



Marine
Management
Organisation

Annual Report and Accounts

1 April 2019 to 31
March 2020

HC 1056



...ambitious for our seas and coasts

Marine Management Organisation

**Annual Report and Accounts for the financial year
ended 31 March 2020**

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

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



1. Performance Report



1.1 Overview

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

1.1.1 Chair and Chief Executive Officer's Statement

In 2019/20, its tenth year of operation, the Marine Management Organisation (MMO) undertook its full range of duties as the principal marine manager for England's seas, as well as providing significant support in preparation for leaving the European Union (EU).

We developed a new long-term vision and strategic plans (our 'MMO Story') to support the government's aims for clean, healthy, safe, productive, and biologically diverse oceans and seas, in the context of a world-wide focus on sustainability and the government's 25-year Environment Plan.

And at the very end of the year, we rapidly mobilised to provide support to sustain our fishing, seafood and marine industries impacted by the Covid-19 pandemic.

Working with our customers, stakeholders and partners, we helped deliver several high priority projects for government to protect and enhance our precious marine environment, and supported UK economic growth by enabling sustainable marine activities and development. We did this through our services across marine development, sustainable fisheries, habitats protection, support funds, regulatory assistance and assurance, and global marine protection.

The new Environment Bill and the Fisheries Bill were introduced into parliament in October 2019 and January 2020 respectively.

The Fisheries Bill was approaching its second reading at the time of this Annual Report. The Bill will primarily consolidate and modernise fisheries law and empower the Secretary of State to create Fisheries Objectives and a Fisheries Policy Statement, following transition from the EU on the 1 January 2021. This will impact all areas of the MMO's fisheries activity, and we have worked hard to prepare for the new responsibilities it will bring, including licencing UK and foreign vessels for future access to waters; new legislation to govern allocation of fishing opportunities (quota and effort); a UK replacement for the European Maritime and Fisheries fund scheme and charging for certain services.

The Environment Bill (2019-21) had its second reading in the House of Commons in February. The Bill makes provision for government to set environmental targets for areas such as air quality, water quality, biodiversity and waste reduction and it is likely that the MMO will bear some regulatory responsibility for these areas. We look forward to seeing how we will work with the new Office for Environmental Protection, which will have regulatory powers of monitoring, reporting and investigation in respect of public authorities to uphold environmental standards.

In marine development, in consultation with stakeholders, we reached the final stage of developing a complete set of comprehensive, evidence-based marine plans that cover all of England's seas and coasts (an area almost twice the size of our land-base). These plans, when approved, will become the definitive guide and planning framework for all marine development in the future.

During the year, we supported marine developments across England that helped contribute around £10.6 billion to the UK economy. We licensed, permitted, and advised upon a range of marine developments including quayside constructions in coastal communities, subsea cabling for telecommunications and power, power stations, offshore wind farms, and dredging and extracting aggregates for construction and transport infrastructure.

With finite sea fish stocks to manage for now and the future, we continued to support our fishing industry, providing fishing opportunities, informing negotiations to improve trading and quota allocations, licencing sustainable fishing activities, and monitoring, assuring and, when necessary, enforcing compliance with regulations. This activity helped support over 1,500 inshore fishers generate £13.6 million income from quota species.

Due to the complexity of the negotiations around leaving the EU, readiness activity was mobilised during the year before the UK left the EU on 31 December 2019, involving intensive communications and engagement at an unprecedented level with industry and direct to individuals. This engagement and support approach further strengthened our relationships with stakeholders and ensured fishers and the seafood industry were informed and supported to be ready and able to continue trading through the transition year and beyond.

We further increased our marine surveillance presence (on shore and at sea) and recruited additional marine enforcement officers to provide added support and assurance capability. We also made progress in further modernisation of our fishing industry with the launch of a new application (app) to digitise catch recording for the English under-10 metre fleet. The digital app provides a range of new fisheries information that will support quota management and help us champion the case for the under-10 metre fleet as well as providing better evidence of the provenance of catch to support fishers continuing to trade and export.

Climate change and the loss of biodiversity due to human activity continues to threaten the sustainability of the world's seas and oceans. There are 177 Marine Protected Areas (MPA) in England's seas, designated to protect and improve the habitats and species essential for healthy, functioning marine ecosystems. MPAs protect an area of 92,000 square kilometres representing 40% of English seas and we look forward to working with others to enhance this with the proposed Highly Protected Marine Areas, an initiative which should lead to a significant biodiversity boost for our seas.

Working with Inshore Fisheries and Conservation Authorities, eleven new byelaws supporting a well-managed network of marine protected areas were approved and became law. With other partners, we helped to manage and resolve 234 pollution incidents to protect these fragile areas.

The MMO is responsible for administering European Maritime and Fisheries Fund (EMFF) in England. Since 2016 the MMO has administered £51.3 million in grant support for 1,546 projects with a total project value of £74.8 million for the fisheries, aquaculture sectors, and coastal communities under EMFF. In 2019/20, a further 310 projects with value of £8.8 million were approved and the entire EMFF fund is now fully committed.

In 2019/20 we designed, developed, and launched the new £15.4 million Maritime and Fisheries Fund (MFF) for England, to sustain financial support for the fishing industry and coastal communities as the UK began transition from the EU. Since launching MFF, we have

awarded £7.8million to 343 projects under the new MFF, which was matched with £6.6million private funding.

The MFF aims is to protect the marine environment and its natural resources and underpin the sector's competitiveness and economic viability, supporting infrastructure developments, safety and process innovations and projects that modernise the industry. Other projects assist local communities impacted by poverty or ill health, with projects aimed at supporting education and inclusion. Funds are also focussed on projects that help innovate and modernise how we manage sustainable fishing.

In March, in response to the Covid-19 emergency and its adverse impact on the fisheries sector, the MMO worked closely with delivery partners and industry, and rapidly designed and delivered three support schemes through the government's £10million Fisheries Response Fund. The scheme provided direct emergency funding to 1,158 fishing vessel owners, 76 aquaculture businesses and 20 fisheries projects aimed at the marketing and distribution of domestically caught fish.

Two key programmes of work continued throughout 2019/20 to contribute directly to the government's ambition to leave the environment in a better condition than we found it.

