

# **Joint Nature Conservation Committee and JNCC Support Co**

Annual Report and Accounts for Year Ending  
31 March 2012



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Annual Report and Accounts for year ending 31 March 2012**

Report presented to Parliament pursuant to paragraph 18 of Schedule 4 of the Natural Environment and Rural Communities Act 2006.

Accounts presented to Parliament pursuant to Article 6 of the Government Resources and Accounts Act 2000 (Audit of Non-profit-making Companies) Order 2009.

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**JNCC SUPPORT CO**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2012**

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## Chair's and Chief Executive's foreword

JNCC's role is to provide evidence, information and advice on UK-wide and international nature conservation. We provide advice, in particular, to our principal funding and sponsoring bodies: the UK Government (chiefly through the Department for Environment, Food and Rural Affairs – Defra), the Scottish Government, the Welsh Government and the Department of the Environment in Northern Ireland.

In 2011/12 our work was directed towards achievement of our three inter-related strategic goals:

- ◆ Decisions affecting the natural environment are informed by a sound UK, EU and global evidence base.
- ◆ The UK government and devolved administrations meet their international obligations and achieve favourable outcomes for biodiversity in the UK, its Overseas Territories and internationally.
- ◆ The UK's offshore marine waters are healthy, clean and biologically diverse.

These goals can be achieved only through collaboration and co-ordination – principles that are inherent in JNCC's constitution and *modus operandi*. In 2011/12 we strengthened and widened our existing partnerships with UK and devolved administrations, other statutory bodies, and non-governmental organisations. We are very grateful to our many partners for the essential contributions they have made in improving the quality of our work over the past year.

Our achievements during 2011/12 illustrate the breadth and diversity of our work:

- ◆ Through partnerships with a range of organisations (enabling us to harness the efforts of thousands of volunteers across the UK), we published updated status and trend information for hundreds of terrestrial, freshwater and marine species, including birds, mammals, butterflies and ladybirds.
- ◆ We worked closely with Defra and the academic community to support the establishment of the Intergovernmental Platform for Biodiversity and Ecosystem Services (IPBES), an international body being established with the aim of strengthening the science-policy interface for biodiversity.
- ◆ We played the lead role in drafting a new UK Biodiversity Framework, which will complement the country environment/biodiversity strategies within the UK.
- ◆ We supported over 20 small-scale projects and strategic initiatives that will underpin long-term capacity building in the UK's Overseas Territories, including managing 'environmental mainstreaming' pilot projects in the British Virgin Islands and Falkland Islands for the Foreign and Commonwealth Office.
- ◆ In support of the EU Marine Strategy Framework Directive, we steered the development of a draft set of UK targets and indicators relating to biodiversity and ecosystem protection.
- ◆ To contribute to the objectives of the Habitats Directive we provided formal recommendations to the Scottish Government on five draft Special Areas of Conservation (SACs) in offshore waters around Scotland, and undertook public consultation on three possible SACs in offshore waters around England.

- ◆ We made substantial progress towards advising Defra on the identification of Marine Conservation Zones (to be finalised by July 2012 in partnership with Natural England), and advising the Scottish Government on marine protected areas (to be finalised by November 2012 in partnership with Scottish Natural Heritage and Marine Scotland). Working in partnership with the Centre for Environment, Fisheries and Aquaculture Science (CEFAS) we undertook surveys to improve the evidence base for potential sites in offshore waters.
- ◆ We responded to 763 requests for statutory advice on offshore industries (including oil and gas, renewables and aggregates).
- ◆ We continued to enhance value for money by streamlining back-office functions and investing in species surveillance programmes that will achieve efficiencies in data handling.

2011/12 was a challenging year in many respects, and 2012/13 will bring equal challenges. Our business plan for 2012/13 sets out an ambitious work programme that builds on the achievements of 2011/12 and previous years. In its delivery we will continue to work closely with all our partners, remaining flexible and responsive to the evolving requirements of governments throughout the UK.

Dr P Bridgewater (Chair)

Mr MJM Yeo (Chief Executive)

## Rhagair y Cadeirydd a'r Prif Weithredwr

Rôl y CBCN yw darparu tystiolaeth, gwybodaeth a chynghor ynglŷn â chadwraeth natur ledled y DU ac ar lefel ryngwladol. Rydym yn darparu cynghor, yn neilltuoel, i'n prif gyrff ariannu a noddi: Llywodraeth y DU (yn bennaf drwy Adran yr Amgylchedd, Bwyd a Materion Gwledig — Defra), Llywodraeth yr Alban, Llywodraeth Cymru, ac Adran yr Amgylchedd yng Ngogledd Iwerddon.

Yn 2011/12 yr oedd ein gwaith wedi ei gyfeirio tuag at gyflawni ein tri nod strategol cydberthnasol:

- ◆ Dylanwedir ar benderfyniadau sy'n effeithio ar yr amgylchedd naturiol gan drysorfa dystiolaeth gadarn o'r DU, o'r UE ac yn fyd-eang.
- ◆ Mae llywodraeth y DU a'r gweinyddiaethau datganoledig yn cyflawni eu rhwymedigaethau rhyngwladol ac yn sicrhau deilliannau ffafriol ar gyfer bioamrywiaeth yn y DU, yn ei Thiriogaethau Tramor, ac yn rhyngwladol.
- ◆ Mae dyfroedd morol y DU oddi ar yr arfordir yn iach, yn lân ac yn fiolegol amrywiol.

Dim ond trwy gydweithrediad a chydgyssylltu — egwyddorion sy'n gynhenid i gyfansoddiad a *modus operandi* y CBCN — y gellir cyflawni'r nodau hyn. Yn 2011/12, gwnaethom gryfhau ac ehangu ein partneriaethau presennol â'r DU a'r gweinyddiaethau datganoledig, â chyrrff statudol eraill, ac â chyrrff anllywodraethol. Rydym yn ddiolchgar iawn i'n partneriaid niferus am y cyfraniadau hanfodol y maent wedi eu gwneud at wella ansawdd ein gwaith dros y flwyddyn ddiwethaf.

Mae ein llwyddiannau yn ystod 2011/12 yn dangos ehangder ac amrywiaeth ein gwaith:

- ◆ Drwy bartneriaethau gydag amrywiaeth o sefydliadau (a oedd yn ein galluogi i harneisio ymdrechion miloedd o wirfoddolwyr ar draws y DU), gwnaethom gyhoeddi gwybodaeth ddiweddaedig ynglŷn â statws a thueddiadau mewn perthynas â channoedd o rywogaethau daearol, rhywogaethau dŵr croyw a rhywogaethau morol, gan gynnwys adar, mamaliaid, gloynnod byw a buchod coch cwta.
- ◆ Gwnaethom weithio'n agos â Defra a'r gymuned academiaidd i gynorthwyo'r gwaith o sefydlu'r Llwyfan Rhynglywodraethol i Wasanaethau Bioamrywiaeth ac Ecosystemau (IPBES), corff rhyngwladol sy'n cael ei sefydlu gyda'r nod o gryfhau'r rhyngwyneb rhwng gwyddoniaeth a pholisi mewn perthynas â bioamrywiaeth.
- ◆ Gwnaethom chwarae rôl arweiniol yn y gwaith o ddrafftio Fframwaith Bioamrywiaeth newydd ar gyfer y DU, a fydd yn ategu'r strategaethau ar gyfer yr amgylchedd gwledig/bioamrywiaeth yn y DU.
- ◆ Gwnaethom gynorthwyo dros 20 o brosiectau ar raddfa fach, a mentrau strategol, a fydd yn sail i feithrin gallu yn y tymor hir yn Nhiriogaethau Tramor y DU, gan gynnwys rheoli prosiectau peilot 'prif-ffrydio amgylcheddol' yn Ynysoedd Prydeinig y Wryf ac Ynysoedd y Falkland ar ran y Swyddfa Dramor a Chymanwlad.

- ◆ Wrth gynorthwyo gweithrediad Cyfarwyddeb Fframwaith Strategaeth Forol yr UE, gwnaethom lywio datblygiad set ddrafft o dargedau a dangosyddion ar gyfer y DU mewn perthynas â gwarchod bioamrywiaeth ac ecosystemau.
- ◆ Er mwyn cyfrannu at amcanion y Gyfarwyddeb Cynefinoedd, gwnaethom ddarparu argymhellion ffurfiol i Lywodraeth yr Alban ynglŷn â phump o Ardaloedd Cadwraeth Arbennig (ACA) drafft mewn dyfroedd oddi ar yr arfordir o gwmpas yr Alban, a chynnal ymgynghoriad cyhoeddus ynglŷn â thair ACA bosibl mewn dyfroedd oddi ar yr arfordir o gwmpas Lloegr.
- ◆ Gwnaethom gynnydd sylweddol tuag at gynghori Defra ynglŷn â dynodi Parthau Cadwraeth Forol (sydd i'w cwblhau erbyn Gorffennaf 2012 mewn partneriaeth â *Natural England*), a chynghori Llywodraeth yr Alban ynglŷn ag Ardaloedd Gwarchoddedig Morol (sydd i'w cwblhau erbyn Tachwedd 2012 mewn partneriaeth â *Scottish Natural Heritage* a *Marine Scotland*). Gan weithio mewn partneriaeth â *Cefas* (Canolfan Gwyddorau'r Amgylchedd, Pysgodfeydd a Dyframaethu), gwnaethom gynnal arolygon er mwyn gwella'r drysorfa dystiolaeth ynglŷn â safleoedd dichonol mewn dyfroedd oddi ar yr arfordir.
- ◆ Gwnaethom ymateb i 763 o geisiadau am gyngor statudol ynglŷn â diwydiannau oddi ar yr arfordir (gan gynnwys olew a nwy, adnoddau adnewyddadwy ac agregau).
- ◆ Gwnaethom barhau i gynyddu gwerth am arian drwy symleiddio swyddogaethau cefn swyddfa, a buddsoddi mewn rhaglenni gwyliaidwriaeth dros rywogaethau a fydd yn cyflawni arbedion effeithlonrwydd wrth drin data.

Bu 2011/12 yn flwyddyn heriol ar sawl cyfrif, a daw 2012/13 â heriau cydradd yn ei sgil. Mae ein cynllun busnes ar gyfer 2012/13 yn egluro ein rhaglen waith uchelgeisiol, sy'n adeiladu ar lwyddiannau 2011/12 a'r blynyddoedd blaenorol. Wrth ei chyflawni, byddwn yn parhau i weithio'n agos gyda'n holl bartneriaid, gan aros yn hyblyg ac yn ymatebol i ofynion datblygol llywodraethau ledled y DU.

Dr P Bridgewater (Cadeirydd)

Mr MJM Yeo (Prif Weithredwr)

## Facal-tòisich bhon Chathraiche is bhon Àrd-Oifigear

'S e dleastanas JNCC a bhith a' tabhann fianais, fiosrachadh is comhairle air glèidhteachas nàdair tron RA is gu h-eadar-nàiseanta. Bidh sinn a' toirt seachad comhairle, gu sònraichte, dhar prìomh bhuidhnean maoineachaidh is urrasachaidh: Riaghaltas na RA (sa mhòr-chuid tro Roinn na h-Àrainneachd, a' Bhidhe agus Cùisean Dùthchail – Defra), dha Riaghaltas na h-Alba, Riaghaltas na Cuimrigh agus Roinn na h-Àrainneachd ann an Èirinn a Tuath.

Ann an 2011/12 bha an obair againn co-cheangailte ri bhith a' coileanadh ar trì amasan ro-innleachdail, eadar-dhàimheil:

- ◆ Thathas a' tighinn gu co-dhùnaidhean co-cheangailte ris an àrainneachd nàdarra a rèir bunait fianais bhon RA, AE is bhon t-saoghal air fad.
- ◆ Tha riaghaltas na RA agus rianachdan fèin-riaghlaidh a' coinneachadh rin dleastanasan eadar-nàiseanta agus a' coileanadh bhuilean fàbharach dha bith-iomadachd san RA, nam Fearann Thall-thairis agus gu h-eadar-nàiseanta.
- ◆ Tha uisgeachan far-tìre na RA fallain, glan is eadar-mheasgte gu bith-eòlasach.

'S ann a-mhàin tro cho-obrachadh is cho-òrdanachadh a gheibhear air na h-amasan sin a choileanadh – prionnsabalan a tha samhlachail de bhonn-stèidh is *modus operandi* JNCC agus ann an 2011/12 neartaich is leudaich sinn na com-pàirteachasan a bh' againn le rianachdan fèin-riaghlaidh na RA, le buidhnean reachdail eile agus buidhnean neo-riaghltais. Tha sinn taingeil dhar n-iomadh com-pàirtiche airson nan tabhartasan riatanach a chuir iad a-steach ann an leasachadh inbheachd ar cuid obrach sa bhliadhna mu dheireadh.

Tha na choilean sinn ann an 2011/12 a' sealltainn leud is iomadachd ar n-obrach:

- ◆ Tro chom-pàirteachasan le raon bhuidhnean (a' toirt cothrom dhuinn saothair mìltean de shaor-thoilich tron RA a chleachdadh), dh'fhoillsich sinn fiosrachadh ùraichte mu inbhe is buailteachd ceudan de ghnèithean talmhaidh, fìor-uisgeach is mara, nam measg eòin, mamalan, dealain-dè is daolagan dhearg-bhreas.
- ◆ Dh'obraich sinn gu dlùth le Defra is leis a' choimhearsnachd acadaimigeach gus taic a chur ri stèidheachadh Meadhan Eadar-riaghltais Bith-iomadachd is Seirbheisean Eag-shiostaim (IPBES), buidheann eadar-nàiseanta a thathas a' stèidheachadh airson eadar-aghaidh saidheansail bith-iomadachd a neartachadh.
- ◆ Ghabh sinn a' phrìomh phàirt ann a bhith a' deasachadh Frèam Bith-iomadachd ùr dhan RA, is bheir seo taic dha ro-innleachdan àrainneachd/bith-iomadachd na dùthcha taobh a-staigh na RA.
- ◆ Chuir sinn taic ri còrr air 20 pròiseact beag is iomairt ro-innleachdail a dhaingnicheas meudachd togail fad-ùineach ann am Fearann Thall-thairis na RA, a' gabhail a-steach a bhith a' stiùireadh pròiseactan dearbhaidh 'àrainneachdail gnàthaichte ann an Eileanan Virgin Bhreatainn agus sna h-Eileanan Fàclannach dha Oifis nan Dùthchannan Cèin is a' Cho-fhlaitheis.
- ◆ Le taic ga thoirt dha Frèam Riaghailt Ro-innleachd Mara an AE, stiùir sinn leasachadh de dhreachan thargaidean is chomharraidhean na RA co-cheangailte ri bith-iomadachd is dìon eag-shiostaman.

