivity and resilience of the agriculture, fishing, food and drink sectors, enhance biosecurity at the border and raise animal welfare standards
<u>MMO Services</u>			
	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	✓	

Detailed analysis of MMO's performance in supporting the delivery of the Outcome 1 and 4 is provided in the following section (1.2 Performance analysis). Both EU exit and responding to the Covid-19 pandemic still had some influence on MMO through 2021/22, which are included in the performance analysis.

## **Ensuring delivery of the MMO Action Plan for 2021/22**

The year ending 31 March 2021 was a transition year where both our 2020/21 baseline funding and MMO Action Plan were rolled over into 2021/22 whilst we worked with Defra to prepare for a multi-year Spending Review Settlement (SR 21) for 2022-2025.

During 2021/22 we continued to embed additional duties repatriated following EU exit into core delivery and, in particular, implement delivery of MMO's responsibilities under the Fish Act 2020. Delivering our wider more complex role has required us to continue to innovate in the way we deliver our services through increasing digitisation and development of technological solutions to customer engagement, assurance and to data collection, analysis, and reporting. Examples include the roll out of inshore vessel monitoring (I-VMS) to under 12 metre vessels, the successful implementation of the Fish Export Service (FES) and MMO's role as the Single Issuing Authority (SIA), and further refinement to mobile working and the Catch App.

MMO extended protection of the marine environment through completion of the full set of marine plans, development of the front runner for Fisheries Management Plans (FMPs), supporting Defra on the plans for extending Marine Protected Areas (MPAs) and the development of approaches to Marine Protected Areas for non-licensable, recreational activities, through our work in Studland Bay. We also extended our influence on global marine protection through supporting new Overseas Territories who joined the Blue Belt Programme, and we became a key delivery partner in the Ocean Counties Partnership Programme (OCP).

This year brought into focus the challenges and threats posed by climate change for MMO service delivery through COP 26, in which the MMO participated. This allowed us to undertake a review of the likely impacts on MMO services and recommendations for adaptations we will need to meet climate change challenges. These will be used to inform a more strategic, planned response through 2022/23.

2021/22 was also a transition year in terms of our strategic thinking. Through this year we thought through changes in the way MMO will drive future strategic delivery and monitor and report performance through the production of a 10-year Strategy **MMO2030: Healthy, Productive Seas and Coasts**. The Strategy is complemented by a new three-year Corporate Plan that sets out what MMO will deliver over the three years from 2022-2025 and both are underpinned by a new performance framework that will be implemented through 2022/23. The performance framework extends MMO performance planning and monitoring beyond inputs and outputs onto the links between our services and outcome and impact measures for the marine and coastal environment.

Overall, MMO successfully delivered against its service targets for the 2021/22 reporting year. However, due to resourcing pressures and the volume of licensing requests received post-Covid, the MMO missed the 90% target for determining marine licences within 13 weeks with an end of year performance of 67%. A licensing resource and recovery plan was implemented in October 2021 and is on course to conclude in the 2022/23 delivery year.



# 1.2 Performance analysis

## 1.2.1 Detailed performance analysis

### EU readiness

Through 2020/21 transitional services provided by MMO after exiting the EU were baselined into our core activity, including:

- The Fish Export Service, to facilitate trade and enable export of fish consignments to the European Union or Northern Ireland.
- Enhanced control and compliance capability that has assured the integrity of the Exclusive Economic Zone (EEZ).
- 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.
- The Fisheries and Seafood Scheme (FaSS): launched in April 2021 to replace the European Maritime and Fisheries Fund.

We also continue to support UK Government on EU negotiations on fisheries matters.

### Impact of Covid-19 pandemic

The Covid-19 pandemic continued to have some impact on MMO's aspired performance and delivery ambitions over the reporting period, which mainly manifested through the first quarter. These impacts are many and varied; however, 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 stakeholders.

For MMO it was an imperative to support our people in new and flexible ways of working, to take account of the difficulties they continued to face during this unprecedented period in a sensitive, supportive, and flexible way. Positively, this also brought opportunities for MMO to continue 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. As we have emerged from the pandemic, MMO office-based colleagues are now working to government standards of spending at least 40% of their time working from MMO/Defra hub offices. MMO operational, non-office-based colleagues, returned to outdoor ways of working, conducting assurance inspections and visits as contact restrictions eased.

Covid-19 also continued to affect maintaining at sea enforcement with teams working to maintain safe operational activities for both officers at sea and our customers. Investigations teams also dealt with delays in court hearings due to Covid-19 and difficulties in holding Police and Criminal Evidence Act (PACE) interviews under Covid-19 restrictions and reduced the resulting backlog of investigations to a manageable level.

MMO coastal inspection targets at the beginning of the year were set to reflect Covid-19 restrictions at the time. As those restrictions were eased and later withdrawn, the MMO recorded a much higher rate of inspections from quarter two that exceeded original targets demonstrating that MMO operational colleagues quickly returned to pre-Covid levels of activity.

## Performance by Defra Outcome Delivery Plan Priority

This section is structured by the two Defra Outcome Delivery Plan Priorities that MMO activities contribute to/support. Each service and associated activities align to the Defra ODP Priorities, including the key performance measures we use to assess our success. Performance is reported monthly to the Executive Leadership Team (ELT) as part of an integrated reporting cycle that brings together operational activity, risk, and finance and quarterly to MMO Board and Defra.

Defra Outcome: Improve the environment through cleaner air and water, minimised waste, and thriving plants and terrestrial and marine wildlife

### ***Performance by Defra Outcome Delivery Plan Priority: Thriving marine plants and wildlife and minimised marine waste***

#### **MMO service: enabling sustainable marine development**

We lead and manage sustainable development of our seas and coasts. MMO's role in planning and licensing marine development and activities is to implement, monitor and update marine plans around the English coast that deliver environmental protection and recovery of the sea and help to secure wider environmental, economic, and societal benefits. We also support sustainable marine development through licensing and permitting a range of activities and developments including offshore wind farms, subsea cabling for telecommunications and power, ports, quay constructions, and dredging and extracting aggregates for construction and transport infrastructure.

#### **Marine Licensing**

##### **Performance against plan:**

- 67% of marine licensing applications and variations were completed within 13 weeks. This was below the 90% target and caused by a backlog of cases which built up due to a combination of Covid-19, increase in marine licence applications (intake) and variations, changes to the allocation prioritisation process and impact from recruitment gaps.
- A recovery plan was established in October 2021, and it was agreed that performance would also be measured separately for new intake from this date.
- For the new intake, from October, 162 of 166 clearances have been within target, achieving 98%. We committed to maintaining this performance at 90% or above, and this activity was prioritised and monitored closely to follow progress and identify any additional remedial actions required.
- As of 31 March 2022, there were 93 cases in the stock that missed the 13-week clearance measure. This represented a reduction from 216 (-57%) in stock cases in October 2021. A plan is in place to continue to deliver performance of 90% or above for new applications, and to clear all available older stock applications by summer 2022.
- Additionally, we continue to underpin the case activity with customer engagement activity, to ensure that all customers are proactively aware of the status of their case.
- We also recovered 73% of our costs from license applicants against a target of 80%.

## Key outputs and activities:

### Summary:

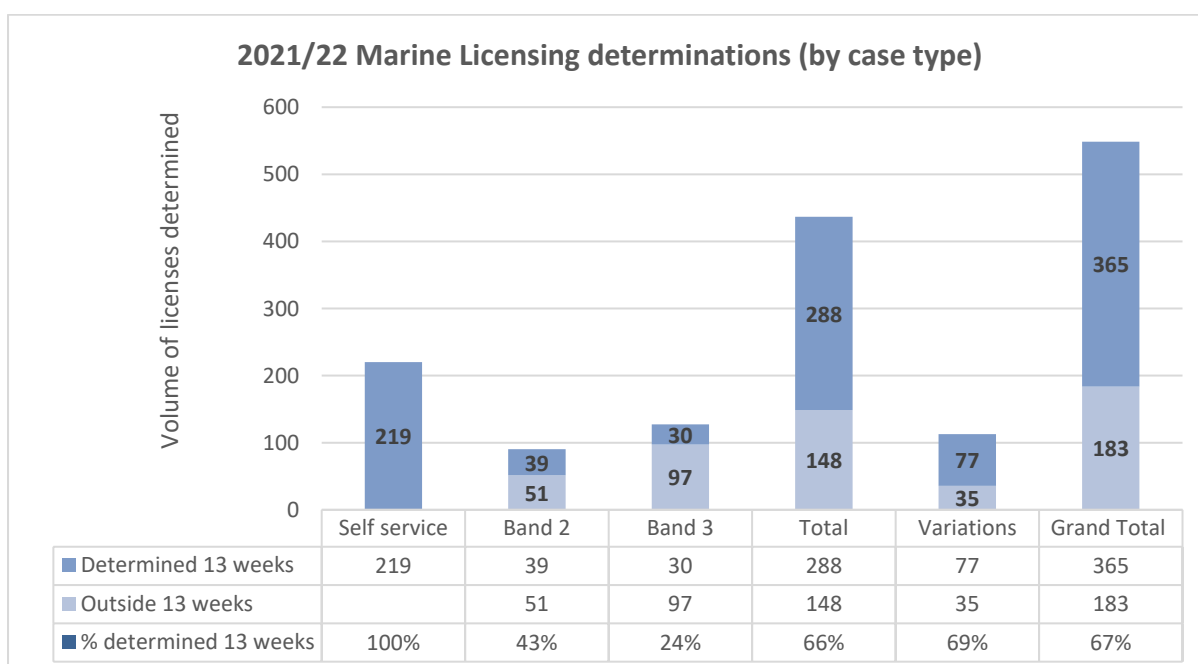
- 548 marine licences and licence variations were determined, and 113 applications were withdrawn, rejected or cancelled.
- 9 Harbour Revision Orders were laid in Parliament and completed parliamentary scrutiny.
- MMO delivered a Harbour Order enabling a restricted zone to be established for the G7 Summit in St Ives, providing additional security to the attending world leaders.
- MMO supported the Hinkley Point C Nuclear New Build with a licence variation required for works that take place within the UK Marine Area.

## Marine licences and variations

MMO has a key role in supporting sustainable development and 548 marine licences and licence variations were determined in 2021/22.

Figure 1 provides a detailed breakdown of the number of different licences determined. 113 licence applications were withdrawn (82), rejected (29) or cancelled (2).

**Figure 1: Licensing decision making – at the 31 March 2022**



**Figure 2 – 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)

### **Harbour Orders**

MMO has continued to work closely with Department for Transport (DfT) in the development and delivery of the Harbour Orders (HO) function. Harbour Orders update legislation for Statutory Harbour Authorities (SHA) so ports and harbours can be improved, maintained and managed, essential for SHAs to regulate their jurisdictions. The current caseload reduced in 2021 from 26 to 15 cases by finalising 9 Harbour Revision Orders (HROs) that were laid in parliament and completed parliamentary scrutiny. The impact of the new Orders results in modern regulation for SHAs to manage their harbours safely and efficiently. This included one example of the Port of Liverpool gaining statutory powers to construct a new Cruise Liner Terminal, increasing its contribution to the local economy through new jobs and tourism (increased passenger capacity and visitors using local facilities).

MMO also made a Harbour Order for Cornwall Council (as SHA for St Ives Harbour) to extend the harbour limits of St Ives for a temporary period, to enable the safe management of harbour activities in St Ives Bay during the G7 2021. The Harbour Order also enabled a restricted zone to be established under the Aviation and Maritime Security Act 1990. The restricted zone was to temporarily limit access to the waters adjoining the area around where the G7 Summit was held, to provide additional security to the attending world leaders.

### **Marine licence variations**

The Hinkley Point C (HPC), EDF Nuclear New Build is the first in a new generation of nuclear power stations in Britain providing low carbon electricity for around six million homes and avoiding nine million tonnes of carbon dioxide emissions a year from electricity generation. A marine licence is required for these works that take place within the UK Marine Area, including critical infrastructure such as intake and outfall cooling water structures. The Marine Licensing team undertook a variation to the HPC main project licence to enable the disposal of dredged material to Portishead as well as minor changes to previously consented work. This was a contentious case in which MMO received over 100 objections from members of the public, as well as concerns from stakeholders with regard to the marine environment and a request from the Local Planning Authority for recovery from the Secretary of State (SoS). MMO reached a positive determination, but the decision was challenged after the variation was granted which led to a Judicial Review. No grounds of the Judicial Review were upheld and therefore activity at HPC could continue. In approving this variation, MMO has supported the Government's ambition to achieving net zero, contributed to future energy security and supported sustainable development.



## Marine Planning

### Performance against plan:

- The first three-year report for the South Marine Plan was laid before Parliament on 14 July 2021.
- 98% of marine licensing decisions determined by MMO took account of the relevant marine plans against a target of 100%. Five out of 218 cases were found to have either considered the incorrect plan or a single plan when a determination covered multiple plan areas. No impacts were identified in terms of the decisions made.
- 93% of South and East marine area licence applications referred to the relevant marine plan against a target of 95%. Seven out of 98 applications were found to refer to incorrect plans. No impacts were identified in terms of the decisions made.
- 89% of North-East, North-West, South and South-West marine area licence applications referred to the relevant marine plan against a target of 75%.

### Key outputs and activities:

#### Summary:

- The first three-year report for the South Marine Plan was laid before Parliament on 14 July 2021
- External implementation training delivered to over 100 other decision makers in the marine area including LPAs, ports/harbours, plus coastal partnerships across all marine plan areas and nationally to Defra marine team, making use of digital channels to improve reach and impact.
- Adoption and publication of the North East, North West, South East and South West marine plans in June 2021.
- All England's seas, an area of approx. 230,000 square kilometres, are covered by marine plans.
- 5,511 Explore Marine Plan users, an increase of 56% more than the previous 12-month reporting period.
- Strategic Renewables Unit established April 2021.

### Marine plan development

The Government adopted and published the North East, North West, South East and South West marine plans in June 2021. The publication of these four marine plans follows the adoption of the East Marine Plan in 2014 and the South Marine Plan in 2018. This means all England's seas, an area of approximately 230,000 square kilometres, a third larger than the total land area of

England, are covered by marine plans. The 'Approach to Monitoring Annex of Indicators' was also produced to support monitoring of the effectiveness of the four newly adopted marine plans.

For the first time, England has a complete and integrated marine planning framework to manage how we use, develop, protect, and enhance our marine environment. Marine plans guide developers, planning authorities and other decision-makers so that their activities are conducted in a sustainable and coordinated way.

The full suite of policies of the plans are now covered in MMO's digital system - Explore Marine Plans (EMP) - which takes into account everything that exists in the marine area, including wrecks and items of archaeological interest, marine wildlife and existing uses and activities, such as cables, dredging and fishing. A review of the EMP shows that 5,511 users accessed EMP between 4 November 2020 and 3 November 2021. This represented a 56% increase in the number of annual users from the previous 12-month reporting period. The review also found that there is a growing awareness of EMP and how to access it among our stakeholders.

We also produced the first Three-Year Report on the South Marine Plan, which was approved by the Secretary of State for Defra and published by the Department for Environment, Food and Rural Affairs (Defra) in July 2021.

### **Marine planning evidence base**

Government Project Speed funding allowed us to further develop the planning evidence base for the East Marine Plan areas, which will be the next plan to be developed. This project has initiated a wider work programme that, once complete, will help to identify the spatial capacity of the East Marine Plan areas and their potential over a 20-year horizon for contributing towards national environmental, social, and economic priorities. The project helped to identify spatial opportunities, barriers, and options for delivering national priorities in the east marine plan areas as well as evidence requirements and potential policy interventions. The outputs will be used to inform decisions on plan area-scale priorities to support the vision, objectives, and policies for the east marine plan areas.

The MMO has now established the Strategic Renewables Unit (SRU), which seeks to ensure the MMO's vision of a prosperous future for our seas, coasts and communities is supported through deployment of sustainable offshore wind and other marine renewables. Acting as the MMO's hub for marine renewables the team is focussed on the medium to long term priorities in the context of the government's ambitions for net zero, green recovery and associated renewable energy policy. The SRU sits across marine planning and licensing, seeking to maximise the expertise of relevant MMO teams and add value to the work of those teams.

## MMO service: protecting marine habitats

England's seas and coasts are home to 178 Marine Protected Areas (MPAs), designated to protect and improve the habitats and species essential for healthy, functioning marine ecosystems. Following EU exit and the adoption of the Fisheries Act 2020, the UK now has the new powers to implement evidenced-based marine management measures in MPAs that will help ensure our seas are managed sustainably, protecting both the long-term future of the fishing industry and our precious wildlife and habitats. MMO is responsible assessing and managing (principally through MMO byelaws) fishing in MPAs in all English waters offshore of six nautical miles and so have a key role in advising the Government on the types of measures that would be effective within MPAs. The MMO also advise Defra on the potential development Highly Protected Marine Areas (HPMAs) in English waters that, if designated, would provide a higher level of protection for especially sensitive areas of our seas. MMO also assess and manage the impact of activities such as anchoring in MPAs in English waters inshore of 12 nautical miles and we are also the licensing authority for wildlife licences for England to protect our key wildlife and habitats. We support the work of Inshore Fisheries and Conservation Authorities (IFCAs) to manage fishing within six nautical miles by providing advice and quality assurance of IFCA byelaws.