The International Blue Belt Programme is central to the UK government's ambition of playing a leading role in the global actions to tackle overfishing, species extinction and climate change. Blue Belt aims to enhance marine protection in the UK Overseas Territories by establishing 4 million square kilometres of protected and managed oceans by 2020. Sponsored by the Foreign and Commonwealth Office and delivered by a partnership of the MMO and the Centre for Environment, Fisheries and Aquaculture Science (CEFAS), Blue Belt supports governments to evidence and develop management plans and regulatory regimes to protect these unique ecosystems for future generations. During the year, Ascension Island announced its new Marine Protected Area, and a new large scale Marine Protected Area, an underwater mountain twice the height of Ben Nevis, was designated in St Helena and Tristan da Cunha.

A three-year programme to explore how we begin to apply a 'natural capital' approach to the marine environment, for social, economic and ecological benefit, was completed. Working with government and communities in Suffolk and North Devon, the programme entitled Marine Pioneer trialled new approaches to integrating planning and delivery of marine management and growing innovative funding and is now engaged in sharing the best practice as widely as possible. The knowledge and recommendations have been used by Defra to develop new policy and will contribute new ways of working to delivery bodies.

The MMO continued to fulfil its responsibilities for the regulatory support and assurance of fisheries, marine development and marine support funding, ensuring compliance with its commitments under national and international marine regulations.

We worked closely with Inshore Fisheries and Conservation Authorities (IFCAs) on marine management, aligning local and national support and assurance activities, and with other key partners, including Natural England, CEFAS, Sea Fish Industry Authority (Seafish) and the Joint Maritime Security Centre (JMSC). In 2019 there was a significant increase in fisheries inspections and the national surveillance operation (Operation Marley) delivered agile working and improved results.

The year followed a challenging 2018/19 for our people, who took on the changing requirements of EU Exit alongside their other responsibilities with professionalism, enthusiasm, and commitment. In particular, we would like to commend our staff for their positive attitude and professionalism throughout 2019/20 and the achievements and improvements they have delivered which have been fundamental to the welfare of our coastal communities, have supported economic growth in major marine developments and ensured we have protected and enhanced our marine environment.

There was a major change in the MMO's leadership in September when Tom McCormack was appointed Chief Executive Officer and Accounting Officer. A career public servant with a successful track record, including senior positions across the Department of Work and Pensions, Tom was awarded a CBE for his leadership in transforming large-scale, complex operations. The Board would like to thank the Finance Director, Michelle Willis who acted as interim CEO for three months in 2019/20.

2020/21 will be a crucial year for the MMO, in the context of leaving the EU, supporting the new government's economic and environmental ambitions, and preparing for a range of game-changing legislation for fisheries and the environment, as well as playing a key role in improving our shared global marine environment and the aim to protect 30% of the world's seas by 2030.

We have big ambitions for our precious seas and coasts and the industries and people who rely on them. Using [our MMO Story](#) as our guide, we look forward to delivering our shared vision for our seas and coasts over the coming decade - using our skills, expertise and evidence to be a force for good for our seas and coasts and supporting significant improvements in the context of climate change, economic recovery and environmental protection.



Hilary Florek
Chair
Marine Management Organisation



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

1.1.2 Purpose and activities of the Organisation

About the Marine Management Organisation (MMO)

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

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

The MMO fulfils its statutory duties that contribute to the broader 25 Year Environment Plan. This includes Defra group's mission is to protect and enhance the environment – with policies and actions that are also key to sustainable national growth; supported by a set of strategic objectives to 2020. Actions to achieve the strategic objectives are described in more detail in Defra's Single Departmental Plan.

The MMO Action Plan for 2019/20, which is an internal document, sets out how the MMO planned to contribute to the achievements of the Defra strategic objectives, delivering the MMO strategic purpose of enabling sustainable growth in the marine area and supporting coastal communities, whilst protecting and enhancing the marine environment for current and future generations.

The MMO's role

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

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

:

How the MMO fulfils its role

The UK Marine Policy Statement (2011) provides a framework for the MMO's activities in the marine area. This key piece of national policy sits alongside important European legislation, such as the Marine Strategy Framework Directive, the Water Framework Directive, the Common Fisheries Policy, the Habitats Directive and Wild Birds Directive, the Environmental

Impact Assessment Directive and the Renewable Energy Directive. National policy statements for ports, energy, renewable energy, gas supply infrastructure and oil pipelines, electricity networks infrastructure and nuclear power are all taken into account when decisions are made.

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

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

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



The MMO's people

At 31 March 2020, the MMO employed an average full time equivalent of 393 people (31 March 2019: 355); delivering the front line operations of implementing plan-led marine management, licensing marine works, administering both European and domestic grant funding, fisheries compliance and enforcement, managing UK fishing fleet capacity and quotas and co-managing the CSSF Blue Belt programme on behalf of the Foreign and Commonwealth Office (FCO) and Defra.

The MMO's customers

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

1.1.2 Key issues and risks

The MMO operates a structured risk and control framework which enables the identification, prioritisation and escalation of strategic and operational risks and issues. During 2019/20, four risks (see table below) were identified as having the potential to affect the MMO's business success in delivering its Strategic Objectives, credibility and relationships with delivery partners.

Risk – There is a risk that the MMO's business IT systems may become unavailable due to exploitation of cyber security vulnerabilities or permanent irrecoverable failure of legacy IT for which application and/or platform are no longer supported or manufactured by the technology vendor(s).
Risk – There is a risk that the MMO baseline determined during SR19 will not recognise significant new capabilities and associated operational costs creating a significant budget pressure in 20/21
Risk – There is a risk that the demands of maintaining EU GDPR compliance will outstrip current skills and capacity including resource, technical and finance capacity
Risk – There is a risk that the MMO is unsighted on the consequences of litigation costs in pursuit of MMO duties

To mitigate and manage these risks, action plans are in place, with responsible Executive Directors as named leads. See page 45 (Governance Statement) for more information.

1.1.4 Going concern statement

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

1.1.5 Performance summary

The MMO's contribution to Government's vision for clean, healthy, safe, productive and biologically diverse oceans and seas is set out through its contribution to the Defra Single Departmental Plan, specifically the strategic objective of 'Protecting and improving the environment: Pass on to the next generation a natural environment protected and enhanced for the future'. The MMO supports the delivery of this strategic objective by contributing to relevant underpinning aims, along with a supplementary organisational strategic objective of Excellent Delivery: Excellent quality delivery for customers, on time and to budget and with outstanding value for money. The Defra Group Single Departmental Plan strategic objectives for 2019/20 are set out below:

The Defra Group Strategy and Single Departmental Plan

Four strategic Objectives for 2019/20

SO1. EU Exit Deliver a safe and ambitious departure from the EU, setting global standards in protecting and harnessing value from the natural environment	SO2. Protecting and improving the environment Pass on to the next generation a natural environment protected and enhanced for the future
SO3. Food, farming and rural affairs Lead the world in food and farming with a sustainable model of food production	SO4. Outstanding organisation Become an outstanding organisation focused on making a difference, with world class delivery capability

The MMO contributes to the following aims from SO2:

- **2.3 Thriving plants and wildlife (at sea)**
- **2.5 Using resources from nature more sustainably and efficiently (fish)**

Detailed analysis of the MMO's performance in supporting the delivery of the SO2 aims and the supplementary organisational strategic objective of Excellent Delivery is provided in the

following section (1.2 Performance Analysis). Further, the MMO had some significant deliverables in preparing to leave the EU which are included in the performance analysis.