- ◆ Airson cur ri amasan Riaghailt Àrainnean chuir sinn molaidhean foirmeil gu Riaghaltas na h-Alba mu chòig dreachan de Ionadan Sònraichte Ghlèidhteachais (SACs) ann an uisgeachan far-tìre mu thimcheall na h-Alba, agus ghabh sinn os làimh co-chomhairle phoblach mu trì ionadan SAC a dh'fhaodadh a bhith sna h-uisgeachan far-tìre timcheall air Sasainn.
- ◆ Rinn sinn adhartas mòr a thaobh a bhith a' comhairleachadh Defra mu aithneachadh Raointean Glèidhteachas Mara (ri bhith crìochnaichte san Iuchar 2012 ann an com-pàirteachas ri Sasann Nàdarra /Natural England), agus a' toirt comhairle dha Riaghaltas na h-Alba mu àiteachan le dìon mara (ri bhith crìochnaichte san t-Samhain 2012 ann an com-pàirteachas le Dualchas Nàdair na h-Alba is Marine Scotland). Ag obair ann an com-pàirteachas le Cefas (Ionad airson na h-Àrainneachd, Iasgach is Saidheans Tuathanachais-Mara) ghabh sinn sgrùdaidhean os làimh gus leasachadh a dhèanamh air bunait fianais làraichean coltach ann an uisgeachan far-tìre.
- ◆ Thug sinn freagairt dha 763 iarrtasan airson comhairle reachdail mu ghnìomhachasan far-tìre (a' gabhail a-steach ola is gas, stuthan ath-nuadhachail is togail).
- ◆ Chùm sinn oirnn ag àrdachadh luach an airgid le bhith a' sìmpleachadh obair chùl-oifisean agus a' tasgadh ann am prògraman sgrùdaidh ghnèithean a bhios èifeachdach ann an làimhseachadh fiosrachaidh.

Bha 2011/12 na bliadhna dhùbhlanach ann an iomadh dòigh agus bheir 2012/13 dùbhlain den aon sheòrsa na cois. Tha am plana gnìomhachais againn airson 2012/13 a' suidheachadh prògram obrach adhartach a tha a' togail air coileanaidhean 2011/12 is nam bliadhnachan roimhe. Airson a libhrigeadh, leanaidh sinn oirnn ag obair gu dlùth ri ar com-pàirtichean, a' fuireach sùbailte is fosgailte ri riatanasan caochlaideach riaghaltasan san RA.

An t-Oll P Bridgewater (Cathraiche)

Mgr M J M Yeo (Àrd-Oifigear)

## **Joint Committee and Support Company Information**

The Joint Nature Conservation Committee, originally established under the Environmental Protection Act 1990 and starting operations on 1 April 1991, was reconstituted by the Natural Environment and Rural Communities Act 2006.

The Joint Committee comprises 14 members: a Chair and five independent members appointed by the Secretary of State for Environment, Food and Rural Affairs; the Chair of the Council for Nature Conservation and the Countryside (Northern Ireland); the Chair or Deputy Chair of the Countryside Council for Wales, Natural England and Scottish Natural Heritage; and one other member from each of these bodies. The term of appointments for the Chair and independent members is initially for three years. The Chair and independent members may be considered for re-appointment for one further term. Members from the UK nature conservation bodies may continue as members of the Committee as long as they retain their membership of the Councils or Boards of their respective bodies.

Support is provided to the Joint Committee by JNCC Support Co, a company limited by guarantee. The company was established with the consent of the Secretary of State for Environment, Food and Rural Affairs under the provisions of Schedule 4 Para 13 (1) of the Natural Environment and Rural Communities Act 2006. The members of the company are the Joint Committee members. When a member ceases to be a member of the Joint Committee he or she is no longer eligible to be a member of the company. The Company Board comprises all members of JNCC Support Co together with up to four executive directors.

The Committee has adopted the Guidance on Codes of Practice for Board Members of Public Bodies issued by the Cabinet Office, for the purposes of corporate governance.

A register of the interests of all Company Board members is held by the Company Secretary and may be viewed during office hours at the company's registered office or by request to Mrs J Swift, Monkstone House, City Road, Peterborough, PE1 1JY or [june.swift@jncc.gov.uk](mailto:june.swift@jncc.gov.uk).

### **JNCC offices**

#### ***Headquarters***

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Monkstone House, City Road, Peterborough, PE1 1JY  
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Web: [www.jncc.defra.gov.uk](http://www.jncc.defra.gov.uk)

#### ***Aberdeen office***

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Inverdee House, Baxter Street, Aberdeen, AB11 9QA  
Tel: +44 (0)1224 266564 Fax: +44 (0)1224 896170

#### ***Brussels office***

UK Nature and Landscape Office  
Quai au Foin 55 / Hooikaai 55, B 1000 Bruxelles, Belgium  
Tel: +32 (0) 27 38 74 80/81 Fax: +32 (0) 27 38 74 87

### **Senior JNCC staff in 2011/12**

Chief Executive	Mr MJM Yeo
Director of Evidence and Advice	Mr PM Rose
Director of Corporate Services	Mrs SE McQueen
Director of Marine Advice	Dr JC Goold
Director of Marine Evidence	Dr SD Gibson (since 22 August 2011)

### **Company Board members in 2011/12**

Dr P Bridgewater (Chair)  
Mr PM Archdale  
Dr R Brown  
Mr P Casement  
Mr PA Christensen  
Mr DJ Crawley  
Mr G Duke  
Dr JC Goold \*  
Professor D Hill  
Dr IM Joyce  
Mrs SE McQueen \*  
Mr M Parry  
Mr DE Pritchard  
Mr PM Rose \*  
Mr A Thin  
Professor LM Warren  
Judith Webb  
Mr MJM Yeo \*

\* Executive directors

**Company Secretary**

Mrs SE McQueen

**JNCC Support Co information**

Company number: 05380206 (England and Wales)

**Registered office**

Monkstone House  
City Road  
Peterborough  
Cambridgeshire  
PE1 1JY

**Auditors**

Comptroller and Auditor General

**Bankers**

Lloyds TSB Bank plc  
City Office Branch  
PO Box 1000  
BX1 1LT



## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2012**

The directors present their report and the financial statements for the year ended 31 March 2012. This report should be read in conjunction with the Governance Statement shown on page 17.

### **JNCC Support Co – history and statutory background**

The Joint Nature Conservation Committee (JNCC) is the statutory adviser to the UK Government and devolved administrations on UK and international nature conservation. Its work contributes to maintaining and enriching biological diversity, conserving geological features and sustaining natural systems.

JNCC delivers the UK and international responsibilities of the Council for Nature Conservation and the Countryside, the Countryside Council for Wales, Natural England and Scottish Natural Heritage.

JNCC, originally established under the Environmental Protection Act 1990, was reconstituted by the Natural Environment and Rural Communities Act 2006. JNCC Support Co is a company limited by guarantee established in 2005 whose principal activity is the provision of support to the JNCC.

### **Funding**

The total budget for JNCC is set each year by Ministers of the Department for Environment, Food and Rural Affairs (Defra) after consultation and in agreement with their Scottish, Welsh and Northern Irish colleagues.

The budget comprises three parts:

- ◆ UK Co-ordination work funded through the Countryside Council for Wales, Natural England and Scottish Natural Heritage (the GB conservation bodies) and the Department of the Environment in Northern Ireland;
- ◆ Reserved items work funded by Defra, and
- ◆ Marine work, also funded by Defra.

Under the provisions of the Government's Alignment process all Grant in Aid, including that funded by devolved administrations through UK conservation bodies, for JNCC is channelled through Defra and, therefore counts towards Defra's Departmental Expenditure Limit.

Funding from other sources, which is usually linked to specific projects, is detailed in the accounts.

### **Review of business**

During the financial year ending 31 March 2012 the company made a significant contribution to nature conservation on both the national and international level via an extensive and varied programme of work. Eighteen of the company's 21 priority performance measures were fully, or substantially, met.

For the year-ending 31 March 2012 the company made a deficit of £61,786 (surplus of £305,950 in 2010/11). The deficit contributed towards a reduction in total reserves which stand at £212,912 as at 31 March 2012, (£274,698 as at 31 March 2011). The company continues to demonstrate a high level of control over the management of public monies for which it has stewardship responsibilities.

The deficit was caused by a decision to make a provision during the year to cover anticipated dilapidations, due under the lease on a property currently occupied by JNCC Support Co. It is current Government policy for all Government Bodies to assess property options and obtain clearance from Cabinet Office in advance of lease termination opportunities (breaks and expiries). The lease held by JNCC has a number of such disposal opportunities to enable JNCC to participate in a coordinated public sector estate strategy for Peterborough that will deliver efficiencies for the Exchequer. Defra and JNCC are working closely together in collaboration with the Government Property Unit and other Departments and Agencies to achieve the best outcome for JNCC and the Exchequer. A provision needs to be made in the accounts to cover anticipated costs.

The majority of income for JNCC Support Co comes in the form of cash grant-in-aid (GIA) from Defra. This grant is claimed monthly throughout the year. Treasury instructions require arms-length bodies such as JNCC Support Co do not to draw down GIA in advance of need. Because the provision for dilapidations was not a cash transaction during the year, no GIA was drawn down to cover the provision, which has resulted in the deficit recorded.

### Comparison of outturn against budget

The table below shows the comparison of outturn against the original budget, prepared in March 2011, and the latest revision of the budget as at 31 December 2011.

All figures in £'000	Original Budget*	Actual Outturn	Variance	Revised Budget*
Revenue expenditure	11,320	10,516	804	11,051
Capital expenditure	16	163	(147)	132
Total expenditure	11,336	10,679	657	11,183
Less: Non-GIA income	(1,182)	(1,372)	190	(1,477)
Total spend to be met from GIA	10,154	9,307	847	9,706
GIA received	(10,285)	(9,512)	(773)	(9,701)
(Surplus)/Deficit	(131)	(205)	74	5
Net movement to provisions	0	267	(267)	0
(Surplus)/Deficit	(131)	62	(193)	5

\* The original budget is based on the JNCC corporate plan as approved by Defra. The revised budget is a final variation of the original budget, adjusted over the course of the year, which is reported to Defra.

The movement in spend between the original budget and the outturn was caused by a number of factors but the main reasons were a decision to make a provision to cover the estimated cost of dilapidations on Monkstone House and a significant underspend on marine projects, caused by a range of factors including vacancies in key posts for sustained periods, numerous internal staff moves, and changing government requirements.

## Future developments

Through the provision of evidence, information and advice JNCC will make a distinctive contribution to three inter-related strategic goals:

- i. decisions affecting the natural environment are informed by a sound UK, EU and global evidence base;
- ii. UK Government and devolved administrations meet their international obligations and achieve favourable outcomes for biodiversity in the UK, its Overseas Territories and internationally; and
- iii. the UK's offshore marine waters are healthy and biologically diverse.

JNCC's work over the period 2011-15 will be focused on six objectives:

- i. maintain and develop biodiversity surveillance programmes, sufficient to achieve policy and statutory obligations cost-effectively;
- ii. provide access to, and reporting of, information, evidence and knowledge on UK and international biodiversity to support decision-making at local to international scales;
- iii. provide advice to enable UK and devolved governments to meet their EU and international obligations for biodiversity and sustainable development;
- iv. enable UK administrations to substantially complete the UK network of well managed marine protected areas, sufficient to meet national, EU and international requirements;
- v. provide advice on marine biodiversity to enable sustainable management of the offshore environment; and
- vi. manage and develop the organisation to meet changing demands and opportunities, maximise its effectiveness in achieving our strategic goals and improve operational efficiency.

In 2012/13, our performance will be measured primarily in terms of delivering outputs of advice, information and services, described in terms of 21 priority performance measures set out in JNCC's business plan, which is approved by Defra and the devolved administrations and is accessible at <http://jncc.defra.gov.uk>.

The work described in the business plan for 2012/13 will contribute to the achievement of the goals of the UK Government, the Scottish Government, the Welsh Government and the Northern Ireland Executive. Our aim is to continue to be trusted by the four administrations to provide impartial advice based on robust science and evidence. We will maintain and develop our core work programmes and, where appropriate, will re-allocate resources to support new and developing priorities, especially for marine nature conservation, and to achieve long-term efficiency savings. Reductions will be made in work that is not essential to meet statutory requirements in order to redirect funds to new areas of work and meet budget reductions over the Spending Review period.

JNCC will promote a culture of collaborative working and joined-up approaches to the conservation of biodiversity. We will work directly with a large number of other organisations in Government and in civil society, and through this collaborative approach help to:

- ◆ achieve coherence in nature conservation policy and implementation at different geographical scales and across sectors;

- ◆ enable the country conservation bodies and others to contribute to the developing agendas around natural capital, ecosystem services and the ecosystem approach to deliver an enhanced natural environment;
- ◆ ensure the necessary coordination to achieve the successful and timely delivery of nature conservation priorities at a time of reducing resources;
- ◆ maximise returns from investments in research, monitoring and surveillance in order to provide a strong and cost-effective evidence base.

## **Donations**

There were no political or charitable donations made in the financial year ending 31 March 2012.

## **Personal data**

There were no losses of personal data in the financial year ending 31 March 2012.

## **Complaints**

There were no complaints received in the financial year ending 31 March 2012.

## **Our staff**

During the year ending 31 March 2012 JNCC Support Co employed, on average, 137.6 full-time equivalent staff, based in offices in Peterborough and Aberdeen, with out-posted staff in Brussels and the Falkland Islands. Our staff bring together scientific and technical expertise, extensive knowledge of policy at global, European and national levels, and skills in working with other organisations.

Appointments are made in line with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition. We promote equality of opportunity for all staff, irrespective of their gender, sexual orientation, marital status, age, disability, race, religion or belief. We also seek to provide learning and development opportunities for all staff to maximise effectiveness, increase performance and develop staff for the future. Further details regarding JNCC's remuneration policies can be found in the remuneration report on page 28.

Conditions of employment, policies and procedures are available on the JNCC website, [www.jncc.defra.gov.uk](http://www.jncc.defra.gov.uk). A performance management system is in operation and has been reviewed, enhanced and implemented during the year ending 31 March 2012. We set out to be a socially responsible organisation, providing flexibility to enable our staff to combine work with family responsibilities and to contribute to the communities they live in.

JNCC employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). Details of the scheme and the company's liabilities in this regard can be found in the remuneration report and account policies note.

## **Sickness absence**

In 2011/12 the average sickness absence per full-time employee was 2.9 days (3.3 days in 2010/11). This compares favourably with the latest published average level of absence for the civil service which is 7.3 days<sup>1</sup>.

## **Fixed assets**

In the financial year ending 31 March 2012 the company spent £38,155 on computer equipment (£58,059 in 2010/11), £102,536 on other equipment (£12,200 in 2010/11), and £21,882 on software licences (£20,758 in 2010/11).

## **Financial instruments**

JNCC is not exposed to significant liquidity, interest rate or exchange rate risk.

## **Events since the end of the financial year**

There are no events that have happened since the end of the financial year to materially affect the contents of these financial statements. The Annual Report and Accounts were authorised for issue by the Company Board on 21 June 2012.

## **Going concern**

The balance sheet at 31 March 2012 shows the reserves of the company as £212,912. The future financing of the JNCC is to be met by grant-in-aid from Defra and the devolved administrations. Grant-in-aid for the year ending 31 March 2013, taking into account the amounts required to meet JNCC's liabilities falling due in that year, has already been included in Defra's and the devolved administrations' estimates for that year, which have been approved by the relevant parliament. It has accordingly been considered appropriate to adopt the going concern basis for the preparation of these financial statements.