MMO also plays a national role in protecting our coasts and seas from marine pollution incidents.

### Performance against plan:

- We determined 16 wildlife licences, all within the eight-week response target, which helped to support offshore windfarm development and scientific research in seahorses and pink sea fans.
- We issued a licence for relocation of "Wally the Wandering Walrus", a male Arctic walrus who was sighted around the Isles of Scilly between May and August 2021 during which time he sank and damaged several boats by mounting them.
- We quality assured 20 IFCA Byelaws in 2021/22. 100% were within the target 45 days.
- We monitored 329 marine pollution incidents. Most of these were minor, but this also includes a significant release from the Conwy-Douglas pipeline. We received no requests to use oil spill treatment products.

### Key outputs and activities:

#### Summary:

- Finalised measures for first four fisheries byelaws for MPAs.
- Recruited a new team to deliver the plan for 40 offshore MPAs by 2024.
- Published the MMO Studland Bay MCZ Habitat Protection Strategy.

### Management of fishing in offshore Marine Protected Areas

Following formal consultation (1 February to 28 March 2021), we finalised our proposed management measures for the first four fisheries byelaws for offshore MPAs. A new team and project structure has now been established to deliver fisheries management across 40 MPAs by the end of 2024.

During 2021/22, MMO made the first notification to the EU under the Trade and Cooperation Agreement (TCA) of intended offshore MPA fisheries measures for Dogger Bank Special Area of Conservation (SAC), Inner Dowsing, Race Bank and North Ridge SAC, South Dorset Marine Conservation Zone (MCZ) and The Canyons MCZ.

**Highly Protected Marine Areas (HPMAs)** are areas of the sea (including the shoreline) that aim to provide protection and full recovery of marine ecosystems. By setting aside some areas of sea with high levels of protection, HPMAs will allow nature to fully recover to a more natural state, allowing the ecosystem to thrive. HPMAs will protect all species and habitats and associated ecosystem processes within the site boundary, including the seabed and water column. There are currently no HPMAs in English waters. Defra recently consulted on five candidate sites for HPMAs. The MMO was key to informing Defra site selection for the consultation and have also worked closely with Defra to develop potential approaches for management of different activities in HPMAs.

### **Non-licensable activities**

MMO is also responsible for managing the impacts from non-licensable, recreational, marine activities. We worked with shipping companies, Natural England, and the Maritime and Coastguard Agency to ensure that ferries and other large vessels displaced from their normal activities due to Covid-19, stopped anchoring over sensitive inshore ecosystems.

In September 2021 we published the [MMO Studland Bay MCZ Habitat Protection Strategy](#), detailing our approach to the protection of seagrass beds. This followed several rounds of engagement with users of **Studland Bay** and other stakeholders. Phase 1 of the Studland Bay Voluntary No Anchor Zone to protect seagrass beds and seahorses was implemented in December 2021.

## **MMO service: supporting global marine protection**

MMO global marine protection services provide technical advice and assistance, informed by our marine management expertise in managing English waters, to help other governments and Overseas Territories to evidence and develop management plans and regulatory regimes to protect their marine ecosystems. All of our global work is delivered in partnership through international programmes such as The Blue Belt Programme and Ocean Country Partnerships Programme (OCP), which is funded through the Blue Planet Fund.

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. The Blue Belt Programme has supported the UK Overseas Territories (OT) to enhance marine protection across more than 4.3 million square kilometres of marine environment. This vast marine area covers some of the most biologically diverse places on Earth, including the penguin colonies of South Georgia and the South Sandwich Islands to the marine turtles of Ascension Island.

The Ocean Country Partnership Programme (OCP) is a new UK Government-led programme delivered under the UK's £500 million Blue Planet Fund. Through this programme MMO, in partnership with Cefas and the Joint Nature Conservation Council (JNCC), will provide technical assistance to support countries to tackle marine pollution, counter Illegal, Unreported and Unregulated fishing, support sustainable seafood practices, and help protect and enhance marine biodiversity including through designated, well-managed and enforced Marine Protected Areas.

### **Performance against plan:**

- The Maturity Model, which is used to track progress and milestone delivery by the programme, was updated for 2021/22 including new targets for the year ahead and a new category for OT capacity. This was an interim one-year update whilst the new three-year programme measures are developed.
- The programme delivered against most target statuses (25 / 33) [Blue Belt Annual Report 2021-22](#). Of the remaining eight, seven are on track to be delivered and have been approved by the Senior Responsible Officer (SRO) to move over to the next three-year programme. There was only one minor issue in achieving the remaining status in respect of the Pitcairn Island Management Regulations, which requires the Island Council to review the Regulations before Governor approval. No further Blue Belt Programme input is expected.



## Key outputs and activities:

### Summary:

- Introduced two new sub-programmes - Blue Belt Ocean Shield and the Global Ocean Wildlife Analysis Network.
- August 2021 Blue Belt training platform launched on MMO's Learning Management System.
- Assisted the development and publication of two marine management plans, providing scientific and technical advice to the UKOT governments (Tristan da Cunha September 2021 / Pitcairn Islands October 2021).
- OCPP programme initiated and scoping meetings held with British High Commission and governments of the Maldives, Belize, India, Sri Lanka.
- MMO, through its experience as a Blue Belt Partner, has helped to shape and drive new governance regime for OCPP including development of workplans and scheme of delegation.
- After a successful first year, the UK Government has committed £12 million per year to OCPP (initial commitment was circa £4 million per year).

## The Blue Belt Programme

The Blue Belt Programme assisted the development and publication of two marine management plans for Tristan da Cunha Marine and Pitcairn Islands. Tristan da Cunha's Marine Protection Zone (designated in 2020) – one of the largest in the world – was also ratified into law. All of the Blue Belt Programme UKOTs now have Marine Protected Areas (MPAs) covered by plans that show how they will manage, enforce, and protect their MPAs.

The Maturity Model, which is used to track milestone delivery by the programme, was updated for 2021/22 including new targets for the year ahead and a new category for OT capacity. This is an interim one-year update whilst the new three-year programme is developed.

The Blue Belt Programme training platform for UKOTs was launched on MMO's Learning Management System in August 2021. This includes a series of e-learning modules and interactive games as well as more detailed presentations and guidance documents covering compliance and enforcement, MPA management and marine biosecurity.

The Blue Belt Programme hosted two successful roundtable events (led by MMO), encouraging knowledge exchange and collaboration between UKOT representatives and international experts. The first meeting focussed on the importance of socio-economic assessments, highlighted the different assessment tools available, and how this data can be used to inform effective MPA management. The second roundtable event discussed the challenges, barriers, opportunities, and actions for MPA financial resilience and sustainable ocean economies.

MMO continued to support UKOTs in developing approaches to surveillance, compliance, and enforcement, including:

- Provision of remote training, in collaboration with The Pacific Community, for the Pitcairn Islands community, covering fisheries management, monitoring and compliance and enforcement skills.
- MMO's Future Fisheries Team supported installation and trialling the first Remote Electronic Monitoring (REM) equipment aboard a fishing vessel in St Helena. Colleagues have been provided with training to enable them to install the additional REM unit on the new offshore fishing vessel once it arrives in St Helena.
- The OceanMind satellite surveillance contract and the Blue Belt Ocean Shield sub-programme will improve maritime domain awareness. Surveillance has already been provided in Pitcairn, BIOT, TdC, SGSSI, BAT and Ascension in response to increased risk of illegal, unreported, and unregulated fishing due to the reduced presence of legal vessels, and subsequent deterrence effect, due to Covid-19.

### **Ocean Country Partnerships Programme (OCP)**

MMO, through its experience as a Blue Belt Delivery Partner, has helped to shape and drive new governance regime for OCP including development of the project initiation document (PID), workplans and scheme of delegation.

Remote meetings with OCP delivery partners (including MMO), the British High Commission and governments of the Maldives, Belize, India, Sri Lanka have been held and plans for delegation visits in 2021/22 have been made.

MMO colleagues have provided detailed stakeholder mapping and funding maps for each of the four CMAR countries – **Costa Rica, Panama, Colombia, Ecuador.**

After a successful first year, the UK Government has committed £12 million per year to OCP (initial commitment was circa £4 million per year) until 2025 with potential for further extension.

Defra Outcome: Increase the sustainability, productivity and resilience of the agriculture, fishing, food, and drink sectors, enhance biosecurity at the border and raise animal welfare standards

***Performance by Defra Outcome Delivery Plan Priority: Thriving fishing industry that uses resources from nature more sustainably and efficiently***

## **MMO service: delivering sustainable fishing opportunities**

MMO supports our fishing industry by supporting negotiations around quota allocation, issuing fishing vessel licences, and facilitating licence transactions and other fisheries data services. We manage fishing opportunities through assuring Producer Organisations (POs), directly managing quota for the, primarily inshore (non-sector) fleet, effort management, and conducting monitoring, assurance and, when necessary, enforcement.

### **Performance against plan:**

- 95% of allocated stocks were within quota or effort limits at the end of the year after flexibility adjustments were taken into account.
- Of the stocks identified as having a historical (2018-2020) uptake of 90% or greater, the majority (88%) achieved an uptake of at least 90% by the year end. A single stock (7E Sole) was short of that target. This is accounted for by the increase in Total Allowable Catch (TAC) seen year on year and this year's increase was more than the fleet could catch.

### **Key outputs and activities**

#### **Summary:**

- Regional Fisheries Groups: MMO established five regional networks and facilitated 20 meetings.
- First agreement for reciprocal fishing with Norway since EU exit with increased fishing opportunities of an estimated value of £40 million.
- MMO supported the negotiation of £5.6 million of quota for the under 10 metre English fleet.
- I-VMS rollout to under 12 metre vessels commenced February 2022. 74 devices were installed by 31 March 2022 (2,300 vessels to be fitted with a device).

There have been 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 2021/22, for the fifth year running, the MMO achieved the objective of maintaining fishing opportunities by ensuring there were no closures of major economic stocks.

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

- Number of domestic swaps (between UK Producer Organisations): 717 (decrease of 148 from the previous year).
- Number of international swaps: 96 (decrease of 53).
- Number of leases: 42 (increase of 28).
- 54 swaps from under 10 metres to UK PO, (decrease of 37). This resulted in quota to the value of £5.6 million being brought into the under 10 metre pool by MMO quota managers.
- Five swaps from under 10 metres to non-sector (decrease of seven).

The decreases are because swapping could not commence until quota was allocated to POs which was in May in 2021 (normally March) and the process for swapping quota between the UK and EU was not in place until August 2021. These delays were a direct result of the UK's exit from the EU. The increase in the number of leases relates to the transfer of quota to under 10 metre vessels with capped licences. During the period the under 10 metre fleet landed £12.6 million worth of quota and £45 million of non-quota stocks.

Over 2021/22 MMO supported Government on the negotiation of £5.6 million of quota for the under 10 metre English fleet. Engagement and collaboration with inshore fishers was essential when managing fishing quotas. 2021 saw the creation of five Regional Fisheries Groups which built on the principles of the Quota Advisory Groups and now provide inshore fishers with a forum to engage and discuss all fisheries management issues, not just quota. This has meant that over 1,600 active inshore fishers in England generated £9.6 million income from quota species to supplement income of £36 million from non-quota stocks, such as shellfish, during the reporting year 2021/22.

MMO continued to manage effort schemes designed to limit catching capacity and time at sea of certain elements of the fleet within the overall limits set out in legislation. 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 in 2021 did not achieve the anticipated 90% uptake of the annual effort limit, with both sectors continuing to be disrupted by the impact of the Covid-19 pandemic. Since leaving the EU, UK effort uptake has been measured against catches in British Fishery Limits only. As of 31 December 2021, the position for crabs was 28%, with scallops at 44% uptake, but this did start to improve at the beginning of 2022 with the easing of restrictions and re-opening of the hospitality sector.

In 2020 the Scallop Industry Consultation Group asked MMO to initiate a consultation to close the king scallop fishery in ICES area 7D for two months over the summer period. Acting on behalf of all four UK Fisheries Administrations and underpinned by best scientific evidence from Centre for Environment, Fisheries and Aquaculture Science (Cefas), MMO ran a consultation on proposed management to protect the spawning stock of king scallops. As a result of the consultation, it was concluded that appropriate management was required to ensure scallop stocks are protected and the fishery is managed sustainably. A two-month closure was implemented via a fishing vessel licensing condition relating to vessels over 10 metres in length.

MMO continued to develop PO compliance checks to ensure fair and transparent processes are in place. We ensured that PO checks can be completed remotely meaning there has been no pause in delivery or investigations into breaches in compliance. This is demonstrated by MMO beginning the de-recognition process for a PO due to their not meeting the economic criteria.

After improving the governance documents around PO compliance, MMO completed four Article 14/17 checks, nine production and marketing plan reviews, assessed nine annual reports and conducted first year checks for a newly recognised PO.

## **Regional Fisheries Groups**

Throughout 2021/22 in collaboration with Defra, MMO established a regional network of meetings to engage with the under 10 metre fleet. Our regional fisheries group (RFGs) work included setting up virtual meetings during the pandemic with fishers from five regions around England spanning our entire coastline. Meetings were conducted quarterly and during 2021/22 we completed 20 meetings. The meetings are used as a two-way forum to discuss immediate issues that are impacting our under 10 metre fleet.

Building the attendance at the RFGs was a key success for MMO. To achieve this the RFG team also conducted port visits in the East and North East to promote the RFGs and to meet our stakeholders face to face. After the reduced in- person contact that MMO had with our stakeholders during the pandemic, it was key that our regional fisheries team got out and reconnected with fishers. These groups now mean that the inshore fleet have the opportunity for regular communication with senior scientists and policy makers and attendee numbers are either increasing or stable in each region. Another key success of the RFG concept group is the commissioning of survey work, both physical and desk based, to examine some specific fish stock populations with a view to ensuring quotas are set appropriately.

## **Licensing**

In 2021/22, MMO took on the role of UK Single Issuing Authority (SIA). The function of the SIA is to issue fishing vessel licences to UK vessels for access to EU, Faroese and Norwegian waters; and for those nations' reciprocal access to UK waters. This team acts on behalf of all devolved administrations. They support a fleet size of c1,100 UK vessels and c1,800 EU, Faroese and Norwegian vessels. This saw the first agreement for reciprocal fishing with Norway since the UK left the EU. This increased fishing opportunities with an estimated value of £40 million for the UK fleet.

The UK, led by the MMO EU Exit and Stats teams' technical experts, set out the principles for determining access by EU vessels to the UK 6-12nm in accordance with the Trade and Cooperation Agreement (TCA). Although fairly simple to apply for over 12 metre vessels where VMS and ERS data is available to analyse vessel track records, a rigorous system that could be applied to under 12 metre vessels and for replacement vessels was more complex and this resulted in very challenging discussions both internally and externally and strained UK-French relations. Ultimately a transparent and evidence-based approach was put in place enabling qualifying French and Belgian vessels to be licensed by the SIA resulting in a lowering of tensions between the UK, France, and the EU Commission.

Licensing activity over the 2021/22 period was:

- Domestic licence variations: 70 (20 fewer than 2020/21).
- Variations to Foreign vessel and external waters licences: 8.

For the beginning of the 2022 fishing year the SIA issued:

- 1,108 licences to UK vessels for EU waters access.
- 1,588 licences to EU vessels for UK waters access.



On 13 January 2022, the SIA issued:

- 77 licences to UK vessels for access to Norwegian waters and two for access to Svalbard.
- 132 licences to Norwegian vessels for access to UK waters.

Issuing these licence permits created valuable additional fishing opportunities for the UK Fleet.

### **Inshore Vessel Monitoring System (I-VMS)**

The Inshore Vessel Monitoring System (I-VMS) caters for vessels under 12 metre which currently do not operate a VMS device. MMO began a programme to assess and identify VMS devices that meet technical specifications, for reporting of location, heading and speed by under 12 metre fishing vessels, in 2021/22. Vessel monitoring is a tool that will enable a better understanding of scale, location, and seasonality of fishing activity. This additional information combined with other fisheries data will aid our understanding of fishing and will allow us to respond more swiftly to any emerging issues. It will enable more precise delineation between fishing grounds and protected areas resulting in a better balance between keeping fishing grounds open and protecting sensitive marine habitats and species. The total size of the fleet is over 2,300 vessels and fishers are eligible to claim up to £650 of EMFF funding per vessel, through a simplified grant reclaim process, towards purchasing a device and the initial installation costs. A simple application form accompanied by evidence of purchase and payment is required to complete this process.