Ensuring delivery of the MMO Action Plan for 2019/20

For the year ending the 31 March 2020, the MMO established and described a range of measures to track delivery of the Action Plan. These measures are categorised as key performance indicators which enable the MMO to monitor and measure performance in support of the strategic objectives. During 2019/20, performance of the Action Plan was regularly assessed through the MMO's Delivery Review Group (DRG). The MMO Board considered performance at each meeting along with finance, general conduct and propriety of affairs of the MMO to ensure that it is a sustainable, efficient and effective organisation.

1.2 Performance Analysis

1.2.1 Detailed Performance Analysis

The MMO's work throughout the 2019/20 reporting year has covered these main areas;

EU Exit readiness, the Defra aims of 'Cleaner, healthier, more productive and biologically diverse seas' and Support a sustainable seafood sector as well as the specific objective of Excellent Delivery; Excellent delivery for customers, on time and to budget and with outstanding value for money

EU Exit

Key Outputs and Activities:

- Developing a digital self-service capability to enable continued export trade of fisheries products while meeting international Illegal, Unreported and Unregulated (IUU) obligations and regulations
- Delivery of enhanced control and compliance capability to deter and detect illegal fishing to assure the integrity of the Exclusive Economic Zone (EEZ), the sustainable harvest of sea fisheries resources and the protection of the marine environment
- Deliver a capability of managing access to our waters through the Single Issuing Authority
- Support the delivery of future fisheries agreement with the EU and future trade negotiations
- Developing options for future funding to replace the European Maritime Fisheries Fund
- Support the delivery of the Sea fisheries Bill and deliver operational readiness to assume the role of national fisheries manager and deliver increased marine environment protections following Royal assent.

During 2019/20 there were six significant EU Exit preparedness projects which the

MMO had a key role in either implementing or supporting delivery outcomes. The need to not only have processes and infrastructure in place, but also with preparing our customers and stakeholders for leaving the EU has drawn a significant focus of our capacity. Particularly, as we have been required to prepare to leave on a number of occasions throughout the year.

The delivery of a digital platform to support the export of fish, is key enabler for the ongoing ability to facilitate frictionless trade, on leaving the EU. Over the course of the year, improvements have been made to the digital platform which included further automation, to facilitate the verification of catch data. Importantly, the MMO has invested heavily into industry readiness, by working with exporters to ensure their preparedness in terms of being registered and using the systems ahead of leaving the EU.

A key achievement during 2019/20 was the MMO's delivery of enhanced control and enforcement capability, fielding increased assurance service capacity through additional warranted officers and the provision of increased sea surface and aerial surveillance. Throughout, the year the MMO was able to demonstrate preparedness for each extended EU Exit

deadline, at sea and on shore. The MMO was able to demonstrate significant operational agility in implementing a surveillance and inspection capability comprising two commercial surface patrol vessels with embarked MMO officers when previous assumptions regarding Royal Navy vessel availability proved undeliverable. The key achievements, over the year include:

- Recruitment, training and deployment of 32 additional warranted officers and 30 support officers
- 6,168 shore-based inspections representing a 209% increase (2,951 inspections 2018/19)
- 593 sea-based inspections representing a 321% increase (185 inspections 2018/19)

Controlling foreign vessel access to UK waters is a critical repatriated function following exit from the EU. The MMO was delegated to develop and implement the Single Issuing Authority (SIA) on behalf of all the UK Fisheries Administrations; which included the implementation of a new system of vessel licensing. The SIA gave the UK assurance that the appropriate mechanisms and agility to control access to UK waters were in place for all EU Exit scenarios, including readiness for completion of the Transition Period. MMO colleagues have provided subject matter expertise which has supported the formulation and delivery of the UK's EU exit negotiating approach to both future fisheries and wider trade agreements. Similarly, MMO operational expertise has helped shape and deliver the Fisheries Bill to its Parliamentary stage, whilst in parallel,

leading operational readiness preparations to enable MMO to assume the duties of national fisheries manager from January 2021, and to implement marine protection intervention from Royal Assent.

All of these activities enable the MMO to assure control of the sustainable harvest of sea fisheries resources and the protection of the marine environment. This ensures that sustainable practices can be assured in English waters supporting the viability of industry and market confidence in English sourced fisheries products. We will be able to demonstrate our continued compliance with EU and international marine environment and fisheries obligations throughout the Transition Period. Finally, recognising the significant socio-economic and environmental benefits derived from the ongoing support to the seafood sector through access to funding interventions such as the EMFF, the MMO implemented the first of the transitional arrangements for ongoing funding support with the domestic Marine Fisheries Fund. Further, in preparing for multiple EU Exit scenarios, the MMO with its extensive experience in delivering funding, supported the development of a scheme to be deployed at short notice, if the industry was subject to an adverse economic shock, this was latterly deployed in response to Covid-19.

Looking forward the MMO continues support the design of a future funding programme that will replace EMFF over the longer term.

Aim: Cleaner, healthier, more productive and biologically diverse seas

Marine Planning

Key Outputs and Activities:

- Draft Marine Plans for North East, North West, South East and South West launched for Public Consultation
- Launch of the Digital Marine Planning Service in summer 2019 – ‘Explore Marine Plans’

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

This work enables England to be one of the first countries in the world to introduce a comprehensive and integrated approach to the management of its marine area. By 2021, there will be eleven marine plans that will guide users to make informed choices for activities or development in England’s marine area.

Draft Marine Plans for the North East, North West, South East and South West marine plan areas continued to be developed throughout 2019/20. A significant milestone was reached in the Autumn of 2019, when they were formally submitted to the Secretary of State for Defra to approve for public consultation. Despite a minor delay caused by the General Election Purdah period, ministerial approval was received early in the new year, when the statutory public consultation began in January 2020. At this point, the plans become a material consideration for decision making.