The directors are not aware of any significant risk which may have an impact on the ability of the company to continue to operate at the current level of activity.

## **Risks**

Any significant risks identified by management have been reported on as part of the Governance Statement commencing on page 17 of this report.

## **Payment of creditors**

JNCC follows the principles of the Better Payment Practice Code, and the policy is to ensure that all payments are made by the due date. This policy is known throughout the organisation and there is a formal complaints procedure to enable suppliers' complaints to be dealt with quickly. 97% of invoices were paid by the due date in the year ending 31 March 2012, a similar level to that achieved in the previous year, and 2% above our performance target.

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<sup>1</sup> <http://www.civilservice.gov.uk/about/improving/health-and-wellbeing/sickness-absence>.

## Results and dividends

The company has no issued share capital and consequently the question of the payment of a dividend does not arise. Any surplus at the year end is transferred to the forthcoming year and applied to meet the objectives of the company.

## Directors' interests

As the company has no share capital, directors have no rights to subscribe for additional shares or debentures.

The articles of association do not require any of the directors to retire by rotation. However, directors have to retire if they are no longer members of the company or cease to be members of the Executive Management Board. A member will cease to be a member of the Company if they cease to be a member of the Joint Committee.

A register of the interests of all Company Board members is held by the Company Secretary and may be viewed during office hours at the company's registered office or by request to Mrs J Swift, Monkstone House, City Road, Peterborough, PE1 1JY or [june.swift@jncc.gov.uk](mailto:june.swift@jncc.gov.uk).

## Responsibilities of the directors

Under Section 393 of the Companies Act 2006 directors of a company must not approve accounts unless they are satisfied that they give a true and fair view of the assets, liabilities, financial position and profit or loss of the company.

Section 394 of the Companies Act 2006 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that period. In preparing those financial statements, the directors are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable accounting standards have been followed, subject to any material departures disclosed and maintained in the financial statements;
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Where amounts are presented within items in the profit and loss account and balance sheet, the directors have had regard to the substance of the reported transactions or arrangement, in accordance with generally accepted accounting principles or practice. In the case of each of the persons who are directors at the time when the directors' report is approved:

- ◆ so far as the directors are aware, there is no relevant audit information (information needed by the company's auditors in connection with preparing the report) of which the company's auditors are unaware; and

- ◆ each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **Responsibilities of the Chief Executive**

The Chief Executive of JNCC (Mr MJM Yeo) was appointed Accounting Officer for JNCC by the Permanent Secretary of the Department for Environment, Food and Rural Affairs, as from 1 April 2011.

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 safekeeping JNCC Support Co's assets, are set out in *Managing Public Money* published by the Treasury.

### **Auditors**

Following the passing of the Government Resources and Accounts Act 2000 (Audit of Non-profit-making Companies) Order 2009 the Comptroller and Auditor General (C&AG) is empowered to audit JNCC Support Co's financial statements. The C&AG's certificate and report commence on page 35. The audit fee charged in the Profit and Loss Account was £19,500. The auditors received no fees for non-audit services.

The Chief Executive confirms that:

- ◆ there is no relevant audit information of which the auditors are unaware; and
- ◆ he has taken all the steps he ought to have taken to make himself aware of any relevant audit information and to establish that the JNCC's auditors are aware of that information.

Signed on behalf of the board.

Mr MJM Yeo  
Chief Executive  
21 June 2012

# Annual Governance Statement for Joint Nature Conservation Committee for the year ending 31 March 2012

## Introduction

The Secretary of State for Environment, Food and Rural Affairs is accountable to UK Parliament for the activities and performance of the JNCC. In the same way, relevant Ministers in Scotland, Wales and Northern Ireland are accountable to the Scottish Parliament, the National Assembly for Wales and the Northern Ireland Executive respectively.

The Permanent Secretary of the Department for Environment, Food and Rural Affairs appointed me as Accounting Officer for JNCC with effect from 1 April 2011.

## Scope of responsibility

As Accounting Officer I have responsibility for maintaining a sound system of internal control for the JNCC. The system of internal control supports the achievement of the JNCC's policies, aims and objectives, whilst safeguarding the public funds and the assets for which I am personally responsible, in accordance with the responsibilities assigned to me in *Managing Public Money*.

## Governance arrangements

Governance arrangements for the JNCC, and the relationship between the JNCC, UK government departments, devolved administrations and the country nature conservation bodies, are described in an Accountability Framework, Management Statement and Financial Memorandum (all of which were revised in April 2011).

## The Governance Framework of the JNCC

The governance framework of the JNCC is shown diagrammatically in Annex 1. The governance framework, which accords with Treasury guidance, has been in operation at JNCC for the year ended 31 March 2012 and up to the date of approval of the Annual Report and Accounts.

The Joint Committee sets the strategy and programmes of work for the JNCC, in line with the priorities of Defra and the devolved administrations; implementation is monitored by the Company Board. Support is provided to the Joint Committee by a company limited by guarantee, JNCC Support Co, which was incorporated on 2 March 2005. JNCC's annual work programme and associated performance measures are set out in a business plan, which is agreed with ministers following discussion of priorities by the JNCC Sponsors Group. This group comprises representatives from UK government departments, devolved administrations and the country nature conservation bodies. It meets twice a year. The JNCC Sponsors Group also reviews achievement of programmes.

## Joint Committee

Members of the Joint Committee have overall responsibility for fulfilling its statutory functions and promoting the efficient and effective use of resources by the JNCC. The Joint Committee consists of 14 non-executive members. The membership of the Committee is defined in Schedule 4 of the Natural Environment and Rural Communities Act 2006.

The Chair is responsible to the Secretary of State. He is responsible for ensuring that policies and actions support ministers' wider strategic policies and deliver high standards of regularity, propriety and value for money. The Chair meets the Defra minister responsible for biodiversity at least twice a year, and environment ministers from each of the devolved administrations at least once a year.

The Committee sets the strategic direction for the JNCC and endorses the organisation's corporate and business plans for final approval by Defra and devolved ministers. It acts as a forum for discussing strategic issues relating to UK and international nature conservation and provides high-level advice on these matters to UK Government and devolved administrations.

The Committee has two standing sub-committees: a Remuneration Committee and a Marine Protected Areas Sub-Group. The Remuneration Committee sets the overall pay remit (including pensions) for staff employed by the company on the Committee's behalf (with the approval of Defra and Treasury as required) and sets and reviews the terms and conditions and performance objectives for the Chief Executive. The Marine Protected Areas Sub-Group advises the Committee, and in some cases makes decisions on Committee's behalf, on matters relating to the identification of marine protected areas (primarily in offshore waters) and the achievement of an ecologically coherent site network in UK waters. In addition, the Chair has delegated authority to establish time-limited sub-groups to deal with specific issues.

The Joint Committee has agreed that certain of its functions will be discharged by JNCC Support Co, and has delegated certain of its responsibilities to the company, the Company Board and any employees of the company which the Board considers competent to undertake those responsibilities.

The Joint Committee's delegations are set out in a Schedule of Delegations. The schedule details the matters reserved to the delegating body alongside the areas of responsibility delegated, and requires the body or individuals to whom responsibilities are delegated to escalate any matters that may involve either the company or the Joint Committee in significant risk to their reputations, legal standing or financial positions.

In 2011/12, the Joint Committee met three times. Key items of business during the year included the UK Biodiversity Framework, identification of Special Areas of Conservation for harbour porpoise, the quality and management of evidence, and the review of Habitats Directive implementation. In June 2011, the Committee held a workshop to review the strategic direction of the organisation. Outcomes from the workshop were presented as a series of recommendations for how JNCC's work should change over the next 3-5 years. The Committee also discussed and approved the business plan for 2012/13. Attendance by Committee members at meetings in 2011/12 was generally good.

## **Company Board**

The Company Board comprises Joint Committee members and up to four executive Directors. It is accountable to the Joint Committee and is responsible for ensuring responsibilities delegated to the Company by the Joint Committee and other responsibilities derived under company law are discharged effectively. The Board has overall responsibility for discharging the Committee's corporate and business plans and for maintaining an effective framework of corporate governance. This includes maintaining effective systems of risk management and audit, financial management, staff management, information management, health and safety, and planning and monitoring.

In 2011/12 the Board streamlined its arrangements to conduct the majority of its business intersessionally. The Board now meets once a year in June. In addition, the Board receives

quarterly performance reports for JNCC and quarterly reports from the Audit and Risk Management Committee.

The Company Board has two sub-Committees; an Executive Management Board and an Audit and Risk Management Committee, the latter is also directly accountable to the Joint Committee.

### **Audit and Risk Management Committee**

The Audit and Risk Management Committee (ARMC) has an exclusively non-executive membership. Four members are members of the Joint Committee and there is one external member. Its role is to support the Company Board in its responsibilities for issues of risk, control and governance and associated issues. The Committee meets quarterly.

In 2011/12 the ARMC streamlined its arrangements to deal with more business intersessionally. Core business included maintaining an overview of internal and external audit (including reviewing all internal audit reports and the annual internal audit assurance report), reviewing the draft annual report and accounts (including the Statement on Internal Control), and approving the corporate risk register. During the year, the ARMC further enhanced its management of risk by including a review of the 'significant risks' included in the Statement on Internal control for 2010/11 in a standing agenda item on 'new, emerging and fast-evolving risks'. This prompted further papers on funding and staffing issues and how risks in this area were being managed. The ARMC also considered papers on the introduction of the new Governance Statement and were provided with an update on how the new risk management process, introduced in April, was being embedded into the organisation. One special topic considered by the ARMC this year was the results of a review by the Executive Management Board of the procedures in place for staff travelling abroad. This was as a result of the death of a staff member while off duty on official business overseas.

The ARMC provides quarterly reports on its work to the Company Board and an annual report each June. Attendance by members at meetings in 2011/12 was generally good.

### **Executive Management Board**

The Company Board has delegated to the Executive Management Board (EMB) responsibility for directing and managing the affairs of the company to deliver the Joint Committee's corporate and business plans within a framework of effective controls. In 2011/12, EMB comprised the Chief Executive, three permanent executive directors and one temporary executive director.

In 2011/12, the Executive Management Board met at least once a month. Core business included reviewing key decisions made by directors, reviewing quarterly performance reports, agreeing priorities and resource allocations for the 2012/13 business plan, and advising on issues requiring consideration by the Joint Committee. EMB also discussed internal restructuring, major changes to corporate policies and processes, the internal audit strategy and operational plan for 2012-14, JNCC's corporate training plan, and preparations for JNCC's Triennial Review. Attendance at meetings was very good with only two apologies during the year.

The Executive Management Board is supported by a number of internal management groups.

## **An account of corporate governance**

In 2011/12 JNCC complied with the Corporate Governance Code with the following exceptions.

- ◆ JNCC does not currently undertake an annual evaluation of Committee and Board performance. The Joint Committee and Audit and Risk Management Committee assess the effectiveness of their performance periodically, and the JNCC Chair undertakes an annual performance review for each of the independent members of the Joint Committee. In future the Joint Committee and Audit and Risk Management Committee will evaluate their performance at least once every two years – this is commensurate with the size of the Committees and number of meetings each year. The Executive Management Board undertook a review of how it operates in 2011/12 and will in future conduct an annual review of its performance.
- ◆ JNCC does not currently publish information on expenses claimed by Committee members and senior staff, but will do so from 2012/13.
- ◆ JNCC monitors performance in handling Freedom of Information requests, Environmental Information Regulations requests and complaints but does not currently report this information. Reporting will be initiated from 2012/13. Significant resources would be required to develop and implement systems to monitor and report on other correspondence, and there are currently no plans to do this.

### **Assessment of governance arrangements**

In light of the risks affecting JNCC's business and the new challenges that emerged throughout the year, the governance arrangements remained broadly effective. However, some significant internal control issues have been identified (see page 24), and in some cases action to improve governance will be taken to address these issues.

In April 2011, JNCC's internal auditors undertook a review of JNCC's governance control framework. They concluded that controls were adequately designed and applied in practice, and the Joint Committee, Company Board, Executive Management Board and Audit and Risk Management Committee were deemed to be delivering the duties assigned to them through their respective Standing Orders and terms of reference.

### **Effectiveness of Joint Committee, Company Board, Audit and Risk Management Committee and Executive Management Board performance**

#### **Performance of Committees and Boards**

From April 2011, new streamlined arrangements were put in place for JNCC's governance, and all Committees and Boards operated with new terms of reference and forward plans.

During 2011/12, EMB reviewed how it conducted its business and agreed new terms of reference. These changes are intended to give EMB a sharper focus. More business will be dealt with intersessionally or delegated to staff, freeing up time for EMB to discuss strategic issues.

In December 2009, the Joint Committee undertook a review of its effectiveness. The review highlighted the strengths of the Committee as well as areas for further development. These areas included:

- i. strengthening relationships with Defra and the devolved administrations, country conservation body Boards/Councils, and staff;

- ii. clarifying how Committee's work contributes to JNCC's strategic objectives;
- iii. providing opportunities to discuss the views and contributions to Committee business of different types of members collectively;
- iv. strengthening induction and one to one discussion of objectives and performance with independent members and meeting any development needs identified; and
- v. assessing company board meetings to ensure the number of meetings are proportionate with business need.

In November 2009 the Audit and Risk Management Committee undertook an assessment of its performance and agreed areas for improvement, including broadening work on risk management, greater discussion and challenge on the Statement on Internal Control, and better induction and training for new members.

A staff survey was undertaken in November 2011. The results provide structured feedback on a wide range of issues, including the performance of Joint Committee, EMB and other internal management groups. Once the results have been assessed an action plan will be prepared and implemented in 2012/13.

## **Risk Profile**

### **Overall risk environment**

In 2011/12 the risk environment for JNCC was extremely challenging. JNCC was tasked with implementing the nature conservation priorities set for it by the UK Government and devolved administrations during a period of declining budgets in some parts of the organisation coupled with rapid growth in other parts, a continually evolving political context for JNCC's work, and increased scrutiny of outputs and processes.

### **Risk profile**

The JNCC takes a balanced approach to determining its risk appetite, by accepting that major risks affecting the organisation must be controlled, but that exposure to some risks is necessary to enable the effective delivery of its objectives. We will take the action needed to safeguard our assets and resources, meet legal requirements and comply with our governance arrangements, but given financial constraints will not always be able to meet 'best practice'. We apply high standards in providing evidence and advice to government, recognising that lowering standards in this area could potentially have serious political and reputational consequences. Political changes, both in Whitehall and the devolved administrations, present the JNCC with particular challenges, e.g. in leading the development of new areas of work, building new partnerships and adopting new working practices. These developments will often involve a high degree of risk, and we will manage them accordingly.

During 2011/12, high risk work undertaken by JNCC included support for high-priority commitments contained in departmental business plans (e.g. identification of Marine Conservation Zones and advising on nature conservation issues associated with deployment of renewable energy), and innovative work requiring research and development (e.g. to develop options for a marine biodiversity monitoring programme for all UK waters).