On 26 November, MMO approved four devices that fishers could choose from. On 15 February 2022 the first rollout tranche commenced (English vessels within 10 to 11.9 metre range). On 16 March 2022 the second rollout tranche commenced. On 31 March 2022 there were a total 74 devices installed and the programme continues with rollout throughout 2022.

MMO also continue to provide advice to Defra on policies for remote electronic monitoring (REM) and to work collaboratively with Cefas on REM data collection programmes and innovative fishing gear design.

## MMO service: administering marine support funds

The fishing and seafood processing industry directly supports over 29,000 jobs and the UK seafood industry is worth in the region of £10 billion every year 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 Fund (EMFF), the Maritime and Fisheries Fund (MFF) and new Fisheries & Seafood Scheme (FaSS). These funds support 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 also 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.

Further issues encountered as a result of Covid-19 and EU exit were supported by the design and delivery of a further two emergency funding schemes to support the fishing industry. Primarily aimed at fishers and businesses impacted by the downturn of exports and domestic markets due to the Covid-19 pandemic and EU exit. 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.

### Performance against plan:

- Maritime and Fisheries Fund (MFF) had a target to commit 100% of funding by March 2022. At the end of March 97% (£9.6 million) of the funds had been committed.
- Fisheries and Seafood Scheme (FaSS) had a target to commit 100% of funding by March 2022. At the end of March 95% (£10.3 million) of the funds had been committed.
- European Marine Fisheries Fund (EMFF) has an ongoing target to commit 100% of funds by December 2022. At the end of March 93% (£78.7 million) had been committed.
- 569 FaSS applications were received and 100% were processed with the eight-week standard.
- Where targets were not met for commitments, any surplus monies have been redistributed across other funds.

### Key activities and outputs:

#### Summary:

- Delivered a further two emergency 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 and EU exit, with a further £5.8 million funding paid out.
- MMO Grants Team delivered England's first Fisheries and Seafood Scheme (FaSS), committing £10.3 million to 589 fisheries and seafood industry projects.

- Funding support paid out in 2021/22 totalling over £20 million in respect of Fisheries and Seafood Scheme (FaSS), European Maritime and Fisheries Fund (EMFF), Maritime and Fisheries Fund (MFF), Seafood Disruption Support Scheme (SDSS) & Seafood Response Fund (SRF).
- Winners of the 2021 Government Finance Function: Team Excellence Award.

Since its launch in 2016, the **European Maritime and Fisheries Fund (EMFF)** programme in England has approved 1,507 projects, committing £78.7 million in grant support for the fisheries, aquaculture sectors and coastal communities, of which a total value of £68 million has now been paid out to projects. During 2021/22, the MMO paid a total of £6.3 million to EMFF projects.

The MMO administered the **Maritime and Fisheries Fund (MFF)** and since October 2019 has awarded over £9.6 million to 383 projects providing support to the sector while exiting the EU by increasing the level of industry funding available during the Implementation Period. During 2021/22 claims with a value of £2.3 million have been paid out.

The **Fisheries and Seafood Scheme (FaSS)** opened for applications in April 2021 with the aim of providing financial assistance for projects that support the development of the catching, processing, and aquaculture sectors, and for projects that enhance the marine environment. During 2021/22 there were over 589 projects approved totalling £10.3 million and 426 payments made with a FaSS value of over £5.2 million.

The impact of projects under EMFF, MFF and FaSS 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 and evidence. One key area of funding is the newly developed £65 million UK Seafood Fund Infrastructure pillar which MMO will play a key role in delivering. Figure 3 below provides detail of the expected outcomes from FaSS.

**Figure 3: FaSS outcomes expected for the Fishing Industry, Aquaculture and Processor businesses**

<b>Increase in net profits</b>	£3.1 million
<b>Volume of first sales increase</b>	7,039 tonnes
<b>Value of first sales increase</b>	£6.8 million
<b>Jobs</b>	709 FTE

## MMO service: providing regulatory support and assurance

MMO has lead responsibility for ensuring compliance with the national and international marine regulations in English waters, and operates a range of assurance and inspections activities, including guidance and support, remote surveillance, and physical patrols and assurance inspections in-port and at-sea. MMO operates a range of assurance and inspections activities, including fisheries, marine protected areas, wildlife licences and supporting and assuring marine licence and MMO grant applications. We work closely with a range of partners including the devolved administrations, the crown dependencies, and Inshore Fisheries and Conservation Authorities (IFCAs) to ensure the alignment of assurance on activities. MMO is also a key partner on national maritime security activities, working with others through the Joint Maritime Security Centre to assure the integrity of the UK's Exclusive Economic Zone.

### Performance against plan:

- The cumulative position of all assurance inspections completed is 110% against plan. Targets at the beginning of the year reflected Covid-19 restrictions and as these have eased, we have been able to operate at more normal levels. We will be re-profiling the targets for 2022/23 in comparison to previous year targets for total inspections.
- Inspection types included marine licences (223), Marine Protected Areas (732) and wildlife licences (7), transport (332) and grants (31). Assurance teams exceeded targets for in port vessel inspections (1439) and for inspections of premises/markets (1073).
- 574 fishing vessels were inspected at sea. 52% of inspections were conducted on non-UK Vessels, 48% conducted within the UK domestic fleet. 35% of inspections detected infringements with 16% of these deemed serious.
- Inspection levels of marine licences have remained consistent with 2020/21 and monitoring has exceeded targets set for 2021/22 The compliance rate of 77% is an increase from last year's compliance rate of 62%.

### Key activities and outputs:

#### Summary:

- Catch recording has attained over 90% compliance levels for submission of data.
- Training delivered to 200 individuals from other government departments.
- 63,477 catch certificates, processing statements and storage documents were assured and issued through the Fish Export Service (93,878 since the launch of the new service in 2021).
- Monitored and assured the first Blue Fin Tuna fishery in the UK.
- Processed 1,549 vessel licencing transactions.
- £80,000 of fines delivered by the courts for marine related offences.

## Offshore operations

Throughout 2021/22 MMO has continued to deliver a programme of risk-based, intelligence-led assurance at sea. The restrictions imposed by Covid-19 meant we had to adapt our approach to ensure the safety of our officers and the crew of boarded vessels. A total of 574 fishing vessels were inspected at sea. 52% of inspections were conducted on foreign vessels and 48% conducted within the UK domestic fleet. 35% of inspections detected infringements with 16% of these deemed serious (a sanction of Official Written Warning or greater).

Activities in offshore Marine Protected Areas (MPAs) were monitored both remotely and at sea with 23 physical inspections of MPAs carried out at sea by MMO patrol vessels.

The wider roll out of Mobile Working application, through 2021/22, meant MMO assurance inspections can be recorded in real time by assurance teams, making inspections much more efficient. Further modernisation of our approach to assurance and inspection through the Vessel Monitoring System (VMS), this year, enabled us to monitor foreign vessel incursions into the UK EEZ and territorial waters remotely, as well as at sea. This allowed us to detect unauthorised vessels likely to be fishing within UK waters: enhancing our offshore assurance capability and complementing our risk-based targeting of inspections.

In 2021 we renewed the contract with Sentinel Marine for provision of two new Offshore Patrol Vessels to support our inspections at sea, which began in October 2021.

The **Coastal Operations** teams continue to meet inspection and assurance targets for marine licences (223), consultation responses (371), Marine Protected Areas (732), wildlife licences (7), transport inspections (332) and grants (31). At the start of 2021/22, targets for land and port-based inspections were set to reflect restrictions imposed by Covid-19. As restrictions eased through the year, we were able to return to more normal operational levels. In year, we were able to deliver higher levels of in port vessel inspections (1,439) and inspections of premises/markets (1,073) compared to the profile that was initially set to accommodate Covid-19 restrictions.

Inspection levels of marine licenses have remained consistent with 2020/21, applied across the consented bands. Overall, monitoring has exceeded targets set for 2021/22. The compliance rate is 77% and in the 23% of cases where non-compliance was found, these were minor administrative issues dealt with by verbal rebriefs and advisory notes and did not have an impact on the health of the marine environment. The exception was one prosecution where a Local Authority was fined over £12,000 for using materials to infill a cave structure that were not authorised for marine use.

The South West team have also monitored and assured the first Blue Fin Tuna fishery in the UK following the issue of quota for commercial bycatch and the establishment of a Catch and Release Tagging (CHART) programme for selected skippers by Cefas. This follows the International Union for the Conservation of Nature (IUCN) changed entry for Eastern Atlantic bluefin tuna from [“endangered”](#) to [“least concern”](#): reflecting the improving state of the stock. The labelling of Eastern Atlantic bluefin tuna as “least concern” underlines a need for a continued cautious approach to its management and the MMO have acted as local liaison for the CHART programme.

MMO has continued to introduce industry focussed enhancements to the Fish Export Service (FES), including a risk-based approach to checks and working closely with exporters to improve both awareness and the quality of data submissions of control documents, such as logbooks, landing declarations and sales notes. We processed over 78,000 logbooks and over 340,000 sales notes. This engagement has resulted in compliance levels for the submission of catch recording data above 90%.



MMO continue to provide support and training to Port Health Authorities (PHA) and have responded to 771 PHA queries within the 24 hours response time. We also continue to verify and check pre-notifications of over 1,000 direct landings of UK vessels into EU ports and have processed 1,549 vessel licencing transactions in 2021/22.

## **Investigations**

We have built on the success of the joint intelligence system with the IFCAs, and intelligence reports are now fully integrated into Tactical Coordination sessions with enforcement teams. These integrated intelligence products informed a range our responses to issues including, fishing disputes, non-compliance, Covid-19 impacts, and impact of fuel prices. This has also led to a much more refined inspection regime for assurance and enforcement officers.

Covid-19 had a significant impact on MMO investigations through delays in court hearings and difficulties in holding formal (Police and Criminal Evidence act – PACE) interviews. The stock of actions has now been successfully dealt with and the number of open investigations has reduced to manageable levels. MMO dealt with several high-profile enforcement cases in 2021/22. In total 11 cases reached court during 2021, all of which were successfully prosecuted with a total of over £80,000 of fines delivered by the courts.

## **Training**

MMO has continued to have a strong relationship with the devolved administrations including Welsh Government Fisheries, with at-sea training delivered to Welsh Government Fishery Officers aboard MMO patrol vessels.

During 2021/22, MMO also delivered training to 200 individuals from other government departments and arms-length bodies including, Defra, the Maritime and Coastguard Agency, Environment Agency, Cefas and Natural England to improve marine and fisheries knowledge across the public sector. At the same time, we have continued to increase the professionalisation of our marine officers through the Level 3 Certificate in Fisheries and Marine Enforcement qualification accredited by Skills for Justice. The qualification is now embedded within the training programme for all new marine enforcement officers.

# Organisational capability and development

## Our people

### Key activities and outputs

#### Summary:

- **Moving our people plan into capacity, capability and culture** - Delivered priorities of the 2021 People Plan and used feedback from colleagues via the MMO People Survey 2021 to build the new focus on our work – building our capacity, galvanising our capability and shaping our culture.
- **Moving toward strategic workforce planning** - Resource Action Plan has helped us bring certainty to a number of temporary roles in the business and reduce our reliance on contingent labour. Populating our permanent structures with a three-year financial settlement means we can plan our workforce to fit the service needs for our customers.
- **Further shaping of health, safety & wellbeing** - Our Health Safety and Wellbeing approach has had a step change this year where we have refreshed our policy to describe the accountabilities held at every level so that we can keep our people safe and protected in their roles. This is complemented by a training matrix to ensure our people are supported in the health, safety, and wellbeing elements of their roles. An audit of our work resulted in an eventual finding of moderate assurance, and we have fulfilled a number of management actions to continuously improve this priority area. Ultimately, we are building a Health, Safety and Wellbeing to embed it at every level and throughout the employee lifecycle.
- **Human Resources and management information** - We are in the process of developing a self-service culture within MMO where our colleagues have the right data available to them so they can make informed decisions about our people. A full suite of people analytics is shared across our business on a monthly basis and is helping us shape our priorities and learn of areas of focus such as our capacity, capability and culture work.
- **Covid-19 Response** - MMO has continued to provide support to our people throughout during the pandemic and providing the systems, structures and processes to build our workforce via national recruitment and blended working practices.

There have been three major priorities for MMO over the year which has been delivering our commitments made to MMO colleagues in our People Plan, further building our Health, Safety and Wellbeing culture and building our capacity and capability recognising the opportunities a three-year Spending Review brings in terms of workforce planning.

In the MMO People Plan there were seven commitments which have evolved to further galvanise our excellent colleague offer. This has included:

- **Further building a health, safety and wellbeing culture.** Much of our focus has been to refresh our HSW policy and embed accountabilities and responsibilities at every level within the MMO whilst ensuring our people are trained and supported in HSW relevant to their specific role.
- **Embedding our values of being Accountable, Innovative, Engaging, and Inclusive** in how we perform to collectively build our positive value-focused culture. We have celebrated colleagues exemplifying these values through monthly celebration awards at our All Colleague Call and in our annual People Conference 2021.
- **Building our colleague offer** which required us to pull together all of the great benefits of working at MMO and then communicating them with both existing colleagues and prospective colleagues through our recruitment processes.
- **Building our leadership** so that our leaders and managers are informed, trained and supported. We have engaged with our cohort of 80 senior leaders regularly and supported our line managers on the policies, processes and support they provide to their teams.
- **Becoming a data-driven with our people analytics** by surveying all of our colleagues and using their feedback to further shape our People Plan with the added insight from HR management information to set our people priorities 2022/23.
- **Post Covid-19 ways of working** to ensure we build upon the opportunities presented to us by the pandemic. This included introducing a blended working framework and recruiting nationally to our roles. It had the added benefit of further strengthening our line manager relationships showing the highest ever level of engagement between line managers and employees following the supportive approach they took during the pandemic.
- **Delivering a people survey** – we collected information from our People Survey 2021 which showed a 73% participation rate and a 69% engagement rate. We have used this information to shape our people priorities for the 2022/23 period.

The People Plan and survey results have stood us in good stead for setting our 2022/23 people priorities. The focus on MMO people going forward is to build MMO capacity, invest in our capability and create the right MMO culture. To inform much of our priorities we will continue to use our People Plan as the primary vehicle to target actions to address elements of our employee lifecycle, such as recruitment and retention, career development and other key organisational moves such as increasing equality, diversity, and inclusivity within the business. There will be a continued focus to our values, how they enable the culture we want to create of being accountable, engaging, inclusive, innovative, which in turn sets out what we can expect from each other at every level within MMO.

Recognising the need to improve and better understand our strategic workforce opportunities and challenges, we developed our Resource Action Plan to support the **building of our capacity**, the 2021/22 period saw us bringing certainty to our structure by increasing our permanent headcount by 60 FTE as we continue to progress the conversion of all eligible Fixed Term Appointments (FTAs) that had occurred due to having an annual financial settlement coupled with the need to understand the repatriated functions brought about by EU exit. This continues to track toward our goal of having a sustainable workforce ratio of 90/10 in terms of permanent and FTA colleagues and clear strategic workforce planning in place.

In terms of building our capability, we have put in place plans to introduce 'MMO Essentials' which will build learning and development for all of our people with a focus on line management capability. This will be delivered in 2022 onward in our strategic direction to empower our leaders and managers to deliver our services and commitments in our corporate plan. This approach provides the groundwork necessary for the talent and succession framework that is required for our dynamic strategic workforce planning approach.

Importantly, to support the MMO longer term strategy, we wanted to better understand the more focused efforts and underlying trends that would inform the type of organisation MMO wanted to be and what our employee offer would be. Late in 2021/22, MMO engaged external support to help develop thinking and impact the status quo, all which is critical in terms of describing our culture in the longer term. The analysis is based on a further survey of our people so that we can collectively grow the culture that we all buy into.

Our gender gap in median pay has widened and we want to address this issue through recruitment and our approach to equality, diversity and inclusion. Comparison of mean and median pay at 9.79% and 8.16% respectively, against 8.33% and 4.65% in 2020, shows a slight widening of the gap in favour of men. More information on our approach to reducing this gap is set out in our [Gender Pay Gap Report](#).

## Customers and public engagement

### Performance against plan:

- 99% of customer complaints responded to within 20 days against a target of 90%.
- 100% of Freedom of Information (Fol) and Environmental Impact Requests (EIR) were responded to within statutory timescales.

### Key activities and outputs

#### Summary:

- 187 complaints were received in 2021/22 compared to 119 in 2020/21. The increase was largely driven by a single issue relating to the unlicensed mooring of a barge which received 40 complaints as part of a campaign.
- 206 Freedom of Information (Fol) and Environmental Information Regulations (EIR) requests were received and 195 were responded to all within statutory timeframes. This compares to 276 requests received in 2020/21.
- 17% increase in reach of social media content.
- 5,000 likes, shares, and clicks of our social media content, an increase of 41%.
- Three cases referred to Parliamentary and Health Service Ombudsman (PHSO). No cases accepted by PHSO for formal investigation.