Due to the Covid-19 pandemic the consultation deadline was extended beyond the planned 12 weeks to close on 20th April.

Supporting the smooth adoption of these draft plans, implementation activity has been delivered concurrently, a focus on stakeholder engagement, culminating in training sessions to decision makers as part of the public consultation. Training sessions have been offered to 175 decision makers across the plan areas and taken up by ninety planning authorities, thirty ports and harbours, twelve local partner organisations and six coastal groups with some sessions delivered via webinar due to the Covid-19 pandemic. Positive feedback has been received from participants. The MMO has also been working internally to ensure that decision-making processes in marine licencing were updated ahead of the draft Marine Plans.

During 2019/20 activities have continued to support the implementation and monitoring of the East and South Marine Plans, which were adopted in 2014 and 2018 respectively. The second three-year report on progress towards achieving the objectives set out in the East Marine Plans was laid before Parliament at the end of 2019/20; which identified improved performance in the effectiveness of marine plans and their use by decision makers, as well as making positive progress towards securing the objectives and outcomes as identified by marine plan policies. The report was followed by a recommendation to amend or replace the East Marine Plans, which was supported by the Secretary of State. Monitoring surveys for the East and South

Marine Plans were slightly delayed due to the Purdah period but are now on track. The outputs of the surveys will be used in

preparing the first three year report for the South Marine Plan and provide further evidence for the government's wider view of marine planning.

Underpinning the development and success of all marine plans is prioritisation of active and regular engagement with a broad range of sectors and continued evidence gathering. The MMO has continued to foster strong stakeholder relationships by working in close partnership with local and national stakeholders. This included:

- Improvements to engagement with hard to reach stakeholders, working with coastal partnerships and cross-border colleagues in devolved administrations
- Integrating user needs in the development and launch of a new

digital service, [Explore Marine Plans](#)¹, to implement marine plans and the data that underpins them. The service went live in autumn 2019. We will continue to act on feedback received from stakeholders about the data supporting this service

- Leading several commissioned evidence projects, particularly in areas where future growth in the marine area can be expected. For example: identification of sites of marine aquaculture potential in England (MMO1184); mapping alternative use of dredge material (MMO 1190) and mapping the value of shipping (MMO1158)
- Engagement with bordering nations through bilateral meetings and contributing to consultations on their developing marine plans
- Developing tools to support stakeholder engagement digitally and in person, for example a new marine planning video, the use of webinars, and a marine planning board game

Marine Licensing

Key Outputs and Activities:

- Hosted fourth annual marine industry conference and exchange with Seabed User Developer Group (SUDG)
- 90% applications determined in 13 weeks
- 81% Cost Recovery achieved

The MMO has a key role in supporting sustainable development; since 2010, the marine licensing applications approved by the MMO will contribute to the enabling of £10.6 billion of economic activity in UK's marine economy.

During 2019/20 89.6 per cent of marine licence applications were successfully determined within 13 weeks together with 92 per cent of variations to marine licences. This gives a combined determination of 90 percent. Additionally, over the course of the year 100 per cent of Development Consent Orders were completed within the target timeline.

The self-service licensing system was introduced in 2017, now accounts for 45 per cent of the licenses issued with 248 licenses processed through self-service during 2019/20. This year, an additional verification tool to confirm exemption status has been

¹ <https://www.gov.uk/guidance/explore-marine-plans>

introduced to improve customer service as it allows applicants an easy entry into the self-service licensing system.

Following the adoption of the Compliance Strategy for Marine Licensing, inspections of marine licences which confirm compliance of operators with their licensing conditions has increased this year. The intelligence from these inspections is supporting the building of a compliance picture, including associated impacts on the marine environment. This will continue to be developed over the coming year to inform our regulatory approach to marine development in the longer term.

The marine licensing service has continued to focus on improving service delivery and efficiency this year, achieving 81% cost recovery of service against a target of 80%. This has continued, through the delivery of licensing improvement projects to improve the transparency of our work and handling applications through developments to the Marine Case Management System, as well as publishing new guidance on Habitat's Regulation Assessments (HRA) and on the Harbour Order process.

To evaluate the customer experience of the marine licensing service, we repeated the survey carried out in 2018/19, with an

increased number of responses received, a positive indicator of engagement. However, the results of overall satisfaction of 63 percent of marine licensing customers rating our service positively in 2019/20, was a reduction of 4 percent on last year. Recognising the importance of customers receiving a good service plans for the forthcoming year are to continue to invest in further improvements to deliver, an efficient and effective licensing system.

Engagement with key stakeholders has continued to be an area of focus, building on 2018/19 activities. As part of our Outreach Programme, the MMO hosted the fourth Annual Marine Industry Conference and Exchange with the Seabed Users and Developer Group (SUDG). The conference allowed opportunities for the colleagues involved in delivering the Marine Licensing Service to engage with a wide variety of stakeholders from a range of marine industry sectors. The conference provided a forum for networking and identify best practice, share and understand the pressures faced by industry and regulators, and identify opportunities to enhance and streamline licensing of various marine activities that contribute to the Blue economy.

Table 1: Licensing decision making – As at 31 March 2020

			Self-Service	Band 2	Band 3	Refused	Total	Combined Total
2019/20	Determined within 13 weeks	Marine Licence Applications	248	101	78	12	439	532
		Marine Licence Variations	91			2	93	
	Total Determined	Marine Licence Applications	248	117	110	15	490	591
		Marine Licence Variations	99			2	101	
	% Determined within 13 weeks	Marine Licence Applications	100%	86%	71%	80%		90%
		Marine License Variations	92%			100%		

			Self-Service	Band 2	Band 3	Refused	Total	Combined Total
2018/19	Determined within 13 weeks	Marine Licence Applications	203	126	67	4	400	568
		Marine Licence Variations	167			1	168	
	Total Determined	Marine Licence Applications	203	141	104	12	460	645
		Marine Licence Variations	182			3	185	
	% Determined within 13 weeks	Marine Licence Applications	100%	89%	64%	33%	87%	88%
		Marine License Variations	92%			33%	91%	

			Band 1	Band 2	Band 3	Refused	Total	
2017/18	Determined within 13 weeks	Marine Licence Applications	230	149	96	11	486	782
		Marine Licence Variations					296	
	Total Determined	Marine Licence Applications	230	160	125	11	526	829
		Marine Licence Variations					303	
	% Determined within 13 weeks	Marine Licence Applications	100%	93%	77%	100%	92%	94%
		Marine Licence Variations					98%	

Table two – Band overview

Band 1	Low complexity project applications e.g. self-service licences
Band 2	Medium to high complexity routine project applications of <£1 million development costs, that require more detailed environmental advice and consultation
Band 3	High complexity project applications of >£1 million development costs, that require detailed assessments including Environmental Impact Assessments (EIAs) and Habitat Regulations Assessments (HRAs)

Marine Conservation

Key Outputs and Activities:

- New digital process for dispensations resulting in faster request turnaround
- Streamlined IFCA Byelaw assessment operational

The MMO has maintained its good relationship with Defra, Natural England, JNCC and the Inshore Fisheries and Conservation Authorities (IFCAs) to

deliver a well-managed network of marine protected areas (MPAs).