## Key risks

In 2011/12 JNCC's key risks included:

- ◆ insufficient funding to fully meet government priorities and to implement JNCC's strategy over an appropriate timescale;
- ◆ mismatch between staff numbers and competencies and current/future work programmes (in particular multiple internal staff moves, prolonged recruitment timescales, loss of key staff in small teams, and increased workloads);
- ◆ maintaining staff cohesion, morale and motivation in a time of change and of shrinking resources;
- ◆ advice provided to Government (or other stakeholders) is based on an inadequate evidence base and/or does not meet appropriate quality standards;
- ◆ delays to decision-making and missed opportunities because too risk-averse;
- ◆ changes to the status or functions of the country conservation bodies or JNCC's government sponsor bodies;
- ◆ potential loss of content and function from websites managed by JNCC due to the Government's Digital Service's plans to develop a single Government website.

## Self-imposed risk

Most of the risks affecting JNCC's work in 2011/12 were attributable to external factors. The level of self-imposed risk is modest and is largely associated with internally-driven change to improve delivery of corporate services.

## Risk management system

Leadership of the risk management process within the JNCC was provided by me as Chief Executive and Accounting Officer. A risk management strategy is in place, which outlines how I and the other executive directors require the organisation to manage risk. The risk management strategy entails embedding the risk management process into each part of the work planning, delivery and reporting process. The Executive Management Board is committed to embedding the principles of effective risk management into the culture of the organisation.

JNCC's risk management strategy has been drawn up and implemented in line with Treasury guidance. In 2011/12 JNCC streamlined its risk management processes, to ensure that risks are identified and managed more effectively. A new risk management process has been devised and all risks are described in a single corporate risk register. Each risk is owned by an executive director. All project risks are re-appraised at each quarter by project managers and programme leaders who consider changes required to the likelihood and impact of a risk being realised. Significant risks are escalated to directors through a documented process, and are considered by the Executive Management Board as part of a quarterly review of the corporate risk register. Regular consideration and reporting of new or fast-evolving risks is undertaken by the Executive Management Board (monthly) and the Audit and Risk Management Committee (quarterly).

A survey of how the new risk management process is operating within JNCC is currently being undertaken. The outcomes may influence future practices.

## **Internal control framework**

### **Financial management**

The JNCC's system of internal financial control is based on a framework of regular management information, administration procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

- ◆ an online, real-time financial management information system;
- ◆ a Financial Memorandum and Financial Regulations;
- ◆ comprehensive budgeting systems;
- ◆ regular reviews by the Executive Management Board of quarterly financial reports which indicate financial performance against forecasts; and
- ◆ anti-fraud and corruption policy and whistle-blowing policy.

### **Performance management**

The JNCC maintains a sound performance management system. Annual priority performance measures are set through agreement between the Joint Committee and the ministers of the UK and devolved governments through JNCC's business planning process.

During the year, the Executive Management Board undertakes quarterly reviews of the JNCC's performance against its priority performance measures and its financial position, and provides quarterly reports to the Company Board. At the end of the financial year, performance is reported in JNCC's Annual Report and Accounts.

### **Information management**

The JNCC generally has effective arrangements in place for archiving, storing and backing-up data and information. During 2011/12 JNCC reviewed its data security arrangements to ensure that they meet the highest standards required by Government. A new IT security policy was published and distributed to all members of the Committee and staff, which provided guidelines for the safe use of the JNCC computer network while working in the office or working remotely. We also worked with our partners to ensure that they met the required standards for data security by requiring that all new contract documentation included a clear statement on data security requirements.

The risk of losing all key data and information, not just sensitive or confidential data, has been reduced by a number of long-standing control measures associated with data backup, the conditions placed in JNCC contracts for the collection of data and information, and data management and access standards. In 2011/12 JNCC developed and made progress in implementing a new corporate file structure and information management procedures; this included consolidation to a new shared drive. Work to improve records management and improve accessibility was proposed for delivery by March 2012 but has been delayed due to higher work priorities. Work to improve the management, accessibility and transparency of information and data pertaining to marine site designations is planned for 2012 and is being pursued as a high priority to ensure the risk does not increase. Work on JNCC's data and information disposal and retention policy is also underway.

In 2011/12 there were no known breaches of the security of confidential data.

## Internal audit

With effect from 1 April 2011 internal audit of the JNCC and JNCC Support Co was carried out by RSM Tenon, under the provisions of their framework agreement with Defra. They submitted regular reports in accordance with the requirements of Government Internal Audit Standards. Internal audit activity is targeted at assessing the adequacy and effectiveness of the systems of internal control and governance in the areas reviewed. The areas for review are determined by reference to the levels of risk in the corporate risk register and through discussion with executive directors and senior managers. Audit reports include assurance levels for each system on the adequacy and effectiveness of the JNCC Support Company's system of internal control together with recommendations for improvement.

For 2011/12 the Head of Internal Audit's opinion was that JNCC had adequate and effective governance, risk management and control arrangements in place although there were some weaknesses and improvements to be made in the risk management area.

## Business continuity

In 2011/12 the JNCC maintained a business continuity plan. In light of civil unrest in the UK last summer, the plan was revisited and updated. A table top exercise will take place in the next few months which will be a facilitated walk-through of a scenario, taking the plan off the written page without the disruption of a full-scale exercise. An internal audit of this area is planned to take place in 2012/13.

## Significant internal control issues in 2011/12

The following table details significant internal control issues that were identified in 2011/12 and summarises the management action taken. The extent to which these actions have successfully addressed the control issues will be kept under review during 2012/13, and if necessary additional management action will be taken.

Significant issue	Management action
Increased complexity in fulfilling JNCC's role and associated risk to relationships arising from increasing divergence in approaches and institutional arrangements arising from devolution and changes in legislation and other Government priorities.	Increased input to relationships with UK Government departments, devolved administrations and country nature conservation bodies to increase mutual understanding of roles and priorities. JNCC's Triennial Review will take place in 2012/13 and will provide a mechanism for reviewing JNCC's role and governance arrangements.
High internal turnover of staff and difficulties in recruiting appropriately skilled and experienced new staff for some posts, especially in marine teams, has led to delays to projects, targets being missed, and funding being under-utilised.	Immediate action is focused around re-planning work and engaging with stakeholders to ensure targets are realistic. A phased timetable for recruitment of new marine staff during 2012/13 has been prepared. In the medium-term the marine area will improve its planning and resource management systems.  <i>(See also the update on significant control issues in 2010/11)</i>

Increased scrutiny of the evidence supporting JNCC's advice and more demand for transparency and freedom of access to evidence bases.	JNCC will adopt more formal procedures for the production and quality assurance of evidence that can be shared with our partners and used in cases of challenge to JNCC's evidence. The work of the JNCC Science Quality Task Force is focused on working with the country conservation bodies to identify where standardisation of evidence provision is desirable and in producing internal JNCC policy for the quality assurance of evidence. Due to the substantial risk of challenge this work has been accelerated in relation to marine protected areas through the work on Marine Conservation Zone protocols.
Increasing difficulty in securing long-term funding to fulfil obligations for advice on marine industries to satisfactory standards.	Maintaining a dialogue with potential funding bodies and other government stakeholders to secure funding.
Significant under-spending against available grant-in-aid.	Measures put in place to avoid underspending in 2012/13 include mandatory financial training for all project managers; monthly financial reporting; improving JNCC's finance management system; strengthening the links between performance, budget and risk reporting; and placing greater emphasis on financial management in staff performance agreements.
Insufficient corporate services and management resource to effectively support growth in marine work and other new obligations.	Ongoing review of internal structures and processes as future requirements are clarified.
Risk of losing key data and information.	Some progress has been made to consolidate network filing drives but the work to improve records management, the filing structure and accessibility has been delayed due to higher priorities. Work to improve the management, accessibility and transparency of information and data pertaining to marine site designations is planned for 2012 and is being pursued as a high priority to ensure the risk does not increase. Some work on JNCC's data and information disposal and retention policy is also underway.

### Update on significant internal control issues in 2010/11

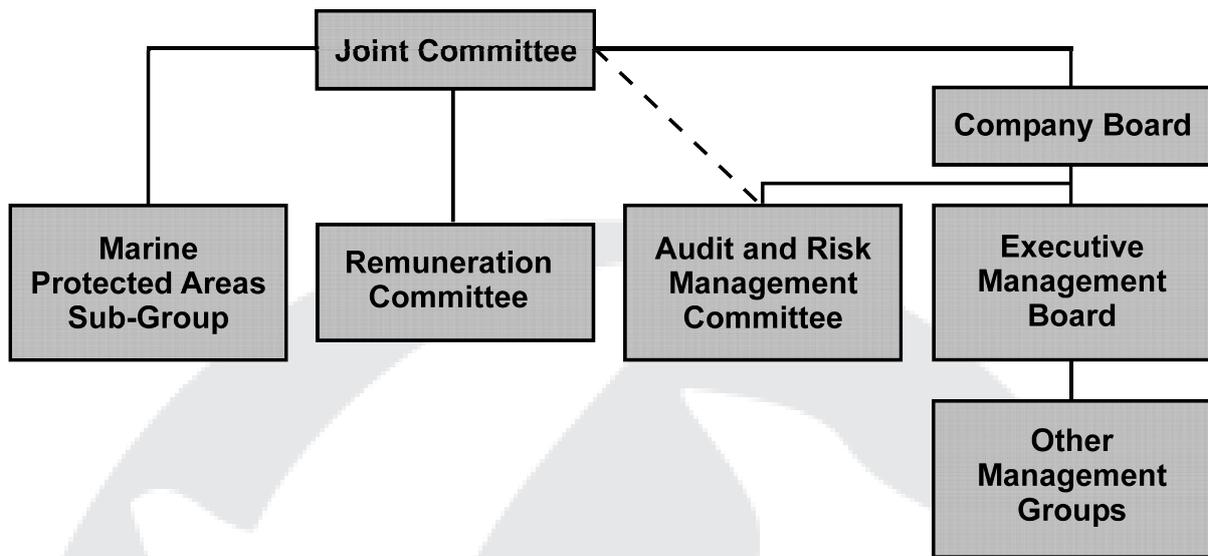
The following table provides an update on the significant control issues that were identified in 2010/11 and the management action taken to address the issues.

Significant issue	Management action
The spending restrictions put in place by the Coalition Government have led to delays in taking forward some important programmes of work.	Internal procedures (e.g. for staff recruitment) have been revised to take account of the spending restrictions and the need to gain Defra approval for certain types of expenditure. Recruitment restrictions continued to cause delays throughout 2011/12.

<p>Work associated with the Spending Review has been resource-intensive and has diverted effort from other tasks (e.g. improving the efficiency of back-office function). Uncertainty over JNCC's future role and funding has hindered forward planning.</p>	<p>As the uncertainty was resolved following completion of the Spending Review, emphasis shifted to implementing the outcomes of the Review. The key activity in 2011/12 was the preparation of a business plan for 2012/13, informed by discussions on priorities and funding with Defra, devolved administrations and country conservation bodies. Developing a realistic and affordable marine work programme has proved particularly challenging.</p>
<p>There has been increased scrutiny of the evidence underpinning JNCC's advice to government, especially in relation to the identification of marine protected areas.</p>	<p>This is a rapidly developing area with a considerable amount of activity in various forums. Within JNCC a Science Quality Task Force is considering what action is needed to improve current practice. More specifically, JNCC, Natural England and Defra are discussing evidence quality assurance in relation to the Marine Conservation Zone project.</p>
<p>Existing processes and systems have not always supported effective financial planning, management and reporting.</p>	<p>The finance team have enhanced their technical expertise, reviewing the responsibilities of project managers and programme leaders, and improving the financial management system. The business planning process has been strengthened in 2011/12 with the appointment of a Senior Planning Officer. The performance management process has been reviewed with changes planned for 2012/13. Financial training is also planned for 2012/13.</p>
<p>Some marine work programmes have been disrupted by failure to recruit suitably qualified staff.</p>	<p>The issue continued as manpower plans for growth in marine staffing were not fulfilled leading to under-performance against targets and underspend of GIA funding. Action being taken is more robust manpower planning taking account of the impact of recruitment restrictions; exploring options to address this with other arms-length bodies with marine responsibilities; an increase in management and corporate services capacity to recruit; better induction and training of new staff; and scrutiny of assumptions underlying salaries budgeting.</p> <p>Where necessary, we also sought to manage expectations within government and renegotiated deadlines.</p>

Mr MJM Yeo  
Chief Executive  
21 June 2012

## Annex 1 - Relationship of Governance Groups



## **JNCC Support Co Remuneration Report**

### **Remuneration policy**

The remuneration for the JNCC Chair and independent Committee members is set by the Department for Environment, Food and Rural Affairs (Defra).

The remuneration of the Chief Executive is reviewed regularly against the advice issued by the Review Body on Senior Salaries. Any proposed changes are then subject to the approval of Defra.

All pay awards for staff other than the Chief Executive have to conform to the annual Civil Service Pay Guidance document issued by Treasury. This guidance document forms part of the pay remit process, and is intended to ensure that pay awards are affordable, offer value for money, and meet the needs of individual businesses. As part of this process the JNCC has to submit its recommended pay award to Defra, who have delegated authority to approve pay remits that conform to Treasury guidance. Pay remits that do not conform to the guidance require Treasury approval. During the year ending 31 March 2012 Treasury Instructions stated that staff earning over £21,000 should receive no increase in their basic pay and those earning less than £21,000 should receive an increase of £250.

Insofar as the Treasury pay remit permits, the JNCC applies a number of reward principles which aim to:

- ◆ meet business needs of the organisation;
- ◆ be affordable for the organisation in the short and long-term;
- ◆ provide a pay structure which is sustainable in the longer-term;
- ◆ reward, retain and motivate staff;
- ◆ support equal pay;
- ◆ be fair and transparent;
- ◆ ensure that appropriately skilled and experienced staff can be recruited;
- ◆ recognise and reward good performance;
- ◆ offer comparable salary levels with other relative workforce groups;
- ◆ aim to maintain the total staff remuneration package at a level which is appropriate given the financial environment and reflects competitiveness in the appropriate market.

### **Contracts of employment**

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

Unless otherwise stated, the directors and other staff covered by this report hold appointments which are open-ended. Early termination for all staff, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme. However, independent members of the Committee who are appointed by Defra under an instrument of appointment would not be eligible for compensation under the Civil Service Compensation Scheme.

The periods of appointment for independent Committee members are detailed below.

Dr P Bridgewater was re-appointed for a three-year term commencing on 1 October 2010

Prof. LM Warren was re-appointed for a three-year term commencing on 1 April 2009

Dr R Brown was appointed for a three-year term commencing on 1 December 2009

Mr G Duke was appointed for a three-year term commencing on 1 December 2009

Mr DE Pritchard was re-appointed for a three-year term commencing on 1 December 2009

Judith Webb was re-appointed for a three-year term commencing on 1 September 2011

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

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

The following sections provide details of the remuneration and pension interests of the most senior JNCC staff, and those of the Chair and independent members of the Committee. JNCC is advised of the salaries of the Chair and independent Committee members by the Department for Environment, Food and Rural Affairs. Members appointed by the country conservation bodies are remunerated directly by those bodies. This information is subject to audit.