During 2021/22, MMO has continued to support its colleagues, customers, and stakeholders through an unprecedented period of 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. However, it has also been supporting all the change still being created by the UK becoming and independent coastal state. Communications activity has focused on ensuring that clear information has been communicated on a timely basis.

2021/22 has seen significant change programmes being delivered impacting on industry, particularly the fisheries sector, but also a number of grant support schemes open to the commercial sector. In each case the level of communication and engagement work involved with industry has been extensive to ensure the objectives are met and relations are maintained.

In the latter part of 2021/22, there has been a number of marine related issues which have needed managing as they have been subject to scrutiny by the media and political audiences. Our response in each case has been to provide facts, maintain transparency, explain MMO’s role in the issue and provide evidence around any mitigation or action taken.

MMO has strengthened its Stakeholder Engagement Framework (SEF) to enhance the awareness of MMO, whilst working around Covid-19 to find solutions to support and maintain our strategic level stakeholder conversations. The key aims of the SEF are to build a stronger profile and understanding of MMO, be more outwardly facing and customer focused through actively engaging and listening to stakeholders and building mutual understanding and respect. The new MMO Strategy - Healthy, Productive Seas and Coasts - approved in April 2022, will further underpin all future customer engagement work.

Improvements to the service we provide to MMO customers includes a revised customer charter setting out the service our customers should expect when engaging with MMO. Changes have also been made to how MMO responds to complaints, including revising the process to make it more streamlined for our customers and the delivery of guidance and training to our colleagues to improve the quality and timeliness of complaint responses. This has been evidenced with 99% of complaints responded to within 20 working days (181 of 183 complaints responded to) an improvement on 95% achievement in 2020/21.

MMO successfully defended a judicial review challenge brought by the by the campaign group Tarian Hafren Severn Shield CYF to a marine licensing decision taken in relation to the Hinkley Point C nuclear power station in Somerset. The challenge was against MMO’s decision to vary the marine licence rather than to require a new marine application for dredge and disposal activities to be made. The judge dismissed the judicial review on all grounds. Figure 4 summarises the number of complaints we received that were referred to the Parliamentary and Health Ombudsman (PHSO).

**Figure 4:**

<b>Cases referred to PHSO in 2021/22</b>	
Number of cases referred	3
Number of cases accepted for investigation	0
Number of cases with decisions	N/A
Number of recommendations complied with	N/A



The customer and engagement team also provided key communications support to key MMO change initiatives through 2021/22, including:

- MPA byelaws Studland VNAZ.
- Mobile working.
- The Fisheries and Seafood Scheme (FaSS).
- Fish Export Service.
- In-shore Vessel Monitoring System (I-VMS).

MMO continues to engage widely both internally and externally on marine issues, producing briefings and content that inform MMO colleagues, our customers, and the public. Examples include:

- Issuing 12 stakeholder and Coastal MP bulletins and 12 stakeholder engagement briefings for colleagues. From January 2022 we moved to make the briefings more inclusive by including them in the News Round Up for all colleagues.
- Published one issue of our corporate magazine, Sea Views.
- Held 12 All Colleague Calls each month and one virtual All Colleague Conference in September 2021.
- Participated and presented at high-profile meetings including Coastal Futures in January 2022, COP 26 in November 2021.
- Over 800 items of digital content published, an increase of 62 items in comparison to 2020/21.
- During 2020/21 we sent out 49 Fishers' Bulletins with over 127,000 emails being sent.
- During this time, we saw an average open rate of 46% (government average is 29%). We also saw over 7,000 clicks within our emails.

The increased level of engagement has resulted in:

- Over 17% increase in reach of social media content.
- Over 95,000 likes, shares, and clicks of our social media content, an increase of 41% in comparison to 2020/21.
- Social media shared over 4,500 times, an increase of 24% in comparison to 2020/21.

## Change and digital service management

### Key outputs and activities:

#### Summary:

- Continuing to work in partnership with the fish export industry to improve FES and apply innovation / efficiencies to reduce the burden of EU exit wherever possible.
- Successfully delivering grant services that made a real difference against challenging policy informed timeframes.
- Continued to support innovative approaches to assurance through the digitisation of inspections and the use of remote sensing through I-VMS.

Over the year MMO has continued to develop and introduce a range of new digital services and capabilities, as well as optimising live services and provided:

- Continued working with all devolved authorities and crown dependencies and exporters to optimise the Fish Export Service (FES). This includes reviewing FES user demand profile and interests, which has allowed us to adapt and blend our helpline support with the Under 10 Metre Catch Recording App to make efficiency savings, whilst ensuring FES users retain optimum support when they need it, and Under Ten Metre Catch Recording App users get better support across longer helpline opening hours.
- Further improvements to the user experience for the Under 10 Metre Catch Recording App has allowed us to meet the demand from an increasing number of users and includes providing a Welsh language version of the App.
- Support to a growing number of digital grants services, including: the Seafood Response Fund, the Seafood Disruption Support Scheme and the Fisheries and Seafood Scheme.
- A new service to support grant payments of Inshore Vessel Monitoring Systems (I-VMS), which went live in February 2022, along with the initial release of the UK Seafood Fund (UKSF) which from February allows applicants to submit questions about the scheme and to submit an expression of interest.
- Digitisation our inspection processes, moving away from notebooks to maximising the use of mobile devices and digital technology to make inspections more efficient, consistent, and secure. This programme of inspection improvements will continue throughout 2022/23.
- Improvements to stabilise our existing IT legacy services to improve efficiency and reduce costs, including the Fishing Vessel Licensing System.

## Evidence and data

### Key outputs and activities:

#### Summary:

- 10 evidence projects completed.
- New Social Science Capability established.
- Secured three years of funding from Defra Marine Natural Capital Ecosystem Assessment Programme to establish a natural capital team.
- Development of the Business Intelligence function across MMO.
- Mobile Working Reporting.
- Evidence produced to support fairer distribution of “Additional Quota” gained as a result of EU exit.

### Evidence strategy delivery

The MMO Evidence Strategy 2021-2025 has continued to drive evidence delivery across MMO and helped to support 10 evidence projects including:

- Work on the capacity of the East Marine Plans to contribute to national priorities.
- Examining fisheries traceability methods.
- Understanding fisheries co-management principles.
- Application of the natural capital approach to marine decision making.

Evidence team capability has increased including in social science and evaluation, which is bringing the benefits of more trans-disciplinary research to support decision making. We have been exploring the use of technology in fisheries management and action research on seal deterrents to enable better methods for MMO service delivery.

Collaboration is a strong component of MMO’s evidence work because it makes the most of our resources and provides value for money as well as increasing our access to required knowledge. Partnerships developed this year include with six academic teams from across the country who began three-year research projects of £1.5 million each in relevant areas of research.

In 2021/22 Defra launched the flagship Natural Capital Ecosystem Assessment programme. MMO delivered a foundation project on decision making using natural capital evidence as well as steering four other projects focused on different marine management challenges relevant to MMO including for MPAs, fisheries and planning. Funding was also secured from the programme for three years to set up a natural capital team in 2022/23 that will carry out practical applied research on embedding natural capital into decision making in collaboration with MMO colleagues.

Through 2021/22 the Strategic Reporting Database intensively tested the system to ensure the benefits of combining our fisheries data together in a single location can be fully realised. Working

with colleagues across operations, a wide range of reports to deliver high quality analytics and performance information across the organisation have been refined.

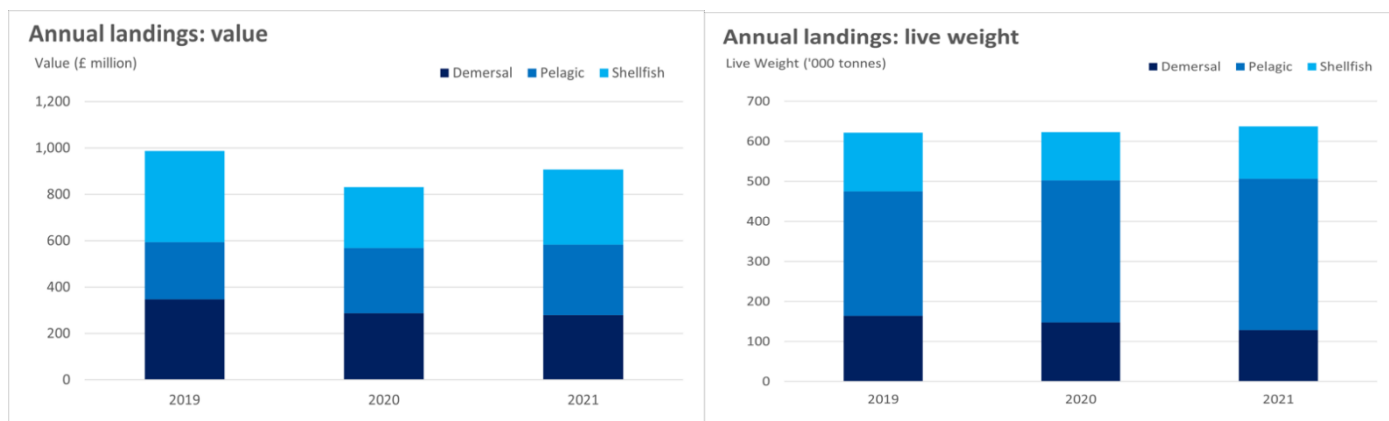
We have built new capability and capacity in statistics and analysis in order to successfully deliver a Business Intelligence (BI) function this year. This has included recruitment of technical specialists with skills in Data Science and BI analytics. Alongside this the team have undertaken training to support and roll out the organisation's new reporting tool Power BI.

MMO provided data and evidence to support the implementation of the distribution of additional quota (AQ) between the UK administrations, as set out in the UK-EU Trade and Cooperation Agreement (TCA) and we continue to work with Defra to review the allocation methodology.

MMO continued to provide crucial statistical analysis to support Government's response to the key impacts of Covid-19 during 2021 by publishing monthly statistics examining the impacts of Covid-19 pandemic on the sector.

Figure 5 provides a comparison of fish landings from 2019 (pre-pandemic) to 2021, illustrating the impact of the pandemic during this period. With an overall decline in the value of landings of 19% in 2020 compared to 2019, this recovered in 2021 by 15%; however, remains below pre-pandemic levels. Actual landings by weight have remained consistent during the three years, however for both 2020 and 2021 the proportion of pelagic landings increased, where average market prices were significantly lower than both demersal and shellfish species.

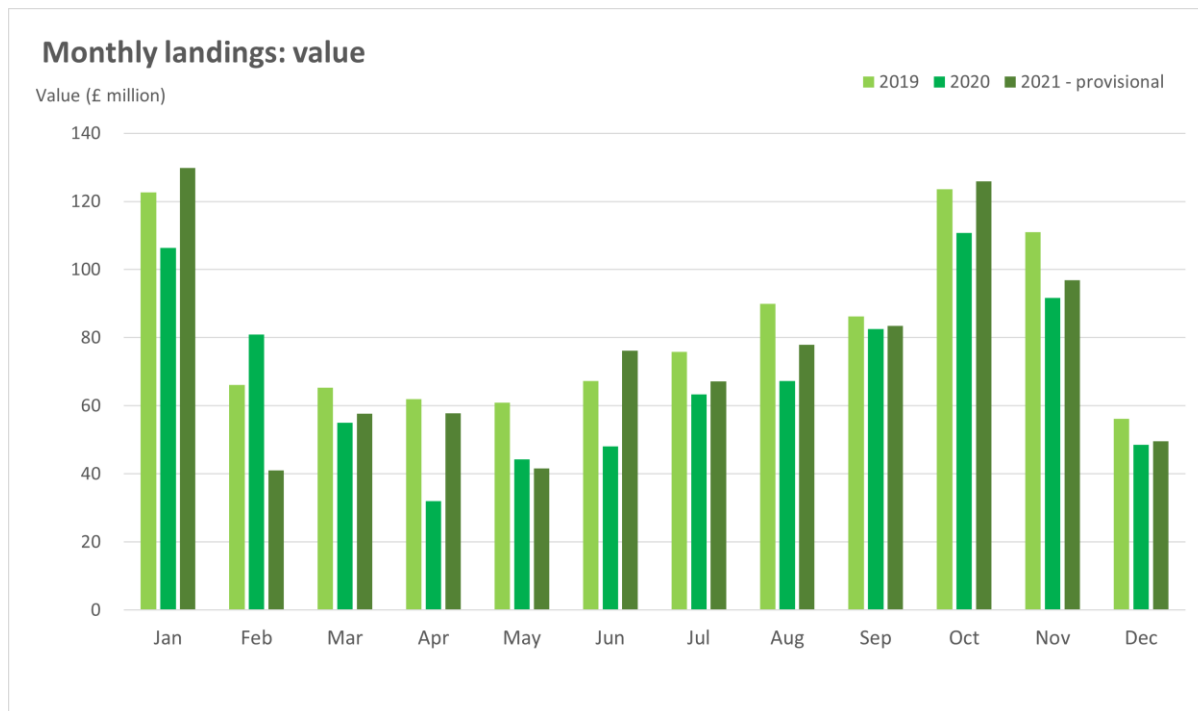
**Figure 5: Fish Landings by the UK fleet: 2019 to 2021 – annual**



Note: provisional landings data is reflected for 2021; the MMO annual statistics publication (Sea Fisheries Statistics 2021), scheduled for release in September 2022 will publish confirmed 2021 landings data [UK sea fisheries annual statistics - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/uk-sea-fisheries-annual-statistics)

Figure 6 includes a comparison of monthly landings by value over the three-year period, with an observed reduction during February 2021, which coincides with the UK's introduction of the third national lockdown (January to March 2021). MMO continues to improve our statistical products based on its users' needs to ensure MMO gives stakeholders the best possible picture of the UK sea fishing sector.

**Figure 6: Fish Landings by the UK fleet: 2019 to 2021 – monthly**



Note: provisional landings data is reflected for 2021; the MMO annual statistics publication (Sea Fisheries Statistics 2021), scheduled for release in September 2022 will publish confirmed 2021 landings data [UK sea fisheries annual statistics - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/uk-sea-fisheries-annual-statistics)

Through the MMO Strategy, the MMO will look to maximise 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.

Underpinning MMO’s Strategy is our performance framework, which we have used this year to completely redefine our performance reporting against each of our MMO services, ensuring KPIs are closely linked to service quality and effectiveness. Our services have been explicitly mapped onto our strategic goals, with most services delivering against multiple goals. For each goal we are in the process of putting in place and baselining measures of outcomes and impacts utilising data and evidence gathered by MMO, by our delivery partners and available publicly. By baselining in the first year of our strategy we will be able to effectively measure progress against our strategic priorities over the ten-year duration of our strategy.

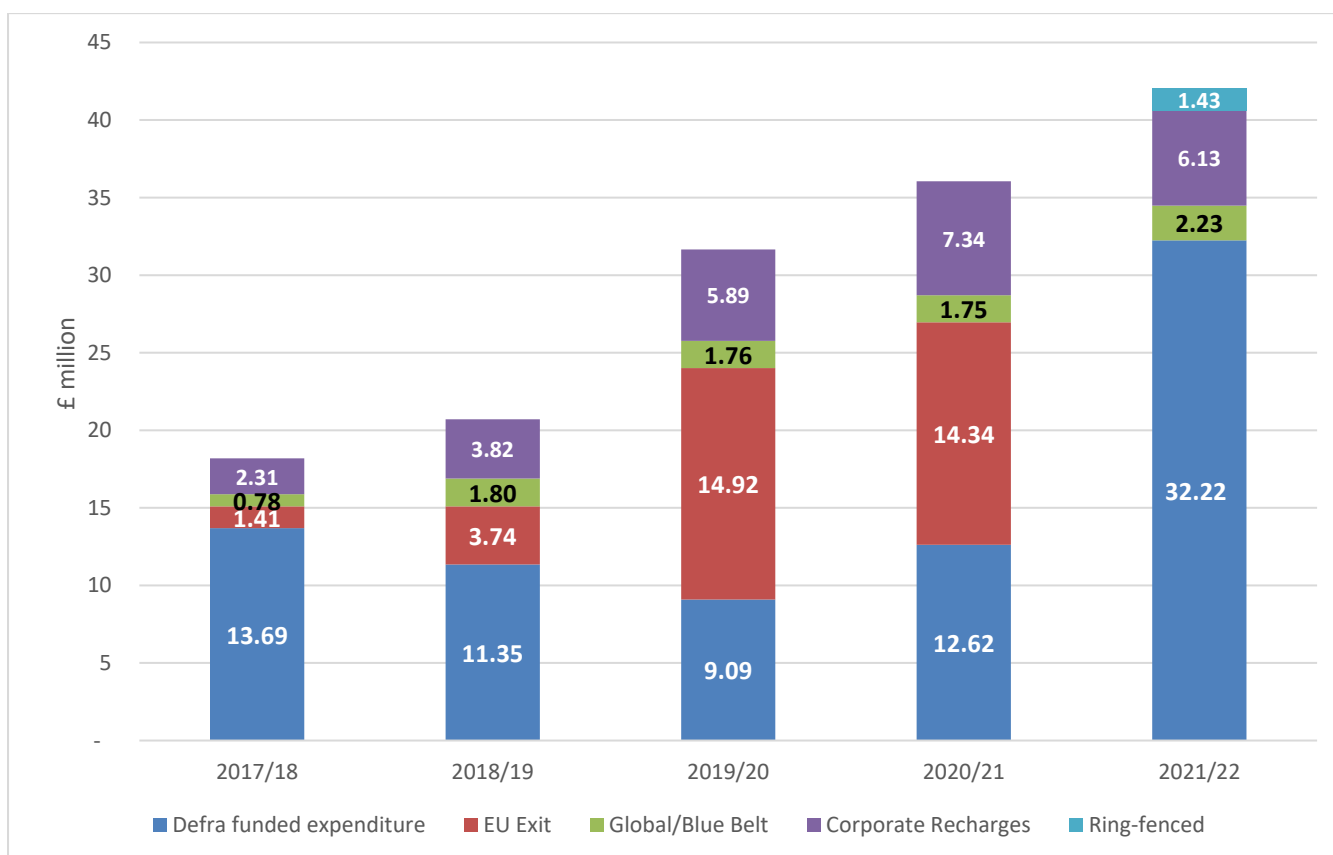
## Financial review

MMO's level of activity has continued to increase over 2021/22, this is reflected in the Comprehensive Net Expenditure for 2021/22 of £42.0 million, an increase of 16% from previous year (2020/21: £36.1million).