During 2019/20, a key focus has been to support preparation for leaving the EU, the MMO has provided subject matter

expertise on developing text to inform clauses of the new Fisheries Bill, that will support future management of fishing for conservation across English waters, including within MPAs. To underpin this, a programme was developed to allow assessment and management of MPAs (including Marine Conservation Zones) to ensure that, once the UK leaves the provisions of the Common Fisheries Policy as an independent coastal state, all fishing in MPAs in English offshore waters is compatible with a well-protected UK 'Blue Belt' of sites.

To support the reduction of environmental damage from marine accidents and refine its preparedness for emergency oil/chemical spill incidents at sea, four national exercises have been held with the MMO to ensure an effective response to an out of hours incident. This informed the completion of the annual review of the MMO's Marine Pollution Contingency Plan.

IFCA byelaw quality assurance assessment process has been streamlined to remove the informal quality assurance stage. This benefited both the MMO and IFCAs to clarify roles and responsibilities, reducing duplication. The MMO continue to facilitate a monthly engagement to support connectivity across all ten IFCAs on developing byelaws and policy.

During 2019/20, the MMO quality assurance role has resulted in the processing of 100 percent of submitted byelaws (16) within the mandated timescale enabling eleven byelaws to be formally approved by Ministers and become law.

Over the course of the year, the MMO have streamlined wildlife licence process which has allowed 25 licences and variations to be approved; over 96 per cent of which were determined within our target of eight weeks of receipt of all information. The approach continues to identify potential conservation threats as early as possible and protect sensitive and threatened marine species in English waters.

Further improvements implemented over the year, to digitally manage dispensations for scientific exemption requests to UK fishing vessels, and to support the Foreign and Commonwealth Office in administering marine scientific research in English waters from foreign countries. This year 29 dispensations have been granted in line with the target, with advice being provided to the FCO on a further 46 applications.

Contribution to broader environment objectives

Blue Belt Programme

Key Outputs and Activities

- The first phase of the CSSF Blue Belt programme is now complete, and an extension agreed for the programme to ensure that longer term sustainable benefits are optimised
- Grade A rating for Blue Belt programme from Department for International Development (DFID) Conflict, Stability and Security Fund (CSSF) review

Blue Belt Programme

The first phase of this four-year CSSF funded programme, as Direct Delivery Partners, working with Cefas for the Foreign and Commonwealth Office (FCO), to deliver the outcome of an enhanced management and protection of the marine area in the Overseas Territories (OTs), which completed in March 2020.

The MMO have provided expert assistance to the UKOT's to help them review their existing management plans and legislation, to enable them to draft new Marine Management Plans and devise monitoring strategies including control and enforcement, incorporating use of evidence, data and best practice. For example;

- Provision of assistance to Ascension Island in relation to the design and designation of a large scale MPA.
- Provision of assistance to Tristan da Cunha in relation to the design of a marine protection strategy including a vessel traffic management scheme
- Provision of assistance to St Helena to develop marine protection

strategies for sand extraction, tourism and water quality.

- Provision of assistance in relation to the development of marine management plans in BIOT and Pitcairn, and marine tourism guidance and materials in Pitcairn.
- Assistance in upskilling the UKOT's by education and skills transfer to "in country" teams and in developing an online learning management system to facilitate learning.
- Assisting UKOT's to develop job profiles to assist effective recruitment of roles on island, to be funded by FCDO.
- Assisting in the trialling of technology to enable the UKOTs to operationalise the most suitable technology solutions (e.g. drones, passive acoustics) as part of the UKOT's compliance and enforcement strategies.
- Provision of assistance to UKOT's to help them improve maritime awareness and compliance data management through provision of satellite surveillance information to the UKOTs to assist them to make their own compliance decisions, to target their resources effectively, and respond to possible incidents of non-compliance.

Some maturity model targets were not met by 31 March 2020, which was largely due to dependencies on decision making and implementation in the OTs for final outcomes and impacts of Covid-19 on the UK based teams and capacity in the OTs as resource switched to emergency response planning.

Stakeholder engagement has continued throughout the year, with a high level of interest in the programme from a range of interested parties. Information has continued to be provided about the programme across a number of communication channels as well as hosting workshops e.g. for the development of bespoke OT specific technology roadmaps, to draw in expertise from industry, non-governmental organisations (NGOs) and partner delivery bodies. In addition, the

University of Exeter Great British Oceans coalition and the UK government's Blue Belt Programme jointly held the first Blue Belt Overseas Symposium with funding from the Darwin Initiative.

Finally, an annual audit review of the Blue Belt programme was officially provided a Grade A rating, the highest across the CSSF programmes, with positive feedback on the overall conduct of the Programme.

Aim: Support a sustainable seafood sector

Fisheries Management

Key Outputs and Activities

- No closures of major economic stocks
- Positive engagement continues with industry
- Over 90 percent uptake has been achieved for both Crab and Scallop effort allocations in Western Waters. The MMO played an important role in resolving conflict between UK and French scallop fishermen in the English Channel, increasing the UK scallop effort allocation as part of the agreement.
- Total fishing opportunities agreed for 2019 include increased quotas for: West of Scotland monkfish (+25%), Western hake (+28%), Skates and rays in the English Channel (+10%).
- Plaice (area 7a) a stock targeted by the inshore fleet, also saw a large increase in the UK TAC and the under 10m quota allocation was over 200 per cent higher in 2019 compared to 2018.

The MMO, in partnership with fish Producer Organisations (POs), performs a critical role in managing the delivery of viable fishing opportunities to support a sustainable seafood sector in England. This is achieved through continuous review of data, trading activity and industry engagement to present the right fishing opportunity at the right time to maximise the use of fishing quotas.