#### **Salary**

'Salary' includes gross salary and any allowances, such as recruitment and retention allowances, to the extent that it is subject to UK taxation. This report is based on payments made by JNCC Support Co and thus recorded in these accounts.

#### **Benefits in kind**

The monetary value of benefits in kind covers any benefits provided by the employer and treated by Her Majesty's Revenue and Customs as a taxable emolument. At the present time, no senior member of staff of JNCC Support Co is in receipt of taxable benefits.

#### **Bonuses**

Bonuses are based on performance levels and are made as part of the formal staff appraisal process. The bonuses awarded in 2011/12 relate to performance in 2010/11.

JNCC also operates a reward and recognition scheme where individuals receive bonuses of up to £200. These are paid on a quarterly basis.

## JNCC Support Co - Remuneration (audited figures)

Committee members:	Period of appointment	Days service 2011/12	Salary 2011/12 £ 000s	Salary 2010/11 £ 000s
<b>Chair</b>				
Dr P Bridgewater	01.10.2007 to 30.09.2013	104	40 - 45	35 - 40
<b>Independent members</b>				
Prof LM Warren	01.04.2006 to 31.03.2012	30	5 - 10	5 - 10
Mr DE Pritchard	01.12.2006 to 30.11.2012	42	10 - 15	10 - 15
Judith Webb	01.09.2008 to 31.08.2014	30	5 - 10	5 - 10
Dr R Brown	01.12.2009 to 30.11.2012	30	5 - 10	5 - 10
Mr G Duke	01.12.2009 to 30.11.2012	30	5 - 10	5 - 10

No Committee members received bonus payments in either 2011/12 or 2010/11.

## JNCC Support Co - Remuneration ratio (audited figures)

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

The banded remuneration of the highest-paid director in JNCC Support Co in the financial year 2011/12 was £80 - 85,000 (£85 - 90,000 for 2010/11). This was 3.1 times the median remuneration of the workforce (unchanged from 2010/11), which was £26,533 (£27,846 for 2010/11).

No employees received remuneration in excess of the highest paid director in either 2011/12 or 2010/11.

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

	2011/12	2010/11
<b>Band of highest paid director's remuneration (£ 000s)</b>	80 - 85	85 - 90
<b>Median total</b>	£26,533	£27,846
<b>Remuneration Ratio</b>	3.1	3.1

## JNCC Support Co - Remuneration (audited figures)

Senior Staff:	Appointment Date*	2011/12		2010/11	
		Salary £ 000s	Bonus Payments £ 000s	Salary £ 000s	Bonus Payments £ 000s
<b>Chief Executive</b>					
Mr MJM Yeo	09.09.2009	80 - 85	0	85 - 90	0
<b>Other Directors</b>					
Dr JC Goold	01.10.2008	50 - 55	0	50 - 55	0
Mrs SE McQueen <sup>1</sup>	09.09.2009	30 - 35	0	50 - 55	0
Mr PM Rose <sup>2</sup>	03.05.2010	50 - 55	0	50 - 55	0 - 5
<b>Other Senior Staff</b>					
Dr SD Gibson <sup>3</sup>	22.08.2011	50 - 55	0 - 5	40 - 45	0

No benefits in kind were paid in either 2011/12 or 2010/11.

\* Appointment date reflects the date at which the individual attained the status of senior staff, which may not be the date at which the individual was first joined JNCC.

1. In 2010 Mrs SE McQueen changed to working part time. Her salary for 2011/12 expressed as a full-year equivalent falls in the band 50 - 55.

2. Mr PM Rose was an existing employee of JNCC Support Co when he was appointed director. His salary for 2010/11 expressed as a full-year equivalent falls in the band 50 - 55.

3. In 2011/12 Dr SD Gibson was on temporary promotion to the Executive Management Board but was an existing full-time employee of JNCC Support Co.

## JNCC Support Co - Pension benefits (audited figures)

Senior Staff:	Total accrued pension at age 60 at 31/03/12 and related lump sum £ 000s	Real increase in pension and related lump sum at age 60 £ 000s	CETV at 31/03/12 £ 000s	CETV at 31/03/11 £ 000s	Real Increase in CETV £ 000s
<b>Chief Executive</b>					
Mr MJM Yeo	25 - 30 LS 0	-2.5 - 0 LS 0	398	369	-3
<b>Other Directors</b>					
Dr JC Goold	5 - 10 LS 0	0 - 2.5 LS 0	43	29	10
Mrs SE McQueen	10 - 15 LS 40 - 45	-2.5 - 0 LS -2.5 - 0	220	206	-4
Mr PM Rose	10 - 15 LS 35 - 40	0 - 2.5 LS 0 - 2.5	232	211	2
<b>Other Senior Staff</b>					
Dr SD Gibson	10 - 15 LS 35 - 40	0 - 2.5 LS 2.5 - 5	183	159	13

The actuarial factors used in the calculation of Cash Equivalent Transfer Values (CETVs) were changed during 2011. This means that the CETV in this year's report for 31/03/11 will not be the same as the corresponding figure shown in last year's report.

Dr LV Fleming was on temporary, part-time promotion to the Executive Management Board in 2010/11. He remains an employee of JNCC Support Co but as he did not hold this role in 2011/12 his remuneration details have not been disclosed.

## Civil Service pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a final salary scheme (**classic**, **premium** or **classic plus**), or a whole career scheme (**nuvos**). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus** and **nuvos** are increased annually in line with Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for **classic** and 3.5% for **premium**, **classic plus** and **nuvos**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his/her pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus** and 65 for members of **nuvos**.

Pension benefits for the Chairman are provided broadly by-analogy with the Civil Service pension scheme. This is because the Chairman cannot be pensioned in the same scheme as staff but may have access to similar types of benefits. The other independent Committee members do not receive pension benefits.

Further details about the Civil Service pension arrangements can be found at the website <http://www.civilservice.gov.uk/my-civil-service/pensions/index.aspx>.

## **Cash Equivalent Transfer Values**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETVs are worked out within the guidelines and framework prescribed by the Institute and the Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### **Real increase in CETV**

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

Mr MJM Yeo  
Chief Executive  
21 June 2012

## Statement of Directors' Responsibilities

Under Section 393 of the Companies Act 2006 directors of a company must not approve accounts unless they are satisfied that they give a true and fair view of the assets, liabilities, financial position and profit or loss of the company.

Section 394 of the Companies Act 2006 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that period. In preparing those financial statements, the directors are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable accounting standards have been followed, subject to any material departures disclosed and maintained in the financial statements;
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Where amounts are presented within items in the profit and loss account and balance sheet, the directors have had regard to the substance of the reported transactions or arrangement, in accordance with generally accepted accounting principles or practice. In the case of each of the persons who are directors at the time when the directors' report is approved:

- ◆ so far as the directors are aware, there is no relevant audit information (information needed by the company's auditors in connection with preparing the report) of which the company's auditors are unaware; and
- ◆ each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

## **THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE MEMBERS OF THE JOINT NATURE CONSERVATION COMMITTEE SUPPORT CO**

I certify that I have audited the financial statements of Joint Nature Conservation Committee Support Co for the year ended 31 March 2012 under the Government Resources and Accounts Act 2000. The financial statements comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement, Statement of Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). I have also audited the information in the Remuneration Report that is described in that report as having been audited.

### **Respective responsibilities of the directors and the auditor**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

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

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

### **Opinion on regularity**

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

## **Opinion on financial statements**

In my opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2012 and of the loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the Companies Act 2006.

## **Opinion on other matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Government Financial Reporting Manual; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

- adequate accounting records have not been kept by the company, or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## **Report**

I have no observations to make on these financial statements.

**Amyas C E Morse**  
**Comptroller and Auditor General**

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

27 June 2012

## Profit and loss account for the year ended 31 March 2012

	Note	2011/12 £	2010/11 (restated) £
<b>Turnover</b>	2	10,720,659	10,664,454
Cost of activities	2	(8,559,780)	(8,432,563)
<b>Gross profit</b>		<b>2,160,879</b>	<b>2,231,891</b>
Administrative expenditure	3	(2,338,838)	(1,932,607)
<b>Operating gain/(loss)</b>	2	<b>(177,959)</b>	<b>299,284</b>
Transfer from deferred income relating to capital assets depreciation and disposals	15	115,791	6,258
<b>Gain/(loss) on ordinary activities before interest</b>		<b>(62,168)</b>	<b>305,542</b>
Other interest receivable and similar income		478	618
<b>Gain/(loss) on ordinary activities before taxation</b>		<b>(61,690)</b>	<b>306,160</b>
Tax on profit on ordinary activities		(96)	(210)
<b>Gain/(loss) for the financial year</b>		<b>(61,786)</b>	<b>305,950</b>

The company has made no acquisitions nor discontinued any operations during 2011/12 therefore turnover and operating profit derive entirely from continued operations.

The profit and loss account for 2010/11 has been restated to reflect the reclassification of provisions utilised to meet early pensions payments. These had previously been shown within administrative expenditure but should have been reported against cost of activities.

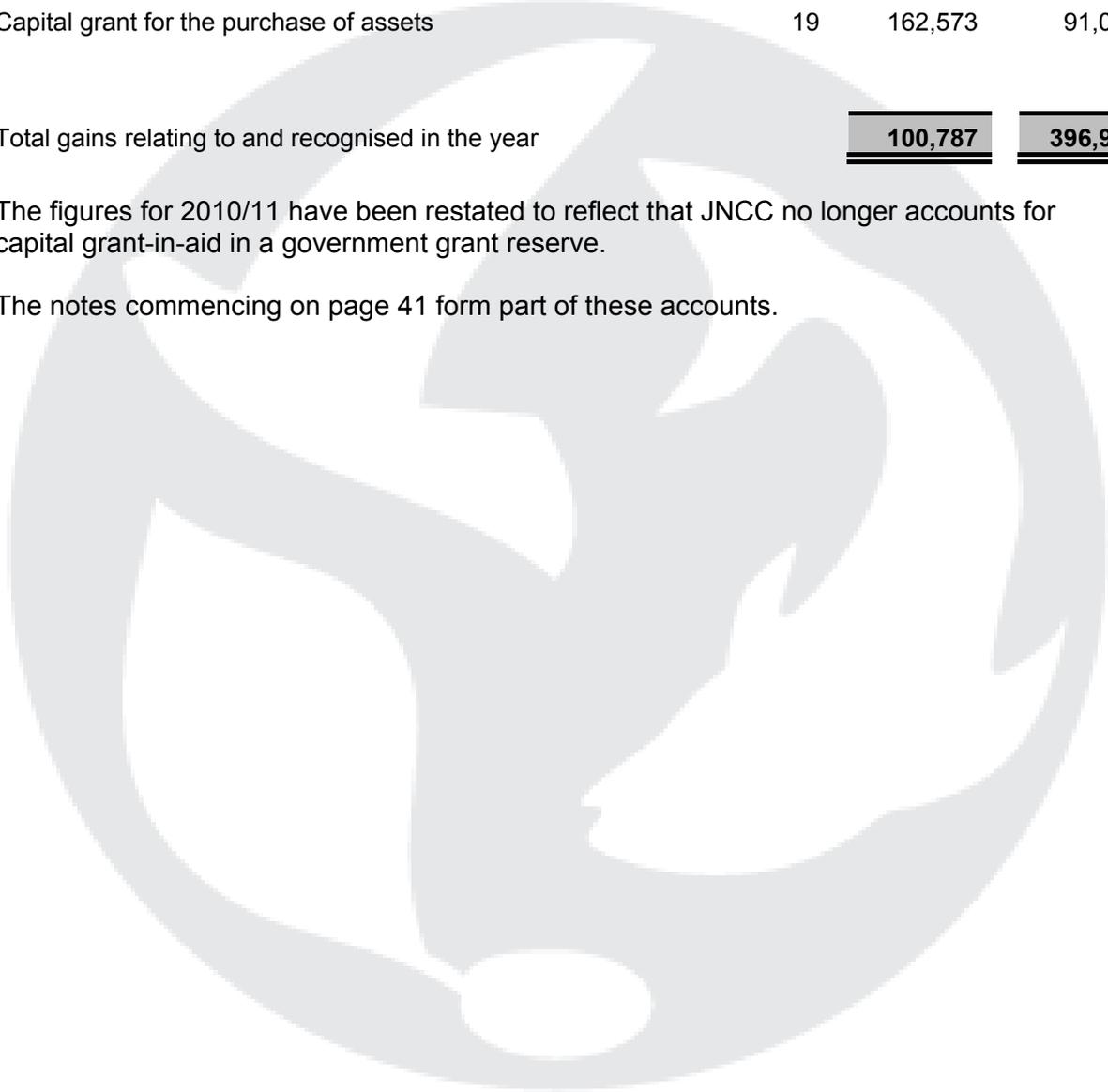
The notes commencing on page 41 form part of these accounts.

**Statement of total recognised gains and losses for the year ended 31 March 2012**

	Note	2011/12 £	2010/11 (restated) £
Gain/(loss) for the financial year		(61,786)	305,950
Capital grant for the purchase of assets	19	162,573	91,017
Total gains relating to and recognised in the year		<b><u>100,787</u></b>	<b><u>396,967</u></b>

The figures for 2010/11 have been restated to reflect that JNCC no longer accounts for capital grant-in-aid in a government grant reserve.

The notes commencing on page 41 form part of these accounts.



## Balance Sheet as at 31 March 2012

	Note	As at 31 March 2012		As at 31 March 2011 (restated)	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	8		76,828		88,616
Tangible assets	9		279,630		221,060
			<b>356,458</b>		<b>309,676</b>
<b>Current assets</b>					
Cash at bank and in hand	10	607,961		562,896	
Stocks	11	0		27,866	
Debtors	12a	563,590		370,206	
		<b>1,171,551</b>		<b>960,968</b>	
<b>Creditors</b>					
Amounts falling due within one year	13a	(456,945)		(379,053)	
			714,606		581,915
<b>Net current assets</b>			<b>1,071,064</b>		<b>891,591</b>
<b>Total assets less current liabilities</b>					
<b>Provisions for liabilities</b>	16		(300,000)		(32,794)
<b>Deferred income</b>	14		(558,152)		(584,099)
<b>Net assets</b>			<b>212,912</b>		<b>274,698</b>
<b>Capital and reserves</b>					
Profit and loss account	18		212,912		274,698
<b>Total reserves</b>			<b>212,912</b>		<b>274,698</b>

The balance sheet for 2010/11 has been restated to reflect that JNCC no longer accounts for capital grant-in-aid in a government grant reserve. Funding of capital items and their corresponding depreciation and amortisation are now accounted for through deferred income (see note 14).

**The Financial Statements on pages 37 to 40 were approved by the board of directors on 21 June 2012 and signed on its behalf.**

Mr MJM Yeo  
Chief Executive

The notes commencing on page 41 form part of these accounts.