This Comprehensive Net Expenditure of £42.0 million included:

- £33.7 million of Defra funded expenditure to support the delivery of its statutory duties, including repatriated sovereign functions that were previously financed through HM Treasury ring-fenced EU Exit funding. This total amount includes £1.43 million of HM Treasury ring-fenced funding for 2021/22.
- £6.1 million in notional Defra corporate recharges.
- £2.2 million to support the provision of advice to specific Global Marine Programmes including the CSSF Blue Belt Programme and the Ocean Country Partnership Programme.

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

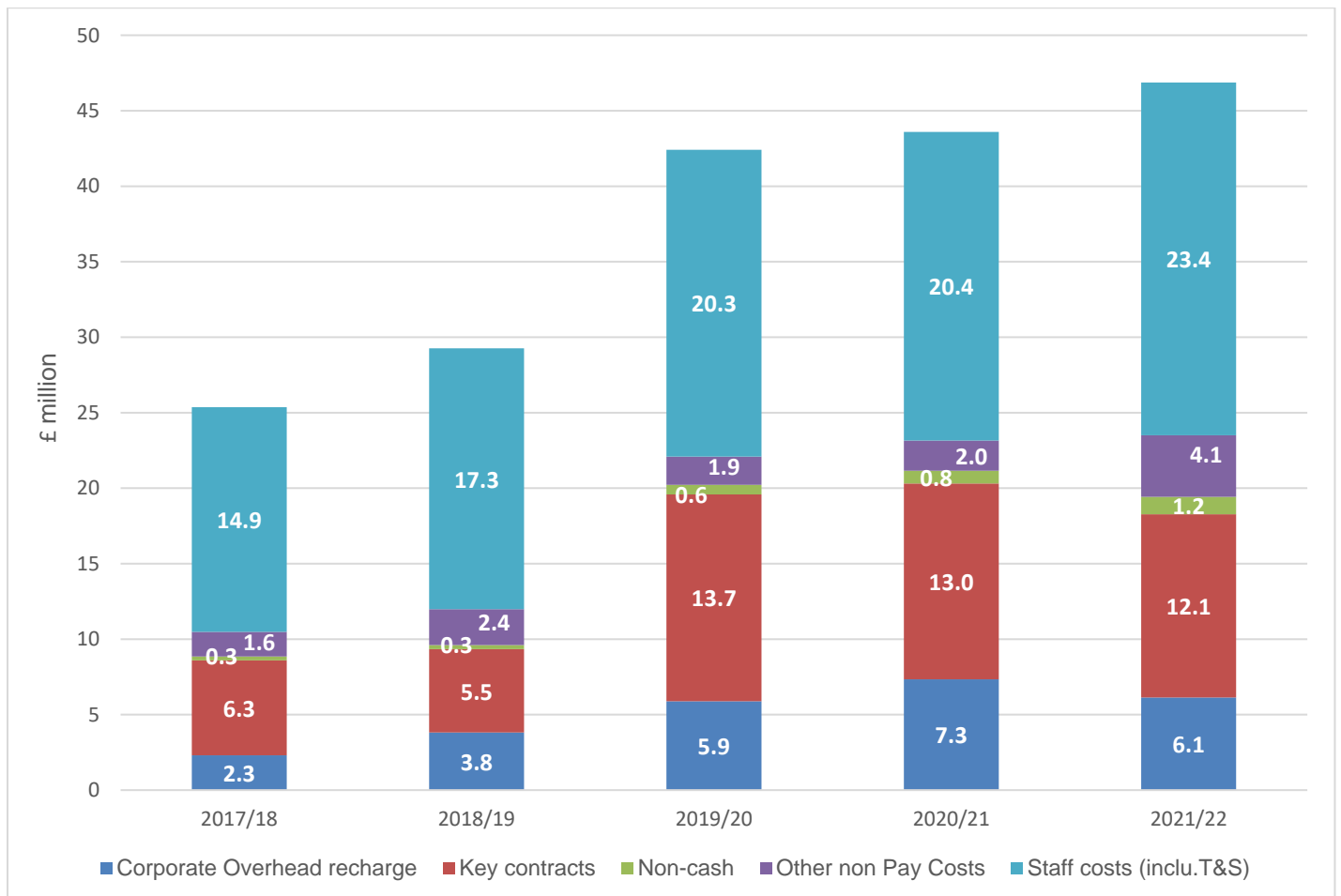


The breakdown of gross expenditure over the last five years is shown in figure two below, with a detailed breakdown of expenditure in 2021/22 provided in the Financial Statements pages 91 to 108. Gross expenditure increased to £46.9 million (2020/21 £43.5 million). The most significant increase in expenditure over the reporting period is a £2.6 million (13%) increase in staff costs, in comparison to the prior year. Staff costs have increased primarily due to an increase in directly employed staff, the average number of fulltime equivalent staff in post in 2021/22 was 386 (2020/21: 358), this reflects the delivery of new sovereign functions following the end of the EU Exit transition period. Figure three provides a breakdown of the composition of MMO staff in 2021/22.

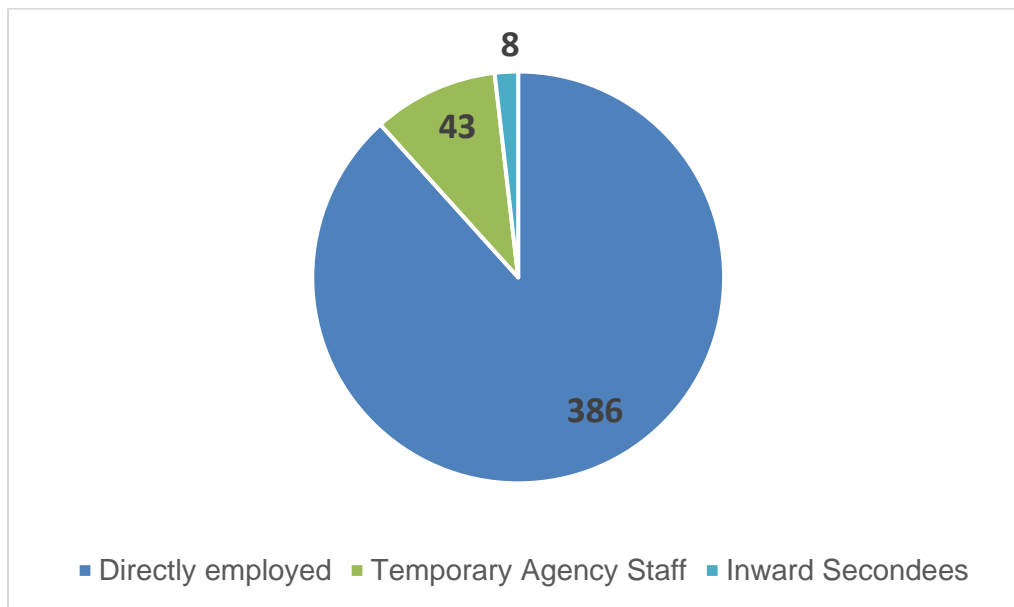


MMO receives income through fees and charges for the delivery of its Marine Licensing Service, income from other revenue which includes income from devolved administrations in respect of cost recovery for shared fisheries IT infrastructure and income from the European Maritime Fisheries Fund (EMFF) to support the administration of the fund, and specific measures of funding support to enhance its regulatory capability for fisheries. This has decreased significantly in 2021/22 to £0.5 million (2020/21 £2.9 million) as the EMFF scheme moves towards cessation. 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**



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



### Expenditure by strategic objective

In line with the Performance Summary (pages 15- 17) the MMO regulatory services contribute towards Defra Outcome Delivery Plan priorities. Figure four sets out MMO Comprehensive Net Expenditure for 2021/22 by MMO service and Defra Outcome Delivery Plan priority.

**Figure 4: MMO comprehensive net expenditure for 2021/22 by Defra Outcome Delivery Plan Priority**

Defra Outcome Delivery Plan priority	MMO Service	Net comprehensive expenditure 2021/22 £'000	Net comprehensive expenditure 2021/22 £'000
Improve the environment through cleaner air and water, minimised waste, and thriving plants and terrestrial and marine wildlife	Enabling sustainable marine development	2,160	9,343
	Protecting marine habitats and wildlife	1,860	
	Supporting global marine protection	5,323	
Increase the sustainability, productivity and resilience of the agriculture, fishing, food, and drink sectors, enhance biosecurity at the border and raise animal welfare standards	Delivering sustainable fishing opportunities	3,350	32,669
	Administering marine support funds	2,051	
	Providing regulatory support and assurance	27,268	
<b>Total</b>		<b>42,012</b>	<b>42,012</b>

### EU exit expenditure

For 2021/22, following the end of the EU exit transition period, funding for the repatriation of sovereign functions is included in the Defra funded expenditure for statutory activities, as these

functions are now part of MMO's core delivery. In previous years, this funding was controlled through HM Treasury as a ring-fenced EU Exit funding allocation. The EU Exit funding was received from HM Treasury in incremental annual 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 and 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 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.

Following the end of the EU Exit transition period, expenditure has continued to be incurred in relation to the ongoing development of new repatriated functions and funds which are enduring such as the Fish Export Service and new fisheries management functions. These are covered in detail in the performance analysis section (18 – 55). Funding for this expenditure is now part of core delivery (Defra funded expenditure in Figure 1) and going forward as part of Spending Review 2021 (SR21) settlement.

### **COVID-19 related expenditure**

During the 2021/22 reporting period, MMO did not incur any Covid-19 related project expenditure in 2021/22 which was funded by either HMT or through the MMO's Spending Review 2020 (SR20) allocation.

### **Long term expenditure trends**

Over the twelve years since vesting, MMO's net expenditure has increased from £29 million in 2010/11 to £42 million in 2021/22 (including the notional corporate recharge). Expenditure has increased in both preparation for EU exit and the subsequent repatriation of sovereign functions and funds following EU exit, and the addition of funding to support global marine programmes. This increase in funding followed a significant period of challenging savings required over the four-year 2015 Spending Review period (SR15).

The overall increase in expenditure is expected to continue and is reflected in the 2021 Spending Review Settlement in which repatriated sovereign functions have become part of core delivery.

Delivery of MMO's three-year strategy is encapsulated in the MMO Corporate Plan (2022-2025).

## 1.2.2 Sustainability report

Sustainable development is core to MMO's mission, purpose, ambition and central to the way MMO delivers its business. MMO's environmental performance is assessed by measuring its contribution to the targets set out in the Greening Government Commitments (GGC) 2021 to 2025. This supersedes the GGC framework for 2016 to 2020 which has been used to measure progress in previous years. Performance against GGC targets is disclosed on page 54 of this report, in line with the requirements of the HM Treasury financial reporting guidance 2021/22.

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

- **Scope 1 (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 2 (Energy indirect) emissions** – This is emissions from the consumption of gas and electricity through our estates.
- **Scope 3 (Upstream supply chain and downstream value chain) emissions:** For MMO reporting this is limited to emissions from business travel recorded through the Defra travel booking portal.

The table below summarises MMO performance in 2021/22 compared to prior year:

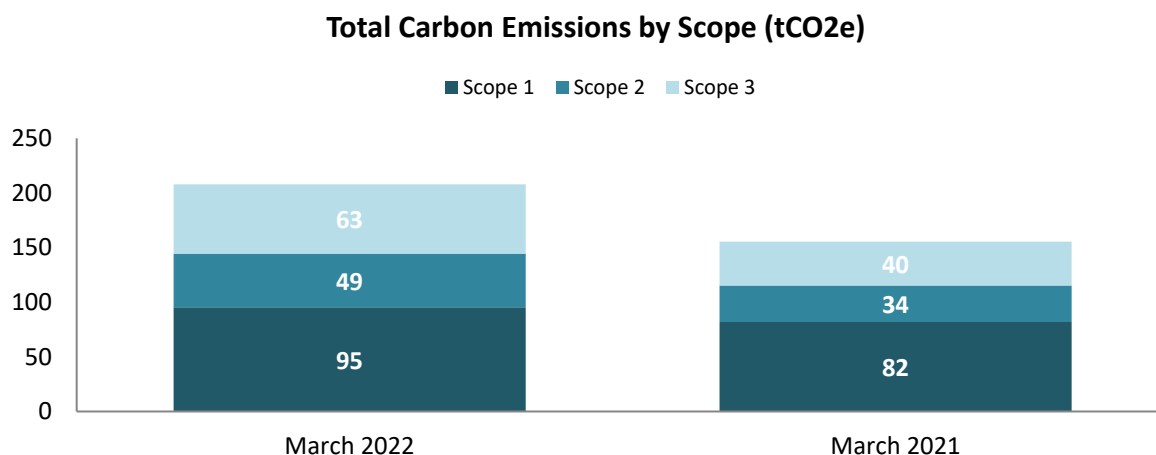
MMO Greenhouse Gas Emissions		2021/22	2020/21 (Restated)
<b>Non-financial indicators (tCO<sub>2</sub>e)</b>	Total Gross Emissions for Scope 1,2 & 3	207	156
	Total Net Emissions for Scope 1,2 & 3 (i.e. less reductions e.g. green tariffs)	207	156
	Gross emissions from Scope 1 (Direct)	95	82
	Gross emissions from Scope 2 (Energy indirect)	49	34
	Gross emissions from Scope 3 (business travel)	63	40
<b>Related energy consumption (thousand KWh)</b>	Electricity	231	131
	Gas	301	190
<b>Financial Indicators (£'000)</b>	Expenditure on energy*	N/A	N/A
	Carbon Reduction Certificate (CRC) Licence Expenditure (2011 onwards)	0	0
	CRC Income for recycling payments	0	0
	Expenditure on accredited offsets - Woodland Trust Enterprise	0	0
	Expenditure on official business travel	74	20

\*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.

Performance relating to 2020/21 has been restated as 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. As a consequence, there is an increase of 14 tCO<sub>2</sub>e for Scope 1 emissions, a decrease of 2 tCO<sub>2</sub>e for Scope 2 emissions, and an increase of 4 tCO<sub>2</sub>e for Scope 3 emissions.

Total GHG emissions in 2021/22 have increased by 51 tCO<sub>2</sub>e compared to 2020/21 with increases for all three categories of emissions, Scope 1 (direct), Scope 2 (energy indirect) and Scope 3 (Upstream supply chain and downstream value chain). The breakdown of emissions by scope is shown in the figure 1 below:

**Figure 1: Total carbon emission by Scope (tCO<sub>2</sub>e)**



MMO has increased emissions for all three scope categories stated and the increase is more than proportionate to the increase in average full-time equivalent staff during the year (increase of 28 FTE during the year). This is due to the impact of revised ways of working post Covid-19 pandemic across MMO during 2021/22 which has resulted in an increase of operational activity, business travel and a blended approach of colleagues returning to the office.

**Significant greenhouse gas emissions activities that fall outside of the GGC reporting requirements above**

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 relating to suppliers, 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 from the supplier of commercial surface surveillance in relation to the emissions for the operation of two commercial vessels. Emissions and nautical miles reported for these vessels are shown in the following table:

Vessel	2021/22 Nautical miles	2021/22 tCO2e	2020/21 Nautical miles	2020/21 tCO2e
1 <sup>st</sup> Commercial Vessel	26,019	2,701	26,145	2,814
2 <sup>nd</sup> Commercial Vessel	26,171	3,219	7,865	1,339
<b>Total</b>	<b>52,190</b>	<b>5,920</b>	<b>34,010</b>	<b>4,153</b>

\*Data in 2020/21 for 2<sup>nd</sup> commercial vessel relates to five months provision of surface surveillance only. All other data relates to 12 months provision.