During 2019/20, for the third year running, the MMO achieved the objective of maintaining fishing opportunities by ensuring no closures of major economic stocks and supporting an active fishing fleet to target fish stocks in line with demand and market

opportunity. Over 2019/20 the MMO negotiated £8.8m quota for the under 10m fleet.

The success of maintaining fishing opportunities has been supported by industry engagement to enable inshore fishers to work in collaboration with the MMO on decisions about how and when fishing quotas are released. This has meant that over 1,500 active inshore fishers in England have generated £13.6m income from quota species to supplement income from non quota stocks such as shellfish.

The MMO has also managed effort schemes designed to limit the catching capacity and time at sea of certain fleet elements. These schemes maintain the sustainability of various fish stocks. Our approach to fisheries management has ensured fishing effort uptake in the various management schemes continues to be within limits set for both the English and UK fleet for a third year. This enabled the MMO to continue to flex restrictions in-year where appropriate to reflect industry activity and uptake levels.

Industry stakeholders have stated the MMO approach to inshore fisheries management has improved by greater quality of engagement of inshore fishers in decisions such as quota catch limits for vessels.

The MMO has prepared industry for the full implementation of the Landing Obligation through industry wide engagement and publication of thorough guidance. Guidance and support to policy has also been provided in respect of new technical conservation measures and specific stock recovery measures agreed at the annual fisheries

negotiations. The MMO has continued to support Defra in policy development as well as

continuing the Fully Documented Fisheries programme using electronic on-board monitoring. This work supports the policy of reducing wasteful discarding of fish as well as improving confidence in catch data.

We have enhanced our ability to gather, process, analyse, and report on fishing activity. A key deliverable this year have been the development of a system for skippers of vessels <10 metre to report on their catches. This will improve our understanding of the activities of this sector and increase our ability to manage all fisheries to assure sustainable practice and support their future viability. A second key output has been the development of an IT system to generate catch certificates for future exports of fish to the EU. The system

is designed to facilitate the continuation of trade when this new requirement starts following the transition period.

Our increased capability has improved our control and enforcement reaches; significantly increasing the; coverage and expert capacity, as well as identifying increases in non-compliance of the domestic and foreign fleet (2019/20 non-compliant inspections at 18% compared with 11% in 2018/19 across all inspections)

European / Domestic Funding programmes

Key Outputs and Activities:

- The England's £15.4m Marine Fisheries Fund (MFF) scheme launched in October 2019
- Funding support this year to 473 European Maritime and Fisheries Fund (EMFF) and Maritime and Fisheries Fund (MFF) projects with a total value of £16.2 million approved this year

Since launch in 2016, the **European Maritime and Fisheries Fund (EMFF)** programme in England has now approved 1,546 projects, committing £51.3 million in grant support with a total project investment value of £74.8 million for the fisheries, aquaculture sectors and coastal communities.

During 2019/20, a further 310 projects were approved, with an EMFF award value of £8.8million meaning that the EMFF funding for English seafood sector is now fully committed.

The MMO continues to successfully integrate other elements of the EMFF scheme related to the collection of fisheries data and science whilst also improving the capability to support control and enforcement activities, applicable to the Common Fisheries Policy (CFP). The MMO's plans for making effective use of control funding include key areas such as developing catch recording, data exchange and transport IT systems. The entire Data Collection Framework budget (over £20m) is committed in support of scientific advice including the annual assessment of fish stocks, fleet, economic and recreational angling surveys.

An EMFF UK Operational Programme modification was approved by the European Commission in March 2020. This amended budgets across all Strategic Priorities, to maximise the opportunity of utilising the full EMFF budget, which will increase the 2023 expected outcomes from investment.

The impact of EMFF investment to English seafood sector has provided financial assistance to 1,427 SMEs (small to medium size enterprises) and 56 large enterprises.

This has resulted in the following outcomes:

- Investments to the fishing Industry will increase net profits by £5.8million whilst also maintaining 2,402 jobs;
- Aquaculture businesses will increase turnover by £10.3million through additional production of 31,795 tonnes increasing net profits by £2.3million;
- Local community initiatives implemented through Fisheries Local Action Groups have supported initiatives encouraging tourism, new food brands, skills, learning as well as improving local heritage. Investment to local areas has created 61 new jobs and four new businesses; and
- Marketing and processing funded projects aim to improve the processing of fisheries products through increased capacity, equipment that is more energy efficient and marketing, through new market plans reflecting new products or changing market conditions. Investments have contributed to the increased volume of first sales by 14,745 tonnes with a value of £2.9 million.

To continue the support to the sector after exiting the EU, the Environment Secretary announced on 24 October 2019 the launch of a £15.4 million England **Maritime and Fisheries Fund (MFF)** to increase the level of industry funding available during the Implementation Period. The scheme is

broadly aligned to EMFF but precludes funding to Public Bodies. Since the announcement, a total of £7.8million has been awarded to 343 projects which was matched with £6.6million private funding.

A significant pipeline of MFF applications have been submitted to the MMO for consideration, with a grant value of £3.0 million which if approved will utilise £10.4 million (68%) of the available budget in the initial period of the programme. The impact of these commitments will realise economic benefits such as maintaining jobs in the sectors, supporting coastal communities, helping businesses to grow their turnover, ensure the long-term sustainability and viability of operators.

The MMO continues to utilise its extensive experience of administering grant funds to assist Defra in early planning work to design and develop a new domestic England fisheries and seafood fund for implementation after the UK leaves the EU. The MMO has continued to support the UK Seafood Innovation Fund which is administered by Cefas to ensure that the most appropriate projects are attached to each funding stream.

In March, in response to the Covid-19 emergency and its adverse impact on the fisheries sector, the MMO started work with delivery partners and industry to rapidly design and start delivery of three support schemes through the government's £10million Fisheries Response Fund. The scheme will provide direct emergency funding to 1,158 fishing vessel owners, 76 aquaculture businesses and 20 fisheries projects aimed at the marketing and distribution of domestically caught fish.

Objective 5: Excellent Delivery

Excellent delivery for customers, on time and to budget and with outstanding value for money

People

Key Outputs and Activities:

- Secured Investors in People standard accreditation until 2023
- Secured Quality Management Standard (ISO9001) demonstrating MMO's ability to consistently provide products and services that meet customer and regulatory requirements
- Improvement in People Survey employee engagement of 64%, an increase of 3%
- Continued investment in training and development, which included exceeding the public sector target on apprenticeships by 10%

The MMO has continued its efforts throughout 2019/20 to be recognised as a highly effective Public Body. The investment into colleagues' development including delivery of both a Leadership Development Programme and a Management Skills Programme to improve consistency, capability and effectiveness of MMO colleagues. These programmes have equipped MMO colleagues to deliver better services and support to colleagues, this has led to more engagement from managers to address colleagues' issues.