## Cashflow statement for the year ended 31 March 2012

	Note	2011/12	2010/11
		£	£
Net cash (outflow)/inflow from operating activities	19	207,256	(265,734)
Taxation			
Corporation Tax	2	(96)	(210)
Capital expenditure			
Purchase of fixed assets	19	(162,573)	(91,017)
Returns from investments and servicing of finance			
Interest received	2	478	618
<b>(Decrease)/increase in cash</b>	10	<b>45,065</b>	<b>(356,343)</b>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Net funds at the beginning of the period	10	562,896	919,239
<b>Net funds at the end of the period</b>	10	<b>607,961</b>	<b>562,896</b>

The notes commencing on page 41 form part of these accounts.

# **JNCC Support Co notes to the Financial Statements for the year ended 31 March 2012**

## **1 Accounting policies**

### **Statement of accounting policies**

The financial statements are intended, without limiting the information given, to conform to the requirements of the Companies Act 2006 and the Statements of Standard Accounting Practice and Financial Reporting Standards issued or approved by the Accounting Standards Board insofar as these requirements are appropriate. Where the requirements do not conflict with the Government Financial Reporting Manual (FRoM) information has been presented utilising the FRoM requirements.

Where the requirements of the Companies Acts or the FRoM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the JNCC Support Co, for the purpose of giving a true and fair view, has been selected.

The financial statements conform to the provisions of the Companies Act 2006 and the UK Generally Accepted Accounting Practice (GAAP) which does not require adoption of the International Financial Reporting Standard (IFRS). The Executive Management Board considers that the adoption of IFRS would not improve the understanding of the Financial Statements and have therefore decided not to adopt IFRS within these statements.

### **Changes made to accounting policies for the year ending 31 March 2012**

#### ***Treatment of Government grants received for capital purposes***

As from 1 April 2011 grant-in-aid received for the purchase of capital assets has been treated as deferred income and released to the profit and loss account over the useful life of the asset concerned. The balance shown on the government grant reserve as at 1 April 2011 has been transferred to deferred income.

There are no other changes to accounting policies within the year.

#### **Accounting convention**

These financial statements have been prepared under the historical cost convention.

#### **Estimation**

In the view of the Executive Management Board no estimation techniques have been adopted in the preparation of these financial statements which are significant for the purposes of paragraph 57 of the FRS 18.

#### **Turnover**

The principal form of income is grant-in-aid received from the Department for Environment, Food and Rural Affairs. This is treated as income in the accounts as it is provided to enable JNCC Support Co to provide the services necessary to support the Joint Nature Conservation Committee in the delivery of its objectives.

The bulk of the remaining turnover is in the form of contributions to project work, plus further income comprising grants from European Union sources, income for the provision of advice, royalties, and amounts generated by sales of publications.

Expenditure is stated gross of VAT because as a public sector organisation JNCC is only able to reclaim a fraction of the VAT paid on expenses incurred as part of its normal business. However, all income is stated net of VAT and trade discounts.

### **Going concern**

Grant-in-aid for 2012/13, taking into account the amounts required for JNCC Support Co's liabilities falling due in that year, has already been approved by UK Parliament, the Scottish Parliament, the National Assembly for Wales and the Northern Ireland Assembly. It is therefore considered appropriate that these financial statements have been prepared on a going concern basis.

### **Fixed assets**

JNCC has elected to value fixed assets at depreciated historic cost as a proxy for fair value on the basis that the assets are low value and/or have short useful economic lives. This approach is permitted under paragraph 6.2.7 (h) of the FReM 2011-12.

Individual assets costing £2,000 or more including VAT are capitalised as tangible or intangible assets, assuming they are intended to be used on a continuing basis. These assets are valued at depreciated historical cost. Assets costing less than £2,000 are charged to the profit and loss account in the year of purchase.

### **Depreciation**

Depreciation is provided on all tangible and intangible fixed assets at rates calculated to write off the cost or valuation of each asset evenly over its expected useful life. Standard write-off periods, shown below, are normally used, although alternative lives may be used where relevant information is available to ascribe a more accurate expected useful life:

Leasehold premises and fixtures	over the period of individual leases
Computer equipment	5 years
Other equipment	5 to 10 years
Software licences	5 years

Where an asset is still being used as at the end of the original write-off period, the write-off period is extended, where material, to reflect the asset's revised economic life and previous depreciation is recalculated.

Depreciation is charged on a monthly basis from the date of purchase.

### **Stocks**

During the financial year 2011/12 JNCC disposed of all its current stock of publications and has introduced a 'print to order' service should copies of any publications be required. For the stock figure as at 31 March 2011, stocks were valued at the lower of cost and net realisable value.

### **Research and development**

The company writes off all expenditure on research and development in the year it occurs.

## **Foreign exchange**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Receipts received in foreign currencies are normally converted to sterling on the day of receipt unless JNCC will be making payments to third parties in the currency received.

Transactions in foreign currencies are translated into sterling at the rate ruling at the date of the transaction. Exchange differences are recognised in the profit and loss account.

## **Leases**

Rental costs arising in respect of operating leases are charged to the profit and loss account over the life of each lease. JNCC Support Co is making no payments in respect of assets acquired by means of finance leases.

## **Pension costs**

Pension benefits are provided through the Principal Civil Service Pension Scheme (PCSPS), full details of which are described within the remuneration report.

Although the PCSPS is a defined benefit scheme, entities such as JNCC Support Co covered by the scheme recognise the cost of the elements on a systematic and rational basis over the period during which it benefits from employees' services, by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS.

Note 6 provides details of JNCC Support Co's pension costs.

The Chair is entitled to a pension scheme but is not eligible to join the Principal Civil Service Pension Scheme (PCSPS), under its current rules. An individual "by analogy to the PCSPS" scheme has been established to provide a pension for the Chair. Any ongoing liability arising from this arrangement will be borne by JNCC Support Co. The directors consider that the on-going cost of the "by-analogy" pension scheme is not material. Therefore the cost of the pension will be charged to the profit and loss account in the years that it is paid.

## **Early departure costs**

JNCC Support Co is required to meet the additional costs of benefits beyond the normal PCSPS benefits in respect of certain qualifying employees who retire early. These benefits conform to the rules of the PCSPS. JNCC Support Co bears the costs of these benefits until normal retiring age of the employees retired under the Early Retirement Scheme.

The total pension liability up to normal retiring age in respect of each employee is charged to the net expenditure account, in the year in which the employee takes early retirement and a provision for future pension payments is created. Pensions and related benefits payments to the retired employee are then charged annually against the provision.

No early retirements have taken place or been approved since 31 March 2010.

## **Grants received**

There has been a change in accounting procedures as from this financial year. Until this year grant-in-aid received for capital expenditure was credited to a government grant reserve and released to revenue over the useful expected life of the relevant asset. However, Government FRM requires that the government grant reserve is no longer used. Although

this change does not directly impact JNCC's accounts because they are prepared under Companies Act provisions, directors decided that the treatment used previously was not in accordance with SSAP 4 "Accounting for Government Grant" and therefore as from 1 April 2011 grant-in-aid received for the purchase of capital assets has been treated as deferred income and released to the profit and loss account over the useful life of the asset concerned. The balance shown on the government grant reserve as at 1 April 2011 has been transferred to deferred income.

Grant-in-aid received of a revenue nature is credited to income for the year to which it relates. Grants received from sources other than Government grants, including from European Union sources, are matched to the corresponding project expenditure in the year in which it is incurred.

In respect of European Union funding, where JNCC Support Co was acting as the lead partner in respect of joint projects and where income for this work has been channelled to the individual partners through the lead partner, only income and expenditure related to JNCC's own work is shown in the financial statements. Any cash received by JNCC Support Co, but not distributed to the partners as at the date of the balance sheet, is shown as a third party asset in the balance sheet.

### **Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities would be recognised in the balance sheet if the JNCC became a party to the contractual provisions of an instrument.

The JNCC has no borrowings and relies primarily on grant-in-aid from Defra and the devolved administrations for its cash requirements and is therefore not exposed to liquidity risks. All material assets and liabilities are denominated in sterling so it is not exposed to significant currency risk.

### **Taxation**

#### ***Corporation Tax***

JNCC Support Co does not trade with a view to profit and therefore its Corporation Tax liability is limited to that arising from Case III investment income and capital gains.

#### ***Value Added Tax***

Most of the activities of JNCC Support Co are outside the scope of VAT so in general output tax does not apply and input tax on purchases is not recoverable. Expenditure is therefore charged gross to the relevant expense category or included in the capitalised purchase cost of non-current assets. Where output tax is charged the amounts are stated net of VAT. As JNCC makes exempt supplies for VAT it has partially exempt status. JNCC uses an agreed formula to enable the quarterly calculation of the amount of reclaimable input tax, which is credited to the profit and loss account.

The amount of reclaimable input tax is small and is therefore shown as a credit to the profit and loss account. During 2011/12 the amount of reclaimed input tax was £9,197 (£6,283 in 2010/11).

JNCC Support Co receives grant-in-aid from the Department for Environment, Food and Rural Affairs and the devolved administrations, and this is treated as non-business income for the purposes of VAT.

## Provisions

In accordance with FRS12, JNCC provides for obligations arising from past events where it is probable that it will be required to settle the obligation and a reliable estimate of it can be made. Future costs are not discounted unless this would significantly affect the valuation of an obligation.



## 2 Detailed trading profit and loss account for the year ended 31 March 2012

	2011/12		2010/11 (restated)	
	£	£	£	£
<b>Turnover</b>				
JNCC grant-in-aid		9,349,426		9,454,983
European Union funding		83,226		124,910
Contributions to projects		1,058,014		865,200
Royalties		3,096		3,266
Scientific advice and information		144,880		149,535
Publication sales		10,396		18,515
Other receipts		71,621		48,045
		<b>10,720,659</b>		<b>10,664,454</b>
<b>Cost of activities</b>				
Conservation support	3,235,534		3,189,260	
Publicity and information	99,234		114,528	
Direct staff costs	<u>5,225,012</u>		<u>5,128,775</u>	
		<b>(8,559,780)</b>		<b>(8,432,563)</b>
<b>Gross profit</b>		<b>2,160,879</b>		<b>2,231,891</b>
<b>Administrative expenditure</b>				
Directors' emoluments	368,685		393,835	
Other administrative costs	<u>1,970,153</u>		<u>1,538,772</u>	
		<b>(2,338,838)</b>		<b>(1,932,607)</b>
<b>Operating gain/(loss)</b>		<b>(177,959)</b>		<b>299,284</b>
Transfer from deferred income		115,791		6,258
<b>Gain/(loss) on ordinary activities before interest</b>		<b>(62,168)</b>		<b>305,542</b>
Other interest receivable and similar income		478		618
<b>Gain/(loss) on ordinary activities</b>		<b>(61,690)</b>		<b>306,160</b>
<b>Less tax on profit on investment activities</b>		<b>(96)</b>		<b>(210)</b>
<b>Gain/(loss) after tax</b>		<b>(61,786)</b>		<b>305,950</b>

The figures for 2010/11 have been restated as detailed in the profit and loss account on page 37.

### Operating gain/loss

	2011/12	2010/11 (restated)
This is stated after charging	£	£
Total directors' emoluments	368,685	393,835
Auditors' remuneration	19,500	17,500
Depreciation and amortisation of owned assets	100,824	98,187
Pension costs	797,784	800,798
Operating lease rentals	<u>287,539</u>	<u>297,057</u>

The figures for 2010/11 have been restated to adjust for partnership pension contributions that were double counted in the previous year's accounts.

### 3 Schedule of overhead expenses for the year ended 31 March 2012

	2011/12		2010/11 (restated)	
	£	£	£	£
<b>Directors' emoluments</b>				
Directors' remuneration	317,647		338,751	
Contributions to directors' pensions	51,038		55,084	
		<b>368,685</b>		<b>393,835</b>
<b>Other administrative costs</b>				
<b>Cash items</b>				
Auditors' remuneration	19,500		17,500	
Rental costs under operating leases	287,539		297,057	
Accommodation costs	304,231		256,100	
Information technology	220,004		245,313	
Human resources	116,144		95,906	
Travel and subsistence	476,622		444,017	
Printing, postage, stationery and subscriptions	54,371		57,820	
Other expenses	21,960		19,064	
Less reclaimed VAT	(9,197)		(6,283)	
Legal and professional fees	27,716		42,906	
Consultancy	32,723		60,327	
Bank charges	1,595		1,671	
Exchange rate losses	1,154		1,115	
		<b>1,554,362</b>		<b>1,532,513</b>
<b>Non-cash items</b>				
Depreciation and amortisation for the year	100,824		98,187	
Asset life and reinstated asset adjustments	0		(98,026)	
Additions to provisions	300,000		0	
(Profit)/loss on disposal of assets	14,967		6,098	
		<b>415,791</b>		<b>6,259</b>
Administrative expenses		<b>2,338,838</b>		<b>1,932,607</b>

The cash items for 2010/11 have been restated to reflect the reclassification of £15,000 of legal and professional fees previously classified as consultancy.

The non-cash items for 2010/11 have been restated to reflect the reclassification of provisions utilised to meet early pensions payments. These had previously been shown within administrative expenditure but should have been reported against cost of activities.

## 4 Directors' emoluments

	2011/12	2010/11
	£	£
Directors' emoluments	317,647	338,751
Company contributions to defined benefit schemes in relation to directors' pensions	51,038	55,084
	<b>368,685</b>	<b>393,835</b>

The four executive directors accrued retirement benefits in respect of qualifying service for the defined benefit scheme during the year.

The above details include the following amounts in respect of the highest paid director:

	2011/12	2010/11
	£	£
Highest paid director's emoluments	84,764	85,250
Company contributions to money purchase schemes in relation to the highest paid director's pension	20,598	20,655
	<b>105,362</b>	<b>105,905</b>

At 31 March 2012 the highest paid director had accrued a pension of £29,342 (£27,926 at 31 March 2011) with no accrued lump sum.

## 5 Staff Costs

The aggregate payroll costs were as follows:

	2011/12	2010/11
	£	£
Directors' emoluments	317,647	338,751
Other wages and salaries	4,125,328	4,187,439
Social security costs	350,364	346,418
Other pension costs	833,152	886,004
	<b>5,626,491</b>	<b>5,758,612</b>

Other pension costs includes an amount of £35,368 for early pension payments. Only £2,574 of this amount was charged to the profit and loss account in 2011/12 as £32,794 was offset by the release of a provision recognised in 2009/10.

## 6 Pension Costs

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but the Joint Nature Conservation Committee is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31

March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk).

For 2011/12, employers' contributions of £778,155 (£784,949 in 2010/11 - restated to exclude employers contributions in respect of stakeholder and partnership pensions) were payable to the PCSPS at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands. The scheme's actuary reviews employer contributions usually every four years following a full scheme valuation. From 2012/13, the rates will remain in the range 16.7% to 24.3%. The contribution rates are set to meet the cost of the benefits accruing during 2012/13 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 £17,418 (£14,578 in 2010/11) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £1,509, 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees (£1,271 in 2010/11).