These estimates have been calculated by the supplier based on technical vessel data, fuel consumption, vessel load of 25%-50% and relevant conversion factors.

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

Non – hazardous waste for Head Office		2021/22	2020/21 (Restated)
Non-financial indicators (t)	Total Waste	12	10
	Waste to landfill	0	0
	Waste reused/recycled	7	7
	Waste incinerated	5	3
Finite Resource Consumption – Water		2021/22	2020/21 (Restated)
Non-financial indicators (m <sup>3</sup> )	Water Consumption	605	1049
Non-financial indicators (m <sup>3</sup> /average FTE)	Water Consumption per Full Time Equivalent (FTE)	1.6	2.9

### Performance against GGC targets

There have been some key changes to GGC targets introduced for the period 2021-2025. This includes a change to the baseline year against which targets are measured (baseline year has moved from 2009/10 to 2017/18) which is intended to provide more stretching targets in the core areas of emissions, water, waste, and domestic flights.



The Defra specific GGC targets as detailed in the table below, aim to reduce the Government's environmental impact:

GGC Target	Baseline 2017/18	2021/22 Actual	Target 2024/25	Notes
To cut overall greenhouse gas emissions by 50% from a 2017/18 baseline from MMO's apportioned share of the Defra estate and business-related transport	361 tCO <sub>2</sub> e	207 tCO <sub>2</sub> e	180 tCO <sub>2</sub> e	
To reduce direct carbon emissions in buildings by 15% from a 2017/18 baseline from MMO's apportioned share of the Defra estate	48 tCO <sub>2</sub> e	55 tCO <sub>2</sub> e	41 tCO <sub>2</sub> e	Increase due to some changes in apportionment and increase in emissions linked to Covid ventilation requirements in buildings
Reduce emissions from domestic flights by 30% from a 2017/18 baseline	18 tCO <sub>2</sub> e	5 tCO <sub>2</sub> e	12 tCO <sub>2</sub> e	
MMO Vehicle Fleet – 25% ULEV by end of 2022, and 100% 0 emissions by end of 2027	N/A	11%	N/A	ULEV Fleet transition plans in place
Update travel policies to require low carbon options be considered first	N/A	N/A	N/A	Policy review to commence in 2022/23
Reduce overall amount of waste generated by 15%	25 t	12 t	21 t	
Reduce the amount of waste going to landfill to 5% of overall waste	7%	1%	5%	
Increase the amount of waste recycled to 70% of overall waste	58%	55%	70%	
Remove consumer single use plastic from office estate	N/A	N/A	N/A	
Reduce paper use by 50% from a 2017/18 baseline (reams)	1,042	83	521	
Reduce water consumption by 8% from a 2017/18 baseline	1,751m <sup>3</sup>	605m <sup>3</sup>	1,611m <sup>3</sup>	

MMO will continue to measure its performance against these targets and contribute, where it can, to further reduce our impact on the environment including:

- Continuing to assess the impact of Covid-19 pandemic ways of working, maximising the use of technology to balance a return to MMO offices with the environmental benefits of reduced travel.
- Transitioning existing MMO lease car fleet to a Ultra Low Emission Vehicle (ULEV) Fleet during 2022/23 to achieve reductions in our scope 1 emissions.
- Contributing to the Defra Sustainability Strategy which will provide a framework for how we reduce our greenhouse gas emissions as well as finding efficiencies in our resource use, water use and minimise waste.
- Contributing to Defra Estates strategy which includes programme to reduce workplace emissions across Defra sites.

## Office water use against best practice benchmark

In line with the GGC target above, MMO water usage for 2021/22 against the best practice benchmarks is shown in the table overleaf. MMO is on track to achieve the overall GGC target for water usage.

Best practice benchmarks	Current MMO performance against benchmarks
Sites with best performance (<4m <sup>3</sup> /FTE)	75%
Sites with Good performance (4-6m <sup>3</sup> /FTE)	0%
Sites with Poor performance (>6m <sup>3</sup> /FTE)	25%

## Sustainable procurement

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 (e.g. surface surveillance), Defra frameworks (e.g. digital services) and other pan government frameworks operated by the Crown Commercial Services (e.g. PPE). 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. During 2021/22, MMO let 35 contracts of £10k or above totalling £6.7 million with evaluation covering some or all criteria aspects of modern slavery, sustainability, and social values – the level of focus on each criteria will vary from contract to contract depending on the nature of work and framework utilised.

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

## Climate change adaptation

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. We have already taken meaningful steps to adapt to climate change by implementing recommendations made in the first Climate Change Adaptation Report, published in 2015. Actions include climate considerations in marine plan policies, changes in fishing practices to reflect distribution of species and monitoring the condition of Marine Protected Areas. In 2021/22 we undertook a review of MMO's climate change adaptation response, in light of strengthening and emerging evidence on the impacts and implications of climate change. Recommendations made in this report are being reviewed and will be used to update our corporate plan.



### **Tom McCormack, CBE**

Chief Executive Officer and Accounting Officer  
Marine Management Organisation  
12 December 2022





## 2. Accountability report



## 2.1 Corporate governance report

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

### 2.1.1 Directors' report

#### Responsibility for the direction of MMO

##### Non-executive directors

MMO's non-executive directors are 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 2022, there were nine non-executive directors in post. The following re-appointments were made during the period:

- Belinda Howell and Robert Wilson had their terms extended by ten months, William Roberts, Peter Judge, David Lyall and Bill Dickson had their terms extended by nine months.
- There is a further on-going exercise to consider potential re-appointments for Non-Executive Directors with contract end dates in the 2022/23 reporting period.

The composition during the reporting period is as follows:

Non-executive Director	Role	Appointment date	End date
Hilary Florek	Chair	08/02/2018	07/02/2024
Anthony Delahunty	Non-Executive Director	01/02/2017	31/01/2023
Terence Jagger	Non-Executive Director	01/02/2017	31/01/2023
Belinda Howell	Non-Executive Director	01/05/2018	28/02/2023
Robert Wilson	Non-Executive Director	01/05/2018	28/02/2023
William Roberts	Non-Executive Director	01/08/2018	30/04/2023
Peter Judge	Non-Executive Director	01/02/2019	31/10/2025
David Lyall	Non-Executive Director	01/02/2019	31/10/2026
Bill Dickson	Non-Executive Director	01/02/2019	31/10/2022

The Audit and Risk Assurance Committee (ARAC) members were William Roberts (Chair), Belinda Howell, Terence Jagger (to 17 June 2021) and David Lyall (from 17 June 2021).

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

##### Interests

During 2021/22, there were no significant interests held by any of the Non-Executive Directors which may conflict with their responsibilities. A register of Non-Executive Directors' interests is published on MMO's website. Related party disclosures can be seen in note 11 to the Accounts.



## Executive directors

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

- Michael Coyle was appointed Interim Director of Operations on 5 July 2021 to the 13 July 2022, following the resignation of Phil Haslam as Director of Operations on 6 August 2021. Following recruitment, MMO has now appointed Peter Clark, as Director of Operations, effective from 13 July 2022.
- Simon Dixon was appointed Interim Director of Digital and Analysis on 1 July 2021 to the 6 November 2021, following the resignation of Andrew Wareing as Director of Business Development and Transformation on 11 June 2021. MMO appointed Stephanie Campbell on the 11 October 2021 as Director of Digital and Analysis. Simon Dixon was re-appointed Interim Director of Digital and Analysis on 24 January 2022 as maternity leave cover.

The composition during the reporting period is as follows:

Executive director	Most Current Role	Appointment date	End date
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
Michael Coyle	Interim Director of Operations	05/07/2021	13/07/2022
Trudi Wakelin	Director of Licensing, Marine Planning and Global Marine	06/02/2017	-
Andrew Wareing	Director of Business Development and Transformation	05/12/2016	11/06/2021
Stephanie Campbell	Director of Digital and Analysis	11/10/2021	-
Simon Dixon	Interim Director of Digital and Analysis	1/7/2021 and 24/01/2022	06/11/2021 and 31/01/2023
Jenny Stewart	Director of Planning and Change	01/06/2020	-
Selina Stead	Chief Scientific Advisor	01/06/2017	-

## Interests

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

## Personal data related incidents

During 2021/22 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 MMO 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 MMO 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 MMO. 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 MMO's 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 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, has collective responsibility for the management of MMO and its business, delivering Ministerial priorities and the business strategy set by the MMO Board.

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

MMO's functions and responsibilities are provided under the Marine and Coastal Access Act 2009. Defra is MMO's sponsoring department and MMO is accountable to Defra for its use of resources and its performance. The corporate governance arrangements between Defra and MMO are set out in a Framework Document (9 June 2022) which can be found at:

[MMO framework document - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

During 2021/22, Defra undertook a review of its governance arrangements with its Arm's Length Bodies, with a view to improve assurance of delivery of Government priorities, and providing a clear line of sight, including clear definition of accountabilities across Defra. The recommendations informed the amendments to the Framework Document, the re-introduction of 'Sponsorship' arrangements and governance which will be effective from 1 April 2022.

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

As a Non-Departmental Public Body (NDPB) within the Defra Group, MMO is led by a board that is responsible for setting the overall strategic direction for MMO in delivery of its strategic objectives and evaluating performance. Hilary Florek is Chair of the Board and has responsibility for ensuring 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 2022, the MMO Board comprised nine non-executive directors. A full list of non-executive directors is included at page 57.

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 MMO's Action Plan which sets out the operational and financial strategic objectives to which MMO is committed. Based on this structure, executive governance is taken forward through the executive directors, led by myself. The Executive Leadership Team is supported by a Senior Leadership Team that, together with their functional teams, all interact to achieve delivery of the strategic objectives.

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 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 director. In addition, the MMO Board and Executive is supported by a Chief Scientific Advisor on matters of science and evidence.

## 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; strategic reports from myself and directors, including reports detailing delivery against performance measures described in the MMO Action Plan; finance, assurance, and risk management, change delivery and capacity, capability, and culture, which includes health, safety, and wellbeing. This is complemented with reports from the Board Sub-Committees.

During 2021/22, the MMO Board met on four substantive occasions, with three additional interim meetings to follow up on exceptional matters relating to change delivery and commercial approvals. The MMO Board 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 (MMO delivery against Defra strategic priorities including MMO Services), finance, risk, and assurance including commercial approvals (for contracts exceeding £250k), change delivery which included key business case approvals. There were specific sessions to consider delivery of Fisheries Statistics, the new domestic funding schemes (Fisheries and Seafood Scheme and the UK Infrastructure Fund) and Marine Licensing recovery plans. Matters of governance included MMO Board consideration of the Annual Report and Accounts, MMO Framework Document and changes to sponsorship arrangements. Focus on people matters has been a priority for MMO Board over the year, which has included health, safety, and wellbeing, the recommendations, and findings from the MMO 2021 People Survey results and which has informed the review of the MMO capacity, capability, and culture.
- **Strategic developments:** developing and finalising the MMO Strategy, Comprehensive Spending Review (SR21) and MMO Corporate Plan, progression of Spatial Marine Planning, development of Fisheries Management Plans (FMP), consulting and identification of the new Offshore Marine Protected Areas (MPAs), the refinement of MMO response to the Energy Security Strategy supporting Offshore Wind, MMO ability to provide expert support and advice for programmes such as CSSF Blue Belt Programme, Blue Belt Ocean Shield and Ocean Country Partnership Programme (funded through the Blue Planet Fund) supported by the establishment of a new Business Development Unit.
- **Committee reports and sub-groups:** review and support of the MMO Annual Report and Accounts, and development of a new performance management framework in support of the MMO Strategy and Corporate Plan.

This approach has ensured that appropriate strategic direction and escalation has been provided following substantive challenge and debate; all of which are fully documented, with minutes published on Gov.UK.

I can confirm that where conflicts of interest have arisen, the Chair has initiated protocols for managing sensitivities. During 2021/22, there were no conflicts reported to the Chair. 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 directors during the reporting year, taking account of performance and reflecting on individual portfolios of responsibility and discussing priorities for the future.

A corporate governance health check was undertaken by Internal Audit which covered the effectiveness of the Executive Leadership Team and the MMO Board. The review reported with an overall moderate assurance assessment, and identified several actions aimed at enhancing the control environment. They included reviewing the terms reference for all governance groups with decision making authority on activity or cost to ensure full alignment with the MMO scheme of delegation, more regular focused sessions on corporate governance with directors and some tactical management process improvements to ensure good corporate discipline. National Audit Office have been commissioned to undertake a further MMO Board and Audit and Risk Committee effectiveness review in 2022/23.

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

The ARAC comprises three non-executive directors. 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 MMO governance, risk management and assurance processes. It provides constructive challenge and advice, taking account of risks, on the effectiveness of MMO's control environment. The principal focus for activities is documented in its Terms of Reference.

During 2021/22, the ARAC met on three occasions and considered a variety of items across the four themes of externalities, external audit and accounting and risk and assurance, and internal audit:

- **Externalities:** Comprehensive Spending Review, the Defra and MMO Framework Agreement, new domestic funding schemes (UK Infrastructure Fund and Fisheries and Seafood Scheme), a litigation against MMO and other technology, policy, and environmental changes.
- **External audit and accounting:** Annual Report and Accounts (interim and final), National Audit Office Audit Completion Report (including Letter of Representation).
- **Risk and assurance:** enhancements to the Risk Management (RM) environment including a refreshed RM Strategy including new approaches to risk appetite and tolerance, development of assurance maps aligned to the "three lines of defence" methodology, and a suite of new strategic risks aligned to the achievement of the MMO Strategy. A deep dive on Internal Audit reviews of Benefits Realisation and the MMO Whistleblowing was also completed.
- **Internal audit:** Internal Audit Programme development for 2021/22 (and subsequent two years) and review including the Head of Internal Audit opinion.

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 2021/22, no such issues were escalated to the MMO Board.

### **Remuneration Committee**

The Remuneration Committee comprised three non-executive directors in 2021/22. 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.

The Remuneration Committee met twice during 2021/22 to discuss Senior Civil Servant (SCS) bonus awards (criteria and proposals), 2021 Pay Remit (for all grades below SCS), recruitment for the Director of Operations and Director of Digital and Analysis, consideration of business appointment rules and input to the management actions to address the findings from MMO's People Plan and People Survey results.

### Attendance at meetings

Attendance of the MMO Board, ARAC and Remuneration Committee in 2021/22 is set out below:

Non-Executive Director	Board		ARAC		Remuneration Committee	
	Meetings	Attended	Meetings	Attended	Meetings	Attended
Hilary Florek (Chair)	4	4	N/A		N/A	
Anthony Delahunty (Remuneration Committee member)	4	4	N/A		2	2
Terence Jagger (ARAC member to 17 June 2021)	4	4	1	1	N/A	
Belinda Howell (ARAC member)	4	4	3	3	N/A	
Robert Wilson (Remuneration Committee Chair)	4	4	N/A		2	2
William Roberts, (ARAC Chair)	4	4	3	3	N/A	
Bill Dickson	4	4	N/A		N/A	
Peter Judge (Remuneration Committee member)	4	4	N/A		2	2
David Lyall (ARAC member from 17 June 2021)	4	4	2	2	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. The minutes of the MMO board meetings can be found: [Our governance - Marine Management Organisation - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

## Compliance with the Central Government Corporate Governance code of practice

MMO is required to comply with the provisions in the Central Government Corporate Governance code of practice 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 Resources, 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

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.

MMO's Risk Management Strategy and its implementation has developed significantly over the last 12 months. Key outputs from this have included:

- A full refresh of the MMO Risk Management Strategy including the development of a risk appetite and tolerance for escalation to MMO Executive leadership Team, MMO Board and the Audit and Risk Committee.
- Up to date risk registers for all MMO services.
- The education and upskilling of all colleagues on risk management practice to support the embedding of a risk culture across MMO.
- Risk workshop in March 2022 with MMO Executive Leadership Team and Non-Executive Directors for defining of Strategic risks associated with achievement of the MMO Strategy and Corporate Plan with mitigating actions. As at 31 March 2022, MMO Strategic risks are described as follows:

**1. Risk** – There is a risk that our marine ecosystem will be impacted by environmentally adverse policy over riders, unlicensed actions and accidental events, and that marine restoration plans are inadequate alongside climate change adaptation disruption, leading to a degraded marine environment. This will significantly and adversely impact on the functioning marine ecosystem services leading to a loss of environmental, economic, and social benefits.

- A complete suite of marine plans is now established for English waters with programme of implementation training and events in progress/delivered. Protection measures in overseas territories are in place.
- MMO has agreed to develop one Fisheries Management Plan, and is advising on six others.

**2. Risk** – There is a risk that there are too many parties and too many demands on our marine with complex, competing, and conflicting objectives. Unclear policy prioritisation by the Government and large-scale policy changes that negatively impact on short- and long-term objectives and plans can result in sub optimal marine plans. If marine plans are not widely owned or used by decision makers, then this could lead to incoherent developments which do not optimise the marine area or fails to support effective delivery of the Government's strategic priorities for our marine.