The MMO has increased its headcount significantly over the past 12 months which has altered the demographic in the gender pay gap quartiles meaning a slight increase gender pay gap of 0.7 per cent. This data is collated on 31 March each year and published in the following November. The actual figure for 2019/20 is 13.62 per cent against 12.9 percent 2018/19. In terms of

gender pay gap, the MMO remains below the national average of 17.3 per cent.

MMO colleagues participate in an annual Civil Service Survey, which took place in October 2019. This year there has been improvement overall in both participation and engagement, with an increasing number of colleagues feeling engaged with the MMO, its activities and positive in the area of Inclusion and Fair Treatment. The survey has identified areas of success and some areas in which the MMO need to continue progress to address, which will have a key focus in the MMO People Plan.

A key achievement this year for the MMO, against a recognised external benchmark, was in securing a standard accreditation for Investors in People. Whilst much of the feedback will be incorporated into the MMO People Plan, positive progress was made with the launch of the MMO Corporate Values for our colleagues, of being Accountable, Innovative, Engaged and Inclusive. All colleagues are required demonstrate these values in the way in which they operate within the delivery of MMO Services.

The MMO manages health, safety and wellbeing risks through the safety management system. This system has clear processes in place to identify and mitigate risks associated with our business activities and ensure MMO's legal compliance. The MMO is committed to the health, safety and

wellbeing of our staff and we support them through;

- Employee Assistance programme
- Occupational Health Service
- Workstation support service
- Corporate Eye Care contracts
- Mental Health Support Team

This year we have introduced an additional level of governance and assurance for those

colleagues carrying out operational activities which is monitored on a quarterly basis by the Executive Leadership Team.

The MMO participated in the Defra wide health kiosk tour in 2019 (enabling employees to measure their personal health statistics). The MMO continue to work closely with Defra on a variety of health, safety and wellbeing campaigns which are aligned to national and Civil Service themes.

Customers and public engagement

Key Outputs and Activities:

- Over 270 per cent increase in reach of social media content
- Over 20,000 likes, shares and clicks of our social media content
- Total media reach to 52.48 million people
- Over 27,000 blog readers

During 2019/20, the MMO has been preparing for an unprecedented period of considerable national, political and industry change focussed on ensuring that all communications activity informed and supported stakeholders, customers and colleagues through these changes.

Specifically, the MMO have created and implemented three different campaigns across over 2019/20 to prepare for an exit from the EU with and without a deal, managed media and other PR around the General Election in December, followed by leaving the EU on 31 January 2020. This included specific campaigns aimed at:

- Ensuring exporters of fish were registered for the new digital catch certificate service
- Promoting the creation of the Single Issuing Authority (SIA) and their role in issuing fishing licences to fish in UK waters

- Promotion of the MMO's increased compliance and enforcement capabilities

In February 2020, as preparations were beginning for fisheries trade negotiations, the Covid-19 pandemic began and attention switched to identifying, signposting and providing support for those stakeholders most severely impacted. This included ensuring that the seafood industry was aware of the support available during the pandemic so that this could be accessed quickly where needed.

There was an increase in the volume of media enquiries and requests for information received into the organisation. This included requests about our involvement in the work of the Blue Belt Programme and roll out of electronic catch recording to the English under ten metre fishing fleet.

In the latter part of 2019/20, there was a significantly high volume of complaints received in relation to fisheries activities for both under 10 metre capping scheme and as a result of the roll out of the catch recording system to under 10 metre fishing fleet. This was expected but along with the Covid-19 outbreak towards the year end, has had an adverse impact on the timeliness of

complaint response. Positively, the MMO, continue to apply learned lessons as to how to better engage and communicate with industry, when seeking to implement more modern technology to support our regulatory services.

This year we have continued to engage with the Parliamentary Health and Services Ombudsman (PHSO) on cases concerning our implementation of the rules restricting the catching of seabass which came into force during 2017. Four of the cases referred

to the PHSO were closed with no maladministration being found against the MMO. However, two cases did result in financial compensation being required as redress. The MMO continues to work closely with the PHSO for outstanding cases awaiting completion and have complied with all of their recommendations (see table below).

The MMO will continue to improve focus and control on complaints service continues with further work planned in this specific area for next year.

Cases referred to Parliamentary and Health Service Ombudsman (PHSO) in 2019/20	
Number of cases accepted for investigation	6 (including 3 accepted for investigation in 2018/19)
Number of cases with decisions	4 not upheld; 2 upheld; 3 outstanding with the PHSO
Number of recommendations complied with	3

Change

Key Outputs and Activities:

- Export Fish digital service in place
- Catch Recording system introduced
- Improved Data Exchange with Europe
- New vessel location data systems

During 2019/20, in addition to preparing to leave the EU, the MMO progressed a number of other significant changes including improvement works in relation to fisheries IT systems (Control and Capability), working with overseas territories to improve the approach to marine regulation (Blue Belt), Marine Licensing Improvements and Marine Plan Production. The MMO continue to operate within a Service Design

Framework and in accordance with GDS and DDTs assessments where appropriate.

Digital Service Management and Development

Over the course of the year, the MMO have continued to develop and introduce a range of digital support services and capabilities including:

- *Export Fish* – a digital system that will facilitate the export of fish and seafood products to the European Union from January 2021.
- *Catch Recording for Under 10 metre vessels* – This new digital facility completed development and was transitioned into live service during the year. This has involved working closely with the industry, particularly ‘assisted digital’ users to ensure they are able to access the service and troubleshooting technical issues. This

service is now seeing a high participation rate paving the way for significant improvement in data quality.

- *Data Exchange with the EU* – a significant modernisation and automation of systems to exchange fisheries activity information and to bring these in line with new

regulatory requirements and international standards.

- *New platform for vessel location data* – a modernisation and transition of systems to enable access to location data transmitted by the Over 12 metre fishing fleet.