Contributions due to the partnership pension providers at the balance sheet date were £1,549 (£1,234 at 31 March 2011). There were no prepaid contributions at this date.

## 7 Staff Numbers

The average number of full-time equivalent persons employed by the company, including directors, during the year was as follows:

	2011/12	2010/11 (restated)
Executive directors	4	4
Chairman and non-executive directors	1	1
Management	7	7
Operational	98	97
Administration	25	26
IT	3	3
<b>Total</b>	<b>138</b>	<b>138</b>

The figures for 2010/11 have been restated as in the previous year's accounts these reflected headcount.

## 8 Intangible fixed assets

	Software licences £
<b>Cost</b>	
At 1 April 2011	193,330
Additions during year	21,882
Disposals	0
At 31 March 2012	<b>215,212</b>
<b>Amortisation</b>	
At 1 April 2011	104,714
Charge for the year	33,670
Amortisation on disposals	0
At 31 March 2012	<b>138,384</b>
<b>Net Book Value</b>	
<b>At 1 April 2011</b>	<b>88,616</b>
<b>At 31 March 2012</b>	<b>76,828</b>

Intangible assets represent the value of the software licences held. Intangible assets are disposed of when no longer used or when superseded by an upgrade, in which case a new asset is created, reflecting the cost of the upgrade.

## 9 Tangible fixed assets

	Leasehold properties and fixtures £	Computer equipment £	Other equipment £	Total £
<b>Cost</b>				
At 1 April 2011	109,926	301,216	183,088	594,230
Additions during year	0	38,155	102,536	140,691
Disposals	(0)	(29,973)	(67,976)	(97,949)
At 31 March 2012	<b>109,926</b>	<b>309,398</b>	<b>217,648</b>	<b>636,972</b>
<b>Depreciation</b>				
At 1 April 2011	91,774	149,469	131,927	373,170
Charge for the year	6,302	46,166	14,686	67,154
Depreciation on disposals	0	(29,973)	(53,009)	(82,982)
At 31 March 2012	<b>98,076</b>	<b>165,662</b>	<b>93,604</b>	<b>357,342</b>
<b>Net Book Value</b>				
<b>At 1 April 2011</b>	<b>18,152</b>	<b>151,747</b>	<b>51,161</b>	<b>221,060</b>
<b>At 31 March 2012</b>	<b>11,850</b>	<b>143,736</b>	<b>124,044</b>	<b>279,630</b>

## 10 Cash at bank and in hand

	1 April 2011	Cash flows	31 March 2012
	£	£	£
<b>Analysis of changes in net funds</b>			
Cash at bank	562,527	44,935	607,462
Cash in hand	369	130	499
<b>Total cash</b>	<b>562,896</b>	<b>45,065</b>	<b>607,961</b>

## 11 Stocks

	2011/12	2010/11
	£	£
Finished goods	<b>0</b>	<b>27,866</b>

In 2011/12 JNCC transferred its remaining publication stocks to the Natural History Book Service. All future publications will be either printed to order or made available via electronic media.

## 12a Debtors - amounts falling due within one year

	2011/12	2010/11
	£	£
Trade debtors	312,997	154,082
Other debtors	1,450	3,161
Prepayments and accrued income	249,143	212,963
	<b>563,590</b>	<b>370,206</b>

The balance relating to trade debtors was reviewed at year end and no provision for bad debts was deemed necessary.

## 12b Intra-government balances

	2011/12	2010/11
	£	£
Balances with other central government bodies	312,997	102,101
Balances with local authorities	0	59,754
Intra-government balances	312,997	161,855
Balances external to government at 31 March	250,593	208,351
<b>Total debtors as at 31 March</b>	<b>563,590</b>	<b>370,206</b>

### 13a Creditors - amounts falling due within one year

	2011/12	2010/11 (restated)
	£	£
Trade creditors	0	3,939
Other creditors	89,769	90,113
Taxation and social security	145,845	120,998
Total creditors	235,614	215,040
Accruals	221,331	164,013
	<b>456,945</b>	<b>379,053</b>

The figures for 2010/11 have been restated because deferred income is now separately disclosed in note 14.

### 13b Intra-government balances

	2011/12	2010/11 (restated)
	£	£
Balances with other central government bodies	273,574	240,248
Intra-government balances	273,574	240,248
Balances external to government at 31 March	183,371	138,805
Total creditors as at 31 March	<b>456,945</b>	<b>379,053</b>

The figures for 2010/11 have been restated because deferred income is now separately disclosed in note 14.

### 14 Deferred Income

	2011/12	2010/11
	£	£
Deferred income	201,693	274,423
Deferred income relating to capital grants	356,459	309,676
	<b>558,152</b>	<b>584,099</b>

### 14b Intra-government balances

	2011/12	2010/11 (restated)
	£	£
Balances with other central government bodies	161,849	262,987
Intra-government balances	161,849	262,987
Balances external to government at 31 March	396,303	321,112
Total accruals & deferred income as at 31 March	<b>558,152</b>	<b>584,099</b>

## 15 Movement on deferred income relating to capital grants

	2011/12	2010/11
	£	£
Capital grant for the purchase of intangible assets	21,882	20,758
Capital grant for the purchase of tangible assets	140,691	70,259
Transfer to P&L of amortisation for the year	(33,670)	(31,581)
Transfer to P&L of depreciation for the year	(67,154)	(66,606)
Tangible asset disposals at cost for the year	(97,949)	(264,831)
Depreciation on disposal for the year	82,982	258,732
Transfer from P&L of depreciation arising on extending Useful Economic Life of assets	0	99,909
Transfer to P&L to adjust previously disposed assets	0	(1,881)
Movement in year	<b><u>46,782</u></b>	<b><u>84,759</u></b>

## 16 Provisions for liabilities

	Pensions and similar obligations	Other provisions	Total provisions
	£	£	£
<b>2011/12</b>			
Balance at 1 April	32,794	0	<b>32,794</b>
Provision for year	0	300,000	<b>300,000</b>
Utilised in the profit and loss account	(32,794)	0	<b>(32,794)</b>
Released to the profit and loss account	0	0	<b>0</b>
Balance at 31 March	<b><u>0</u></b>	<b><u>300,000</u></b>	<b><u>300,000</u></b>
<b>2010/11</b>			
Balance at 1 April	178,000	90,795	<b>268,795</b>
Provision for year	0	0	<b>0</b>
Utilised in the profit and loss account	(145,206)	(82,246)	<b>(227,452)</b>
Released to the profit and loss account	0	(8,549)	<b>(8,549)</b>
Balance at 31 March	<b><u>32,794</u></b>	<b><u>0</u></b>	<b><u>32,794</u></b>

A new provision of £300,000 has been created in 2011/12, representing the expected cost of dilapidations that will be required when JNCC ceases to occupy Monkstone House. This is expected to happen either at the end of the lease or on exercise of the lease break clause. Of the £32,794 provisions brought forward from 2010/11 the entire amount was utilised for the payment of early retirement pensions.

## 17 Financial Instruments

In line with JNCC's accounting policy, there have been no financial instruments utilised which require disclosure under FRS 23, 25, 26 and 29 and financial instruments play a limited role in the activities of the company.

## 18 Profit and loss account

	2011/12	2010/11
	£	£
Balance at 1 April	274,698	(31,252)
Gain/(loss) for the year	(61,786)	305,950
Balance at 31 March	<b>212,912</b>	<b>274,698</b>

## 19 Reconciliation of operating loss to net cash inflow from operating activities

	2011/12	2010/11 (restated)
	£	£
Operating gain/(loss)	(177,959)	299,284
Depreciation charges	67,154	66,606
Amortisation	33,670	31,581
Reversal of depreciation arising on extending useful economic life of assets	0	(99,908)
Transfer to P&L to adjust previously disposed assets	0	1,881
Transfer to deferred income relating to capital expenditure	162,573	91,017
(Profit)/loss of disposal of assets	14,967	6,098
Decrease in stocks	27,866	24,657
Decrease/(increase) in debtors	(193,384)	(93,627)
Increase/(decrease) in creditors	77,892	(258,892)
Increase/(decrease) in deferred income	(72,729)	(98,430)
Increase/(decrease) in provisions	267,206	(236,001)
Net cash flow from operating activities	<b>207,256</b>	<b>(265,734)</b>

The figures for 2010/11 have been restated to reflect that JNCC no longer holds a Government Grant Reserve. Funding of capital items and their corresponding depreciation and amortisation are now accounted for through deferred income (see note 14).

## 20 Leasing commitments

	Land and buildings	Others	Land and buildings	Others
	2011/12	2011/12	2010/11	2010/11
	£	£	£	£
<b>Operating leases which expire:</b>				
Within one year	0	15,000	0	14,000
Within 2 to 5 years	221,000	0	217,000	0
<b>Total</b>	<b>221,000</b>	<b>15,000</b>	<b>217,000</b>	<b>14,000</b>

The 'Others' figure for 2010/11 has been restated to reflect the rounding adjustment increasing the amount from £13,500 to £14,000.

## 21 Legal status

The Company is limited by guarantee. In the event of liquidation, the liability of each member does not exceed £1 if they are a member at the date of the liquidation, or if they cease to be a member within one year of the date of the liquidation.

## 22 Contingent liability

JNCC is currently awaiting a hearing date for an industrial tribunal. The case is likely to be heard within the next 12 months but it is not possible to accurately estimate the potential costs as these are subject to legal process.

## 23 Losses and special payments

During the year to 31 March 2012 JNCC reported one loss with a value of £1,000. There were two losses with a combined value of £5,627 and seven fruitless payments totalling £1,500 reported in 2010/11.

## 24 Ultimate controlling party

Fourteen of the eighteen directors are members of the Joint Nature Conservation Committee. The committee sets the overall direction and priorities for the work of the support company. For these reasons the directors consider the Joint Nature Conservation Committee to be the ultimate controlling party.

## 25 Related party transactions

In order to ensure accuracy in the consolidation of Whole of Government Accounts, the Clear Line of Site initiative requires that Arms Length Bodies (ALBs) such as the JNCC receive their grant-in-aid funding from a single source. As a result, from 1 April 2011 the JNCC Support Co received its grant-in-aid funding solely via the Department of Environment, Food and Rural Affairs (Defra), whereas prior to this date, grant-in-aid was received from Natural England, Scottish Natural Heritage and the Countryside Council for Wales (the GB conservation bodies), the Department of the Environment in Northern Ireland and Defra. The GB conservation bodies are regarded as Non-Departmental Public Bodies respectively sponsored by Defra, the Scottish Government and the Welsh Assembly Government. Because the grant-in-aid now received from Defra still originates from the GB conservation bodies, the Department of the Environment in Northern Ireland and Defra,

these remain considered to be related parties. During the year the Company has carried out a number of material transactions with these bodies in the normal course of business. The quantum of the transactions between the company and these bodies was as follows:

	Grant-in-aid		Specific project funding		Services purchased by the company	
	2011/12	2010/11 (restated)	2011/12	2010/11	2011/12	2010/11
	£	£	£	£	£	£
Natural England	0	2,806,000	280,152	185,959	79,000	213,340
Defra	<b>9,512,000</b>	3,849,000	128,284	216,636	36,069	114,484
Scottish Natural Heritage	0	1,653,000	72,820	75,189	14,709	120,098
The Countryside Council for Wales	0	826,000	40,089	24,754	0	81,450
Department for the Environment Northern Ireland	0	412,000	20,914	25,989	0	0
<b>Total</b>	<b>9,512,000</b>	<b>9,546,000</b>	<b>542,259</b>	<b>528,527</b>	<b>129,778</b>	<b>529,372</b>

The grant-in-aid figures for 2010/11 have been restated to include amounts received to fund capital expenditure which were previously transferred to the government grant reserve.

The figures above reflect the cash grant-in-aid received by JNCC. Amounts received and utilised for capital expenditure are transferred to deferred income in accordance with UK GAAP. For 2011/12 this amounted to £162,574 so the amount reflected in the detailed profit and loss account (note 2) is £9,349,426).

	Corporate related body	Paid by JNCC		Paid to JNCC	
		2011/12	2010/11	2011/12	2010/11
Director		£	£	£	£
Prof L Warren	British Geological Survey (NERC)	520,552	436,056	0	0
Mr P Rose	National Biodiversity Network Trust	25,040	25,000	(40,000)	(76,980)

The information for individual directors relates to contracts in excess of £25,000. Any contract for a lesser sum is not considered to be material in the context of these financial statements.

The directors consider a financial interest to be the ability to influence the company in placing a contract with a party with whom they have a position of influence, or the ability to influence the performance of that contract by the contractor.

## Performance against Priority Performance Measures (PPMs) for 2011/12

### PPM Rating Description



Target achieved or exceeded



Substantial progress made



Limited progress against target



Target deferred or dropped

PPM No	Programme	Main funding stream	Priority Performance Measure (PPM)	Year end rating
1.1	Surveillance and Monitoring	UK co-ordination	Maintain and develop terrestrial species surveillance programmes: <ol style="list-style-type: none"> <li>i. publish updated trends for bird, butterfly and mammal species;</li> <li>ii. deliver efficiency savings and changes to the work of the Biological Records Centre to meet more information and reporting requirements and to fill gaps in monitoring across Great Britain and Northern Ireland.</li> </ol>	
<b>Comments relating to performance</b>				
<ul style="list-style-type: none"> <li>◆ Trends published for breeding terrestrial and freshwater birds, wintering wetland birds, seabirds, bats, National Gamebag Census (20 other mammals), butterflies, and ladybirds.</li> <li>◆ Contract agreed with the Centre for Ecology and Hydrology for service from the Biological Records Centre to analyse and interpret biological recording including innovations in stratification by habitat, statistics to increase the range of species trends, and the treatment of restricted species. The service includes delivering the Non-Native Species Portal for Defra.</li> </ul>				
PPM No	Programme	Main funding stream	Priority Performance Measure (PPM)	Year end rating
1.2	Surveillance and Monitoring	UK co-ordination	Facilitate application of Earth observation data and provide advice on how to use it to provide evidence necessary to meet Habitats Directive requirements and other priority needs for habitat information.	

### Comments relating to performance

- ◆ Framework (the Crick Framework) produced that identifies methods for applying Earth observation data to Habitats Directive habitat extent, and the degree to which each method can be applied operationally or needs further R&D.
- ◆ Contract in place, co-funded by Defra, to publish methods and guidance, pilot/develop immediate R&D priorities, and to identify potential of Earth observation to measure habitat condition as well as extent.

PPM No	Programme	Main funding stream	Priority Performance Measure (PPM)	Year end rating
1.3	Marine Monitoring and Mapping	Marine reserved	<p>Undertake research and development work necessary to advise on options for a co-ordinated and integrated system of marine biodiversity monitoring covering all UK waters:</p> <ul style="list-style-type: none"> <li>i. make progress with partners in the Healthy and Biologically Diverse Expert Group on a biological monitoring programme,</li> <li>ii. develop sampling strata and indicators for habitat monitoring including a collaborative cruise,</li> <li>iii. evaluate the power of trialed and existing survey to assess change in cetacean and inshore waterbird populations,</li> <li>iv. make progress with government partners on future vessel sharing arrangements.</li> </ul>	

### Comments relating to performance

- ◆ Progress was made with the Healthy and Biologically Diverse Seas Evidence Group on developing a monitoring programme.
- ◆ Development of sampling strata and work on indicators integrated with the Marine Strategy Framework Directive initiated.
- ◆ Inshore water bird surveys completed. Contracts to complete assessment of the power of cetacean and inshore water bird surveys will be let early in 2012/13.
- ◆ Substantial progress made in developing vessel sharing arrangements and undertaking collaborative surveys.