- There is now a complete suite of marine plans covering the English coast and marine area. Activity to promote understanding and use of the plans continues through engagement with stakeholders and users, as well as with decision makers including the Marine Licensing team.

**3. Risk** – There is a risk that the MMO fails to keep up with best practise, learn from experience, modernise, and adopt new techniques and therefore the achievement of all of its objectives is below level expected failing to support MMO's plea as a world leader.

- MMO has identified the work needed to underpin the controls. The planned work includes; the fiscal strategy, the communications strategy, and a new target operating model.

**4. Risk** – There is a risk that if MMO fails to evolve and support our assurance systems into an effective compliance framework, supported by risk-based assurance actions and well understood enforcement activities, then we will not be able to support higher levels of co management and self-regulation. This will affect our ability to nurture a culture of compliance.

- Work has started on reviewing the current fisheries legislation, and in addition, projects are in place to improve capability, control, and enforcement activities.

**5. Risk** – Capacity, capability, and legal vires limit MMO ambition to support global marine protection.

- MMO is scoping new Overseas Territories joining the programme (which includes the Caymans, Anguilla, and Cyprus).
- The Blue Belt Ocean Shield sub-programme proposal has been socialised with all UK Overseas Territories and Bermuda has joined.
- A time recording model has been established for the global team, and a revised cost model has been developed for charging to each programme and recharges to MMO's budget for support services/contracts.

**6. Risk** – Failure to deliver our contribution to ensuring Government ambitions to achieve sustainable and transparent management of Fisheries, could impair the viability of the fishing sector.

- The Joint Fisheries Statement was published in January 2022 and is currently subject to public consultation. The statement sets out the MMO role as a Fisheries Management Authority and sets out the status and importance of Fishery Management Plans.
- The work of the Regional Fishery Groups is still in early days, but is beginning to realise key outputs and activity.



**7. Risk** – There is a risk that MMO does not make the most of our data and evidence analysis, resulting in less effective Marine system decision making, less value for money and marine protection.

- We have made significant progress in financial year 2021/22, achieving a good rating from Defra Data Protection Officer on improvements to enhance data protections processes and compliance in MMO.
- Our strategic reporting database has been delivered and fisheries data been migrated into the new system.
- A data analytical system, PowerBI, is being rolled out to allow for automated real time dashboarding of critical operational and business reports/intelligence.

**8. Risk** – MMO does not build an affordable, sustainable workforce (capacity and capability) and fails to deliver our Corporate Plan, resulting in;

- failures in delivery of MMO's services, strategic goals, and plans, including Government outcomes and plans.
- failures in delivery of UK Government's legally binding commitments and agreements.
- workload pressures on MMO colleagues, with excessive attrition levels.
- constrained opportunities for colleague development; and associated capacity and costs pressures.
- adverse reputational impacts to UK HMG and MMO.

- Our Workforce Strategy has produced clarity on enduring roles in the business and should be folded into the establishment and roles that do not.
- The May-September 2022 recruitment exercise will conclude; moving the MMO into a Strategic Workforce Planning place with a firmer Secondment policy.
- People management information (MI) capacity has been enhanced with a People MI pack now produced monthly and quarterly and shared with the Executive Leadership Team and MMO Board.

During 2021/22 MMO settled a long-standing legal case. The Government Internal Audit Agency have been commissioned to undertake a lessons' learned review and this is expected to complete by 31 October 2022.

### **Information risk management**

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 Government's Security Policy Framework and ensure compliance with relevant legislation. 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.

MMO has fully participated in the Macpherson review of quality assurance of government models. 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.

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

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 MMO. MMO is implementing the new Information Commissioner's Office (ICO) Accountability Framework since 2021 to strengthen data protection and associated security governance in line with change in Defra Group and wider government. MMO has 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 MMO during 2021/22.

### **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 2020/21 audit.

### **Whistleblowing**

MMO is committed to high standards of integrity, honesty, and professionalism. To support this, MMO has in place a Disclosures in the Public Interest (Whistleblowing) Policy and Procedure and we encourage our colleagues 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 was launched in December 2021.

### **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 eight strategic risks identified in section 2.1.3 (pages 64 - 66) 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 2022 the committee comprised three non-executive directors.

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 MMO.

All issues relating to MMO's 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 supported by the Chair for consideration by the Remuneration Committee, which makes a formal recommendation to the Board for endorsement. 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 2021/22 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 MMO to the extent that they are subject to UK taxation together with the associated tax. For 2021/22 this consists of costs of accommodation, travel and subsistence incurred by Non-Executive Directors where the place of work in their contract is their home. MMO pay the benefit in kind for Non-Executive Directors to HMRC.

## Non-executive directors' remuneration (subject to audit)

Non-executive directors' remuneration is determined by Defra; however, their fees and expenses are paid by 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 director 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 Director	Role	Appointment date	End date	2021/22 Fee £'000	2020/21 Fee £'000	Taxable expenses classified as benefits in kind 2021/22, to nearest £100	Taxable expenses classified as benefits in kind 2020/21, to nearest £100
Hilary Florek	Chair	08/02/2018	07/02/2024	40-45	40-45	0	0
Anthony Delahunty	Non-Executive Director	01/02/2017	31/01/2023	10-15	15-20	600	100
Terence Jagger	Non-Executive Director	01/02/2017	31/01/2023	10-15	10-15	100	300
Belinda Howell	Non-Executive Director	01/05/2018	28/02/2023	10-15	10-15	400	100
Robert Wilson	Non-Executive Director	01/05/2018	28/02/2023	10-15	10-15	0	0

Non-Executive Director	Role	Appointment date	End date	2021/22 Fee £'000	2020/21 Fee £'000	Taxable expenses classified as benefits in kind 2021/22, to nearest £100	Taxable expenses classified as benefits in kind 2020/21, to nearest £100
William Roberts	Non-Executive Director	01/08/2018	30/04/2023	10-15	10-15	200	0
Peter Judge	Non-Executive Director	01/02/2019	31/10/2025	10-15	10-15	0	100
David Lyall	Non-Executive Director	01/02/2019	31/10/2026	10-15	10-15	0	0
Bill Dickson	Non-Executive Director	01/02/2019	31/10/2022	10-15	10-15	200	0

Non-executive directors have no entitlement to performance related pay or pension contributions.

## Notes

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

## Directors' remuneration (subject to audit)

MMO directors have the authority and responsibility for directing and controlling the major activities during the reporting period and have influence over the entity. 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.

Executive Director	Current Role	Appointment date	End date	Salary (£'000)		Bonus Payments (£'000)		Pension Benefits (£'000)		Total (£'000)	
				2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
Tom McCormack	Chief Executive Officer	10/09/2019	09/09/2024	115-120	115-120	0-5	5-10	0	0	120-125	125-130
Michelle Willis	Director of Finance and Resources/ Deputy Chief Executive Officer	18/02/2013		90-95	90-95	5-10	5-10	24	44	120-125	140-145
Phil Haslam	Director of Operations	01/12/2016	06/08/2021	30-35 (85-90 FYE)	85-90	0	5-10	12	35	45-50 (100-105 FYE)	130-135
Michael Coyle	Acting Director of Operations	05/07/2021	13/07/2022	50-55 (70-75 FYE)	0	0-5	0	66	0	120-125 (135-140 FYE)	0
Trudi Wakelin	Director of Marine Licensing	06/02/2017		80-85	80-85	0-5	0-5	6	41	90-95	125-130
Stephanie Campbell	Director of Digital and Analysis	11/10/2021		35-40 (75-80 FYE)	0	0	0	14	0	50-55 (90-95 FYE)	0
Simon Dixon	Acting Director of Digital and Analysis	01/07/2021	06/11/2021	20-25 (70-75 FYE)	0	0	0	10	0	30-35 (80-85 FYE)	0
		24/01/2022	31/01/2023	10-15 (70-75 FYE)				5		15-20 (75-80 FYE)	0



Executive Director	Current Role	Appointment date	End date	Salary (£'000)		Bonus Payments (£'000)		Pension Benefits (£'000)		Total (£'000)	
				2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
Andrew Wareing	Director of Business Development and Transformation	05/12/2016	11/06/2021	15-20 (80-85 FYE)	80-85	0-5	0-5	0	22	15-20 (85-90 FYE)	105-110
Jenny Stewart	Director of Planning and Change	01/06/2020		90-95	75-80 (90-95 FTE)	0-5	0	27	47	120-125	120-125 (135-140 FTE)
Selina Stead	Chief Scientific Advisor	01/06/2017		15-20 (80-85 FTE)	15-20 (80-85 FTE)	0	0	7	7	20-25 (85-90 FTE)	20-25 (85-90 FTE)
<b>Band of highest paid executive disclosed in remuneration report (£'000)</b>				120-125	125-130						
<b>Median total remuneration (£)</b>				29,529	29,529						
<b>Ratio</b>				4.1	4.3						

## Notes

- A. No benefits in kind were provided in 2021/22 (2020/21: nil).
- B. Phil Haslam left the MMO on 6 August 2021. Michael Coyle was appointed Acting Director of Operations on 13 July 2021.
- C. Andrew Wareing left the MMO on 11 June 2021. Stephanie Campbell was appointed Director of Digital and Analysis on 11 October 2021.
- D. Simon Dixon was appointed Acting Director of Digital and Analysis for two interim periods, initially the 1 July 2021 to the 6 November 2021 and subsequently the 24 January 2022 to 31 January 2023.
- E. Selina Stead, Chief Scientific Advisor, is a part-time role at 0.2 FTE.

## 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 lower quartile, median and upper quartile remuneration of the organisation's workforce.

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

		2021/22	2020/21
Remuneration banding for highest paid director	Salary	£115,000 to £120,000	£115,000 to £120,000
	Bonus	£0 to £5,000	£5,000 to £10,000
	Total	£120,000 to £125,000	£125,000 to £130,000
Percentage change from the previous financial year for highest paid director	Salary	0%	1%
	Bonus	(61%)	100%
	Total	(4%)	9%
Upper quartile	Total pay and benefits	£39,094	£39,094
	Pay ratio	3.1	3.3
Median quartile	Total pay and benefits	£29,529	£29,529
	Pay ratio	4.1	4.3
Lower quartile	Total pay and benefits	£25,268	£25,268
	Pay ratio	4.8	5.0
Average percentage change from the previous financial year for all MMO employees (excluding the highest paid director)	Pay	(1%)	9%
	Bonus	24%	3%
Remuneration range		£21,298 to £160,000 - £165,000	£21,048 to £175,000 - £180,000
Employees receiving remuneration in excess of the highest-paid director		15	13

Individual performance is assessed against work objectives, MMO core competence framework and role profiles. Bonus payments for each of the performance years are made as a non-consolidated pay award where an individual has been awarded a good or excellent mark. Bonuses awarded in the 2021/22 year are in respect of performance in the 2020/21 year. The 24% increase in the average bonus paid in 2021/22 compared to the prior year equates to a small average increase in the bonus award of £74 in monetary terms.

There are no non-salary components in the pay and benefits figures disclosed in the table above (2020/21: nil).

There has been no change in the lower quartile, median and upper quartile remuneration of the organisation's workforce in 2021/22 in comparison to the prior year due to the impact of the Civil Service pay freeze in 2021/22. The corresponding pay ratios for 2021/22 have decreased from the prior year in line with the reduction in the bonus banding for the highest paid director.

The average percentage change in salary from the previous financial year for all MMO employees (excluding the highest paid director) is calculated based on the average salary of all staff (including temporary staff) in post at the year-end compared with the average salary of those in post at the prior year-end. The changes shown reflect movements in the mix of grades in the organisation over time.

Based on the annual equivalent remuneration paid to temporary staff, there were 15 staff receiving an annual equivalent salary in excess of the highest paid director.

MMO believes the median pay ratio for 2021/22 is consistent with the pay and reward policies for the MMO's employees taken as a whole because it reflects the pay envelope that has been agreed through the 2021 Civil Service Pay Remit.

## Directors' pension benefits (subject to audit)

Executive Group Member	Real increase in pension (£'000)	Real increase in lump sum (£'000)	Value of pension at 31/03/2022 (£'000)	Value of lump sum at 31/03/22 (£'000)	CETV at 31/03/21 (£'000)	Real increase in CETV (£'000)	CETV at 31/03/22 (£'000)
Phil Haslam	0-2.5	0	10-15	0	121	7	129
Michelle Willis	0-2.5	0	30-35	0	463	9	500
Michael Coyle	2.5-5	5-7.5	25-30	55-60	431	51	492
Trudi Wakelin	0-2.5	0	50-55	0	658	0	696
Stephanie Campbell	0-2.5	0	15-20	0	164	5	171
Simon Dixon	0-2.5	0	5-10	0	76	2	78
Andrew Wareing	0	0	35-40	105-110	833	0	838
Selina Stead	0-2.5	0	0-5	0	23	4	28
Jenny Stewart	0-2.5	0	30-35	0	413	10	448

## 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)

	2021/22 Permanently employed £'000	2021/22 Others £'000	2021/22 Total £'000	2020/21 Total £'000
Wages and salaries	13,557	4,841	18,398	15,839
Pension costs	3,295	0	3,295	3,256
Social security costs	1,391	0	1,391	1,347
<b>Total Staff Costs</b>	<b>18,243</b>	<b>4,841</b>	<b>23,084</b>	<b>20,442</b>

All of 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 2021/22 (2020/21: nil).

Temporary staff are appointed for short term work through the Crown Commercial Framework Agreements. There was no expenditure on consultancy in 2021/22 (2020/21: nil) as shown in note 3 of the financial statements.

Average Number of Full Time Equivalent Staff	2021/22 Number of people	2020/21 Number of people
Directly Employed	386	358
Inward Secondments	8	7
Temporary Agency/Interim Staff	43	37
<b>Total</b>	<b>437</b>	<b>402</b>

### Pensions

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as “alpha” – are unfunded multi-employer defined benefit schemes, but MMO is unable to identify its share of the underlying assets and liabilities.

The scheme actuary valued the PCSPS as at 31 March 2016. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation.

From 1 April 2021 to 31 March 2022, employers' contributions of £3,491k were payable to the PCSPS (2020/21: £3,241k) at one of four rates in the range of 26.6% to 30.3% of pensionable earnings, 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 £20k were paid to one or more of the panel of three appointed stakeholder pension providers (2020/21: £14k).

Employer contributions are age-related and range from 8% to 14.75% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £1k, under 1% 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 (2020/21: 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 on 31 March 2022 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	4	6
Other Staff	178	206	384
<b>Total</b>	<b>181</b>	<b>210</b>	<b>391</b>

### Sickness absence data

During the period to 31 March 2022 the average number of sickness days for our staff was 2.8 days (2020/21: 6.4 days).

### Equality and diversity

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 is committed to providing a fair and equal working environment for all MMO employees. 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.

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, 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, 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.



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 shows how MMO can support them in their career development.

**Other employee matters**

MMO has achieved Disability Confident Level 3 and are supporting other organisations to achieve Disability Leadership status by working as an accreditor. We have published our Gender Pay Gap report in line with national requirements and have instigated an action plan to address the relatively small gap.

MMO conducts an annual People Survey which this year returned an average staff engagement score of 68%. MMO has documented its People Plan, the delivery of which is underpinned by a number of employee forums which aim to support further engagement

During 2021/22 MMO had an average staff attrition rate of 17.8% (2020/21: 9%).

There has been significant focus over the year on plans to stabilise and build our workforce capacity, provide more certainty for existing staff, and create a foundation to invest and build skills for our workforce. During the year we have converted 86 fixed term staff to permanent contracts.

MMO is committed to health, safety and wellbeing of all staff 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 MMO’s Director of Finance and Resources.

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

MMO participates and contributes to Defra Group People Committee initiatives to support broader building of capacity and capability which has included significant investment in leadership and management development over the past 12 months. MMO also continues to utilise apprenticeship funding streams to enhance career development.

**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 2021/22.

**Figure 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
4	0.3

**Figure 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%	4
51%-99%	
100%	

**Figure 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)	14
Provide the total pay bill (£'000)	23,084
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0%

**Figure 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	0%
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## 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, 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 2022</b>	<b>20</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>2</b>
Number that have existed for between <u>two and three</u> years at time of reporting	<b>1</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 2022 for £245 or more per day</b>	<b>55</b>
Of which...	
Not subject to off-payroll legislation	<b>3</b>
Number determined as in-scope of IR35 <i>[i.e. the intermediaries legislation applies to the engagement]</i>	<b>52</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>35</b>
Of which: number of engagements that saw a change to IR35 status following review	<b>0</b>

**Off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2021 and 31 March 2022**

Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year. (1)

**0**

Total number of individuals on payroll and off payroll 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)

**18**

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 2021/22 MMO can report that there were no losses or gifts incurred during the year that exceeded £300k. MMO made one special payment above £300k for £1.8 million in settlement of a legal case brought against MMO.

### **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)**

As at 31 March 2022 MMO held no remote contingent liabilities.

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

Information in respect of long-term expenditure trends can be seen in the 'Financial Review' at pages 47-50.



**Tom McCormack CBE**

Chief Executive Officer and Accounting Officer  
Marine Management Organisation  
12 December 2022



# The Certificate and Report of the Comptroller 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 2022 under the Marine and Coastal Access Act 2009.

The financial statements comprise the Marine Management Organisation's

- Statement of Financial Position as of 31 March 2022;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted International Accounting Standards.

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 2022 and its 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 for opinions**

I conducted my audit in accordance with International Standards on Auditing (UK) (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 of 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 that the Marine Management Organisation's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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 HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

## **Other information**

The other information comprises information included in the Annual Report, but does not include the financial statements nor my auditor's certificate and report. The Marine Management Organisation and Accounting Officer is 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 the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Marine and Coastal Access Act 2009.

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

- the parts of the Accountability Report subject to audit 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 and is in accordance with the applicable legal requirements.

### **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 Report.

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

- I have not received all of the information and explanations I require for my audit; or
- adequate accounting records have not been kept by the Marine Management Organisation 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 subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; 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:

- maintaining proper accounting records;
- the preparation of the financial statements and Annual Report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- ensuring that the Annual Report and accounts as a whole is fair, balanced and understandable;
- internal controls as the Marine Management Organisation and Accounting Officer determines are necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error; and
- 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 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.

### **Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud**

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. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

### **Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud**

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, we considered the following:

- the nature of the sector, control environment and operational performance including the design of the Marine Management Organisation's accounting policies.
- 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 Management Organisation's compliance with the Marine and Coastal Access Act 2009, Managing Public Money and the Fisheries Act 2020;
- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Marine Management Organisation for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of the Marine Management Organisation's framework of authority as well as other legal and regulatory frameworks in which the Marine Management Organisation operates, focusing on those laws and regulations that had a direct effect on material amounts and

disclosures in 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, employment law, pensions and tax legislation.

### **Audit response to identified risk**

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- reading and reviewing minutes of meetings of those charged with governance and the Board and internal audit reports; 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 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.

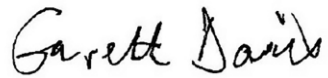
### **Other auditor's responsibilities**

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**

**Date: 14 December 2022**

**Comptroller and Auditor General**

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP





### 3. Financial Statements



## Statement of Comprehensive Net Expenditure for the year ended 31 March 2022

	Note	2021/22 £'000	2020/21 £'000
<b>Expenditure</b>			
Staff Costs	2	23,084	20,442
Other Expenditure	3	23,787	23,018
<b>Total Expenditure</b>		<b>46,871</b>	<b>43,460</b>
<b>Income</b>			
Revenue from contracts with customers	4	(4,306)	(4,491)
Other Operating Income	4	(527)	(2,918)
<b>Total Income</b>		<b>(4,833)</b>	<b>(7,409)</b>
<b>Net Operating Expenditure</b>		<b>42,038</b>	<b>36,051</b>
<b>Other Comprehensive Net Expenditure</b>			
Net (Gain) / Loss on revaluation of Intangibles	5	(26)	0
<b>Comprehensive Net Expenditure</b>		<b>42,012</b>	<b>36,051</b>

The notes on pages 95 to 108 form part of these accounts.

## Statement of Financial Position on 31 March 2022

	Note	31 March 2022		31 March 2021	
		£'000	£'000	£'000	£'000
<b>Non-current assets:</b>					
Property, plant and equipment		0		30	
Intangible assets	5	4,517		3,883	
<b>Total non-current assets</b>			<b>4,517</b>		<b>3,913</b>
<b>Current assets:</b>					
Trade and other receivables	6	7,193		8,483	
Cash and cash equivalents	7	8,257		9,544	
<b>Total current assets</b>			<b>15,450</b>		<b>18,027</b>
<b>Total assets</b>			<b>19,967</b>		<b>21,940</b>
<b>Current liabilities:</b>					
Trade and other payables	8	8,537		14,889	
Provisions		0		0	
<b>Total current liabilities</b>			<b>8,537</b>		<b>14,889</b>
<b>Total assets less current liabilities</b>			<b>11,430</b>		<b>7,051</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>11,430</b>		<b>7,051</b>
<b>Taxpayers' equity and other reserves:</b>					
General reserve			11,416		7,046
Revaluation reserve			14		5
<b>Total equity</b>			<b>11,430</b>		<b>7,051</b>



**Tom McCormack CBE**

Chief Executive Officer and Accounting Officer  
 Marine Management Organisation  
 12 December 2022

The notes on pages 95 to 108 form part of these accounts.

## Statement of Cash Flows for the year ended 31 March 2022

	Note	2021/22 £'000	2020/21 £'000
<b>Cash flows from operating activities</b>			
Net Operating Expenditure		(42,038)	(36,051)
Adjustment for notional corporate recharge	3	6,131	7,344
Adjustments for depreciation and amortisation	3	1,180	927
Adjustments for impairment of PPE and Intangibles	3	0	0
(Increase)/decrease in trade and other receivables	6	1,290	(1,455)
Increase/(decrease) in trade payables and other liabilities	8	(6,352)	8,343
Use of provisions		0	(90)
<b>Net cash outflow from operating activities</b>		<b>(39,789)</b>	<b>(20,982)</b>
<b>Cash flows from investing activities</b>			
Purchase of Intangible Assets	5	<b>(1,758)</b>	<b>(879)</b>
<b>Net cash outflow from investing activities</b>		<b>(1,758)</b>	<b>(879)</b>
<b>Cash flows from financing activities</b>			
Grant from Defra		40,260	26,918
<b>Net financing</b>		<b>40,260</b>	<b>26,918</b>
<b>Net increase / (decrease) in cash and cash equivalents in the period</b>	7	<b>(1,287)</b>	<b>5,057</b>
<b>Cash and cash equivalents at the beginning of the period</b>	7	<b>9,544</b>	<b>4,487</b>
<b>Cash and cash equivalents at the end of the period</b>	7	<b>8,257</b>	<b>9,544</b>

The notes on pages 95 to 108 form part of these accounts.

## Statement of Changes in Taxpayers' Equity for the year ended 31 March 2022

	Note	General Reserve £'000	Revaluation Reserve £'000	Total £'000
<b>Balance on 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 on 31 March 2021</b>		<b>7,046</b>	<b>5</b>	<b>7,051</b>
<b>Changes in Taxpayers' Equity 2021/22</b>				
Grants from parent department		40,260	0	40,260
Notional corporate recharges	3	6,131	0	6,131
Net gain on revaluation of intangible assets	5	0	26	26
Transfers between reserves		17	(17)	0
Comprehensive Net Expenditure for the year		(42,038)	0	(42,038)
<b>Balance on 31 March 2022</b>		<b>11,416</b>	<b>14</b>	<b>11,430</b>

The notes on pages 95 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 2022 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 2021/22 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 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**

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 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. MMO has received approval for funding for the next three years commencing 2022/23, as part of the Spending Review 2021 settlement agreement. The public services provided by MMO are anticipated to continue in the future and there is no reason to believe that future approvals will not be forthcoming.

#### **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

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 IAS 38 (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 there are material movements in indices, 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 IAS 16 and IAS 38, depreciation and amortisation begin in the month the asset is materially completed and ready to be brought into 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 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

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. 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.



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”.

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**

MMO is designated by the Secretary of State as the administrator of the Maritime Fisheries Fund (MFF), Fisheries and Seafood Scheme (FaSS) and elements of the UK Seafood Fund (UKSF). Through the management of these funds MMO will carry out duties in its capacity as Agent, Defra is the Principle for all transactions under MFF, FaSS and UKSF. As such all grant expenditure transactions are included in Defra’s Resource Accounts and not MMO’s Accounts.

MMO is also 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 MMO will carry its duties in the capacity as Agent for Defra, with 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 MMO’s Accounts. The Defra Resource Accounts include only those transactions which are in relation to the activities of the England Intermediate Body.

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. MMO co-ordinate this expenditure, submitting programme plans and claims to the EC. MMO does not report within its own accounts the transactions or balances relating to third parties, unless temporarily holding funds received for onward disbursement.

### **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 including utilities, shared services and IT network running costs and procurement.

### **1.12 Income**

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.

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 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).

- 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 MMO by means of an order. From 1 October 2014, changes to MMO's charging powers were made in an Order under section four and five of the Act allowing 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 following Other Operating Income is recognised in accordance with IAS20 Grants and is therefore out of scope of IFRS15:

- 4) MMO recognises income earned from the EC as a contribution to 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.

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 4 reports the cost recovery.

### **1.13 Provisions**

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, 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, 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**

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 accordance with IFRS 9 MMO must recognise a loss allowance on short term trade receivables equal to their lifetime Expected Credit Losses. 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.

### **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**

MMO is required to disclose the role that financial instruments had at 31 March 2022 in creating or changing the risks faced by MMO in undertaking its activities.

The non-trading nature of 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 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 MMO are outlined below. 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.

On implementation of IFRS 16 it is not anticipated that material adjustments to the financial statements will be required, with £50,000 - £100,000 for vehicle leases expected to be added to the value of fixed assets following the introduction of this standard.

In addition, MMO occupy some land and buildings, which are leased by Defra. MMO pay Defra a notional charge for use of these spaces, as part of the Corporate Overhead Recharge and it is currently planned that Defra will report the entire right-of-use asset for these land and buildings upon implementation of IFRS 16.

## Note 2 Staff numbers and related costs

	2021/22			2020/21 Total £'000
	Permanently employed £'000	Others £'000	Total £'000	
Wages and salaries	13,557	4,841	18,398	15,839
Pension costs	3,295	0	3,295	3,256
Social security costs	1,391	0	1,391	1,347
<b>Total Staff Costs</b>	<b>18,243</b>	<b>4,841</b>	<b>23,084</b>	<b>20,442</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 68 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	2021/22 £'000	2020/21 £'000
Aerial, Surface and Satellite Surveillance		7,890	8,511
CEFAS Scientific Support for Marine Environment Work		2,050	2,350
Losses and Special Payments		1,800	4
Data and Evidence		1,300	471
Other ICT		1,089	1,452
Contact Centres		889	
Other Programme Costs		572	501
Travel, Subsistence and Hospitality		279	131
Prosecutions and Legal Services		228	178
Audit Fees - Internal Audit (GIAA)		130	142
Rentals payable under operating leases		115	99
Training		69	91
Audit Fees - External Audit (National Audit Office)		51	50
Shared Services (SSCL)		40	393
Bad Debt		(26)	78
Technical Services		0	72
Data Collection Framework		0	313
Grant Expenditure		0	1
<b>Non-cash</b>			
Corporate Overhead Recharge		6,131	7,344
Amortisation	5	1,150	896
Depreciation		30	31
Utilisation of provision		0	(50)
Provisions not required and written back		0	(40)
<b>Total</b>		<b>23,787</b>	<b>23,018</b>

## Note 4 Income

	2021/22 £'000	2020/21 £'000
<b>Revenue from contracts with customers</b>		
Marine Licences (Marine and Coastal Access Act 2009)	3,521	3,489
Other revenue	785	1,002
<b>Total revenue from contracts with customers</b>	<b>4,306</b>	<b>4,491</b>
<b>Other Operating Income</b>		
European Maritime Fisheries Fund	527	2,918
<b>Total Income</b>	<b>4,833</b>	<b>7,409</b>

### Fees and charges (recovered costs) – Cost recovery to be updated at year end

	Income £'000	Full Cost £'000	(Deficit) £'000
Marine Licences (Marine and Coastal Access Act 2009)	3,521	4,834	1,313

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, 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 2021/22 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 £71k related to navigational dredging and £30k 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 £1,313k relating to MCAA 2009 marine licences has materialised because the cost of MMO undertaking these activities exceed the fee rate set within the Statutory Instrument which restrict 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 2021	8,560	1,074	9,634
Additions	0	1,758	1,758
Disposals	(1,917)	0	(1,917)
Transfers	1,227	(1,227)	0
Revaluation	26	0	26
<b>At 31 March 2022</b>	<b>7,896</b>	<b>1,605</b>	<b>9,501</b>
<b>Amortisation</b>			
At 1 April 2021	5,751	0	5,751
Charged In period	1,150	0	1,150
Disposals	(1,917)	0	(1,917)
<b>At 31 March 2022</b>	<b>4,984</b>	<b>0</b>	<b>4,984</b>
<b>Net Book Value at 1 April 2021</b>	<b>2,809</b>	<b>1,074</b>	<b>3,883</b>
<b>Net Book Value at 31 March 2022</b>	<b>2,912</b>	<b>1,605</b>	<b>4,517</b>

	Software & Licences £'000	Construction in Progress £'000	Intangible Assets £'000
<b>Asset Financing</b>			
Owned	2,912	1,605	4,517
On-balance sheet (SoFP) other service concession arrangements	0	0	0
<b>Net Book Value at 31 March 2022</b>	<b>2,912</b>	<b>1,605</b>	<b>4,517</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:

- System used to support mobile working of Coastal teams.
- Systems used to administer domestic grant and industry intervention schemes.
- Enhancements to the Strategic Asset Database.

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 £1,030k. 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 35 months.



	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>

## Note 6 Trade receivables and other current assets

	2021/22 £'000	2020/21 £'000
<b>Amounts falling due within one year</b>		
Trade Receivables	2,969	1,079
Bad Debt	(189)	(215)
Other taxation and social security	0	0
Prepayments and Accrued Income	892	1,333
Prepayments and Accrued Income (EU)	3,521	6,286
<b>Total due within one year</b>	<b>7,193</b>	<b>8,483</b>

There were no receivables falling due after more than one year at 31 March 2022 (31 March 2021: nil).

## Note 7 Cash and cash equivalents

	2021/22 £'000	2020/21 £'000
<b>Balance at 1 April 2021</b>	<b>9,544</b>	<b>4,487</b>
Net changes in Cash and Cash Equivalent balances	(1,287)	5,057
<b>Balance at 31 March 2022</b>	<b>8,257</b>	<b>9,544</b>

Cash is held in accounts which are provided by Government Banking Services (GBS). The current provider is Nat West.

## Note 8 Trade payables and other current liabilities

	2021/22 £'000	2020/21 £'000
<b>Amounts falling due within one year</b>		
Trade Payables	1,905	1,645
Other taxation and social security	805	818
Accruals and Deferred Income	1,727	1,599
Other Payables:		
Defra Network	3,298	8,958
Aerial & Surface Surveillance	802	1,869
<b>Total due within one year</b>	<b>8,537</b>	<b>14,889</b>

There were no payables falling due after more than one year at 31 March 2022 (31 March 2021: 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:

	2021/22 £'000	2020/21 £'000
<b>Buildings and Land</b>		
Not later than one year	388	561
Later than one year and not later than five years	734	1,552
Later than five years	39	286
	<b>1,161</b>	<b>2,399</b>
<b>Other</b>		
Not later than one year	53	75
Later than one year and not later than five years	10	68
	<b>63</b>	<b>143</b>

At 31 March 2022, 17 cars were leased over a period of four years which is reflected in the other operating lease commitments above.

## Note 10 Other financial commitments

MMO entered non-cancellable contracts (which are not leases or PFI contracts) as detailed below. The payments to which MMO were committed at 31 March 2022, analysed by the period during which the commitment expires, are as follows:

	2021/22 £'000	2020/21 £'000
Not later than one year	5,088	2,738
Later than one year and not later than five years	1,830	1,093
Later than five years	0	0
<b>Total present value of obligations</b>	<b>6,918</b>	<b>3,831</b>

## Note 11 Related party transactions

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

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 2022 £'000	Amount owed to MMO at 31 March 2022 £'000	Bad Debt at 31 March 2022 £'000
Peter Judge	South Tees Development Corporation	Monitoring Officer		9,859		9,859	

No Non-Executive Director or member of the Executive Group has undertaken any material transactions with MMO constituting an interest which needs to be declared. Further information on Non-Executive Directors and Directors can be found in the Remuneration Report from page 68.

## Note 12 Third-party assets

Court costs recovered by 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 2021/22, 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. 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 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 MMO and released from detention before the court case is concluded or the fines paid. 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>2021/22 £'000</b>	<b>2020/21 £'000</b>
Court Costs	72	78
Fishing Admin Penalties	175	135
Bonds	150	70
<b>Total</b>	<b>397</b>	<b>283</b>

#### **Note 13 Losses and special payments**

<b>Special Payments</b>	<b>2021/22 £'000</b>	<b>2020/21 £'000</b>
<b>Total value of special payments</b>	<b>1,800</b>	<b>4</b>
Total number of special payments	1	2

In 2021/22 MMO made one special payment for £1.8 million in settlement of a legal case brought against MMO.

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

Peter Clark was appointed as Director of Operations on 13 July 2022, replacing Michael Coyle, undertaking this role on an interim basis.

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



Marine  
Management  
Organisation

## Marine Management Organisation

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