PPM No	Programme	Main funding stream	Priority Performance Measure (PPM)	Year end rating
2.1	European Intelligence and Advice	UK co-ordination	Develop and agree the process for Habitats Directive reporting, including the evidence requirements and implications for monitoring of priority species and habitats.	

<b>Comments relating to performance</b>				
<ul style="list-style-type: none"> <li>◆ Project plan for reporting on Articles 12 and 17 of the Habitats Directive has been developed and mobilisation of the data required to support Article 17 reporting has started.</li> </ul>				
<b>PPM No</b>	<b>Programme</b>	<b>Main funding stream</b>	<b>Priority Performance Measure (PPM)</b>	<b>Year end rating</b>
2.2	Sustainability Advice	Core reserved	Support Defra to achieve a pragmatic evidence-based approach to the new Intergovernmental Platform for Biodiversity and Ecosystem Services (IPBES), building on existing initiatives, and facilitate efficient engagement by the UK biodiversity science and policy communities.	
<b>Comments relating to performance</b>				
<ul style="list-style-type: none"> <li>◆ Prepared for and attended the first and second IPBES plenary meetings, including participating in several UK-level government meetings and collating input from stakeholder consultations.</li> <li>◆ Took an active role in EU discussions on IPBES work programme.</li> </ul>				
<b>PPM No</b>	<b>Programme</b>	<b>Main funding stream</b>	<b>Priority Performance Measure (PPM)</b>	<b>Year end rating</b>
2.3	Access to Information	UK co-ordination	Increase the use of the National Biodiversity Network (NBN) by providing advice to facilitate its application, undertaking technical development of the NBN gateway and developing interpretation tools for the analysis of biological recording data.	
<b>Comments relating to performance</b>				
<ul style="list-style-type: none"> <li>◆ The Interactive Mapping Tool and associated web services were improved through a series of maintenance releases.</li> <li>◆ Analysis to explore modelled data to inform agri-environment awards was completed.</li> </ul>				
<b>PPM No</b>	<b>Programme</b>	<b>Main funding stream</b>	<b>Priority Performance Measure (PPM)</b>	<b>Year end rating</b>
2.4	Sustainability Advice	UK co-ordination	Provide evidence, analysis and advice to support the application of the Ecosystem Approach and the consideration of ecosystem services within nature conservation, including analysis of the suitability of using existing monitoring and surveillance to produce effective and efficient indicators of ecosystem services.	

**Comments relating to performance**

- ◆ Initiated development of a spatial framework for assessing data needs for operational ecosystem approach, which will deliver in early 2012/13, and contributed to the UK National Ecosystem Assessment follow-on.

PPM No	Programme	Main funding stream	Priority Performance Measure (PPM)	Year end rating
2.5	Conservation Advice	Core reserved  UK co-ordination	Contribute to the implementation of country environment strategies within the UK, in particular by facilitating links to international and European commitments, including those of the Convention on Biological Diversity and its framework of 2020 goals and targets agreed in Nagoya.	

**Comments relating to performance**

- ◆ Led the preparation of a UK Biodiversity Framework which will be published in May 2012.
- ◆ Governance structure for the UK Biodiversity Framework developed and agreed with Defra and devolved administrations.

PPM No	Programme	Main funding stream	Priority Performance Measure (PPM)	Year end rating
2.6	Global Advice	Core reserved	Provide evidence, analysis and advice on the UK's impact on biodiversity overseas, including publication of an annual update on the impacts of UK biomass consumption on biodiversity overseas, supported by a database.	

**Comments relating to performance**

- ◆ Published a report (*The global land use impact of the United Kingdom's biomass consumption: biomass flows through the UK economy*) on the JNCC website. Further work was postponed at the end of quarter 1 due to other priorities and will be reviewed in 2012/13.

PPM No	Programme	Main funding stream	Priority Performance Measure (PPM)	Year end rating
2.7	Marine Monitoring and Mapping	Marine reserved	Create marine habitat maps and associated confidence layers, including maps produced from surveyed and modelled outputs and habitat vulnerability maps.	

<b>Comments relating to performance</b>				
<ul style="list-style-type: none"> <li>◆ Updated maps from surveyed and modelled data produced for the Marine Management Organisation for their North Sea spatial planning area. Review of confidence undertaken.</li> <li>◆ Habitat vulnerability maps not completed due to delays in pressures work.</li> </ul>				
<b>PPM No</b>	<b>Programme</b>	<b>Main funding stream</b>	<b>Priority Performance Measure (PPM)</b>	<b>Year end rating</b>
2.8	Marine Monitoring and Mapping	External income	Initiate a project (subject to funding confirmation from Oil & Gas UK) to enhance the UK's ability to respond to major oil spill incidents by updating oil spill sensitivity maps for seabirds and developing JNCC's capacity to provide surveyors in the event of a spill, as agreed as part of JNCC's role in the Oil Spill National Contingency Plan.	
<b>Comments relating to performance</b>				
<ul style="list-style-type: none"> <li>◆ Project not initiated due to lack of funding. Oil and Gas UK are considering their position with regard to committing to this work.</li> </ul>				
<b>PPM No</b>	<b>Programme</b>	<b>Main funding stream</b>	<b>Priority Performance Measure (PPM)</b>	<b>Year end rating</b>
3.1	European Intelligence and Advice	UK co-ordination  Core reserved	Provide advice to support government engagement at EU level, particularly to support implementation of the forthcoming EU Biodiversity Strategy, and to provide coordinated input of UK expertise to the advisory groups of the Coordination Group for Biodiversity and Nature dealing with reporting on directives, indicators, green infrastructure and other priority issues.	
<b>Comments relating to performance</b>				
<ul style="list-style-type: none"> <li>◆ Provided briefings to Defra on the EU Biodiversity Strategy and other issues to assist UK input to EU processes.</li> <li>◆ Provided technical expertise to assist the Defra lead on the development of the EU Green Infrastructure Strategy.</li> <li>◆ Advised Defra on Birds Directive infringement.</li> <li>◆ Contributed to European biodiversity indicator work through Streamlining European Biodiversity Indicators (SEBI).</li> <li>◆ Contributed advice and funds to a Defra contract on Indirect Land Use Change and general advice on the impacts of bioenergy policy on biodiversity.</li> </ul>				

PPM No	Programme	Main funding stream	Priority Performance Measure (PPM)	Year end rating
3.2	Global Advice	Core reserved	<p>Support UK participation in, and implementation of, priority Multilateral Environmental Agreements:</p> <p>i. contribute to the 10th Conference of the Parties to the Convention on Migratory Species, the Convention on Biological Diversity's scientific advisory body, and the Convention on International Trade in Endangered Species (CITES) Animals Committee;</p> <p>ii. advise to service standards on approximately 18,000 CITES licence permits.</p>	
<b>Comments relating to performance</b>				
<ul style="list-style-type: none"> <li>◆ Supported UK delegations to meetings of Multilateral Environmental Agreements, including to the 10th Conference of the Parties to the Convention on Migratory Species, the 15th meeting of the Convention on Biological Diversity's Subsidiary Body on Scientific Technical and Technological Advice, and meetings of the CITES Animals Committee and Standing Committee.</li> <li>◆ Part ii of the PPM was revised at the end of quarter 1 to 18,000 CITES licence permits from 20,000 in line with the targets and milestones in the Service Level Agreement with the Animal Health and Veterinary Laboratories Agency. JNCC advised on all CITES licence applications submitted but this was only approximately 12,500 CITES in 2011/12. This number was much lower than anticipated, possibly due to a change in referral regime and/or the economic downturn.</li> </ul>				
PPM No	Programme	Main funding stream	Priority Performance Measure (PPM)	Year end rating
3.3	Overseas Territories and Crown Dependencies	Core reserved	<p>Support implementation of the UK Overseas Territories Biodiversity Strategy and the established regional focal points (Caribbean and South Atlantic) through capacity building, the identification and promotion of research priorities, implementation of the multilateral Agreement on the Conservation of Albatrosses and Petrels, and provision of the secretariat to the UK Overseas Territories Biodiversity Group.</p>	

### Comments relating to performance

- ◆ Under a contract with the Foreign and Commonwealth Office JNCC managed environmental mainstreaming projects in the British Virgin Islands and Falkland Islands.
- ◆ A revised three-year plan for Overseas Territories' training and research has been implemented.
- ◆ JNCC provided the vice-chair of the ACAP Advisory Committee and vice-convenor of one of the associated Working Groups. A substantial amount of work was undertaken to ensure that albatrosses and petrels move from their current threatened status to favourable conservation status. Considerable effort was made, alongside colleagues in Defra in gaining improved fisheries management measures aimed at reducing by-catch of seabirds in the tuna fisheries in the Atlantic.

PPM No	Programme	Main funding stream	Priority Performance Measure (PPM)	Year end rating
3.4	Marine Ecosystem Assessment and Advice	Marine reserved	Support implementation of the Marine Strategy Framework Directive in UK waters by working through the UK Marine Monitoring and Assessment Strategy and OSPAR to facilitate development of biodiversity-related targets and indicators at a regional seas scale.	

### Comments relating to performance

- ◆ In partnership with the Healthy and Biologically Diverse Seas Evidence Group, JNCC developed advice for UK marine biodiversity targets and indicators and submitted them to Government.
- ◆ JNCC provided additional expert advice on proposals related to birds, fish, marine mammals and benthic habitats, and for the targets and indicators for the noise descriptor.
- ◆ These proposals formed part of Defra's public consultation on the Marine Strategy Framework Directive.

PPM No	Programme	Main funding stream	Priority Performance Measure (PPM)	Year end rating
4.1	Marine Protected Areas	Core reserved	To contribute to the objectives of the Habitats Directive: <ol style="list-style-type: none"> <li>i. recommend to Scottish Government four draft Special Areas of Conservation (SACs) in offshore waters around Scotland;</li> <li>ii. conduct and report on a public consultation on three possible SACs in offshore waters around England;</li> <li>iii. provide formal conservation objectives and advice to Competent Authorities on five European offshore marine sites.</li> </ol>	

### Comments relating to performance

- ◆ Formal recommendations made to Scottish Government on four offshore SACs (Pobie, Solan, Anton and East Rockall). Scientific advice on Hatton Bank updated and resubmitted. Consultation launched on five Scottish sites in February 2012.
- ◆ Reporting on the Wight-Barfeur, Pisces Reef and Croker SACs will be completed in summer 2012.
- ◆ Part iii of the PPM was revised at the end of quarter 3 as advice on two joint sites with Natural England will now be delivered in July 2012. The number of sites was revised from seven to five.

PPM No	Programme	Main funding stream	Priority Performance Measure (PPM)	Year end rating
4.2	Marine Protected Areas	UK co-ordination	To contribute to the objectives of the Birds Directive, identify a suite of inshore waterbird Special Protection Areas around the UK on behalf of the country nature conservation bodies.	

### Comments relating to performance

- ◆ On track to determine a suite of Special Protection Areas for Annex 1 species by 2015.

PPM No	Programme	Main funding stream	Priority Performance Measure (PPM)	Year end rating
4.3	Marine Protected Areas	Marine reserved	To contribute to an ecologically coherent network of Marine Protected Areas (MPAs) in UK waters: <ul style="list-style-type: none"> <li>i. advise Defra by 31 July 2012 on a suite of Marine Conservation Zones in offshore waters around England, Wales and Northern Ireland, accompanied by an Impact Assessment,</li> <li>ii. identify possible Nature Conservation MPAs in offshore waters around Scotland.</li> </ul>	

### Comments relating to performance

- ◆ Regional MCZ projects provided their final recommendations at the end of August. JNCC and Natural England are on track to provide formal advice to Defra on these recommendations in July 2012. Following agreement with Defra, deadline for this work was extended to July 2012 from January 2012 at the end of quarter 2.
- ◆ JNCC is refining an evidence assessment process to evaluate the evidence underpinning MCZ proposals.
- ◆ Surveys with Cefas were undertaken during the year and have improved the evidence base for some offshore sites.
- ◆ The Scottish MPA Project is making significant progress towards identifying MPAs in Scottish waters. Stakeholder workshops in October 2011 and March 2012 presented the first suite of Scottish nature conservation MPA search locations identified through the selection guideline process.
- ◆ Two dedicated Scottish MPA surveys were completed and JNCC have participated in three other opportunistic surveys with Marine Scotland.

PPM No	Programme	Main funding stream	Priority Performance Measure (PPM)	Year end rating
5.1	Marine Management Advice	Core reserved  External income	Ensure that 95% of requests for statutory advice on offshore industries (including oil and gas, renewables and aggregates) are responded to fully within the relevant consultation period.	

### Comments relating to performance

- ◆ A total of 763 statutory requests were received and approximately 50% of these were responded to within the relevant consultation period. The number of requests is an approximate 50% increase over numbers of requests in 2010-11.
- ◆ In 2011/12 there was a very large increase in casework load associated with large offshore wind farms; their potential effects on birds and marine mammals caused considerable further work due to their complexity (and the number of stakeholders involved).
- ◆ More support than in previous years was provided to other marine projects and where this has had to be prioritised it has had a further detrimental effect on the service standard.

PPM No	Programme	Main funding stream	Priority Performance Measure (PPM)	Year end rating
6.1	Governance and Corporate Services	UK co-ordination	Deliver a programme of organisational changes in response to the Spending Review settlement, including staff complement, management structures, working practices and process streamlining to deliver efficiencies.	

### Comments relating to performance

- ◆ JNCC's strategy was reviewed and set the context for the 2012/13 business plan.
- ◆ Staff resources were aligned with the business plan. HR and finance processes were improved and streamlined, and efficiencies were achieved in word processing and publications.

PPM No	Programme	Main funding stream	Priority Performance Measure (PPM)	Year end rating
6.2	Conservation Advice	UK co-ordination	Develop and implement science quality assurance policies and procedures to ensure JNCC procedures robust, high-quality evidence, in compliance with Government Chief Scientific Adviser Guidelines.	
<b>Comments relating to performance</b>				
<ul style="list-style-type: none"> <li>◆ Science Quality Task Force re-established to develop JNCC internal evidence standards.</li> <li>◆ Inter-agency science quality group established to identify the need for UK-wide science standards and an options paper prepared for Chief Scientists Group.</li> </ul>				

Three changes to PPM's in year:-

- 1) PPM 3.2.ii revised to 18,000 CITES licence permits from 20,000 in line with the targets and milestones in the Service Level Agreement.
- 2) PPM 4.3 – deadline extended to July 2012.
- 3) PPM 4.1 - advice on two joint sites with Natural England will now be delivered in July 2012. The number of sites was revised from seven to five.



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