Evidence and Data including the Marine Pioneer Programme

Key Outputs and Activities:

- Publishing 19 evidence reports that support the development of marine plans, protection of designated features and the management of fisheries
- Publishing 17 valuable UK National Fisheries Statistics releases
- Providing fisheries data and insights to support policy development and Future Fishing Agreement negotiations
- Informing the public of the impact of Covid-19 on fishing activity through more timely statistical releases
- Fulfilling the final elements of the Evidence Strategy 2015-20 objectives and requirements

At the end of 2019/20 the vast majority of the Evidence Strategy 2015-20 has now been delivered providing the MMO, partners and stakeholders with the best available evidence on which to base their decisions and implementation of government marine policy.

Significant efforts have been made to support the delivery of evidence for completing the suite of marine plans for England and ensuring the evidence is quality assured and publicly available for policy development and public consultations. All the research commissioned, steered and

supported by the MMO is published so that it can be used and re-used for the benefit of all.

While delivering the evidence requirements of the MMO based on a publicly maintained and iterative list, which progressed to exploring and reporting on new and innovative areas of research such as forensic traceability methods for compliance and fish net deterrents that protect seals.

Extensive collaboration within the Defra Group and academia has enabled the significant realisation of external resources. Consequently, the MMO is now involved in developing many external partnerships with the academic community. Whilst the exact value of these partnerships has yet to be quantified, £900k of external funds has been obtained to directly deliver MMO needs with several million pounds of additional research being steered towards MMO priorities.

The MMO is now developing a new evidence strategy for 2021- 25 that will support the next phase of the MMO's contribution to securing healthy, safe, clean and biodiverse seas at a time of extensive change as the UK becomes a successful independent state.

In data the MMO has continued to produce the highest quality statistical releases. We achieved notable success when the UK's

Annual Sea Fisheries Statistics release was reconfirmed by the Office for Statistical Regulation as meeting the requirements of the National Statistics kite mark. The MMO publishes more data and statistics than ever before with recurring statistical and spatial data releases alongside frequent ad hoc releases. The MMO continue to collaborate closely with industry bodies involved in co-management of fishing (e.g. Fish Producer Organisations) and ensure that they receive the data they need to enable effective decision making.

Alongside providing domestic operational and policy support to Defra, the MMO has been central in providing data upon which the policy for EU Exit and the Future Fishing Agreement will be built. We have collaborated closely with specialists across Defra group and the wider UK Fisheries Management sector to ensure that policy makers and programme managers are well informed and have the data they need to make effective decisions.

From early 2020 the Covid-19 pandemic caused widespread disruption to the world economy, with fishing badly impacted. The MMO used the data gathered from the fishing industry, including newly gathered data from the under 10m catch recording system, to measure the impact of Covid-19. The MMO used these insights to inform the development of, and secure HMT funding for, the Fisheries Response Fund to support the English fishing fleet. Alongside providing economic support the MMO developed and published new, timelier statistics that allow the public to understand the impact of Covid-19 on the sector.

Marine Pioneer Programme

Key Outputs and Activities:

- Completion of a successful three-year programme of evidence gathering and practical testing for marine management

- More than 20 reports on case studies, new methods, guidance and state of the knowledge relating to applying a marine natural capital approach, integrating planning and delivery for improving the marine environment
- Increased capability and expertise across government and non-government organisations in how to deliver the vision and goals of the 25 Year Environment Plan
- A central repository of information, guides and webinars on the outputs and recommendations that can be accessed and used by all
- A local legacy in North Devon via the supplementary planning guidance in the Marine Natural Capital Plan and in Suffolk where the results are supporting the local environment plan

The Marine Pioneer Programme was created to inform the delivery of the Government's 25 Year Environment Plan with a key focus on how to deliver the vision to manage use of the marine environment, so it is in a better state for the next generation. The objectives of the work were to test new tools and methods as part of applying a natural capital approach in practice;

- a. Demonstrate a joined-up, integrated approach to planning and delivery;
- b. Pioneer and 'scale-up' the use of new funding opportunities; and
- c. Grow our understanding of 'what works', sharing lessons and best practice.

During 2019/20, the final year of the three-year programme the project work was completed apart from three projects that secured extra funding and will complete later in 2020. All the learning and accumulated knowledge and expertise was reported on and published where it can be accessed by anyone. A great focus in the last nine

months of the year was on sharing learning and best practice through a range of talks, webinars, workshops and updates to

colleagues, partners and interested stakeholders. The workstreams benefitted substantially from partnership working across government and non-government, public and private organisations and leveraging of non-government investment to augment government funding. For a marginal investment by Defra the programme leveraged approximately £5m investment from partners and funders.

The MMO contribution to the Marine Pioneer has modelled an exemplary way to benefit from partnership projects that test national objectives in places with local practitioners, stakeholders and citizens. An overview and recommendations for the approach is being produced.

Working closely with local stakeholders on participatory mapping of natural capital assets, benefits and risks as well as exploring a broad range of values that can be incorporated in decision making so it is representative and inclusive as specified by the 25 Year Environment Plan. This has been complimented by a study on how to incorporate natural capital information into existing assessments so it can be easily adopted by practitioners. Guidance on all aspects has been published and shared.

Importantly this work has considered innovative funding identifying a range of potential options for securing investment that can support improvement and restoration of the environment. This has led to the ongoing work to set up a £50m Marine Impact Fund with partners blending public and private finance.

The first Marine Natural Capital Plan to integrate planning and delivery of national and local goals for the marine environment has been produced based on all the work of the pioneer, consultation with local government and non-government organisations and a public consultation.

The Marine Pioneer has applied its natural capital, integrated planning and delivery and funding knowledge to MPA, fisheries, coastal habitat, coastal community and offshore wind management in a series of demonstration projects. Summaries of best practice and recommendations have been produced and published and are being collated into a single interactive online document that will allow people to explore the system of marine management advocated as well as the specific topics of interest, the challenges and issues and potential solutions in one multi-layered and easy to navigate web space.

Financial Review

The MMO's level of activity increased significantly in 2019/20 and this is reflected in the Comprehensive Net Expenditure for 2019/20 of £31.7 million, an increase of 53% from previous year (2018/19: £20.7m).

This Comprehensive Net Expenditure of £31.7 million included £9.1 million of Defra Grant in Aid funded expenditure to support the delivery of its statutory duties; £14.9 million to support preparation for leaving the EU and a further £5.9m in notional corporate recharges. FCO have provided the MMO £1.8m to support the delivery of the CSSF Blue Belt Programme. The MMO receives income through fees and charges for the delivery of its Marine Licensing Service and the European Maritime Fisheries Fund (EMFF) to support the administration of the fund, and specific measures of funding support to enhance its regulatory capability for fisheries. Full details are provided in note 4 to the Financial Statements.

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

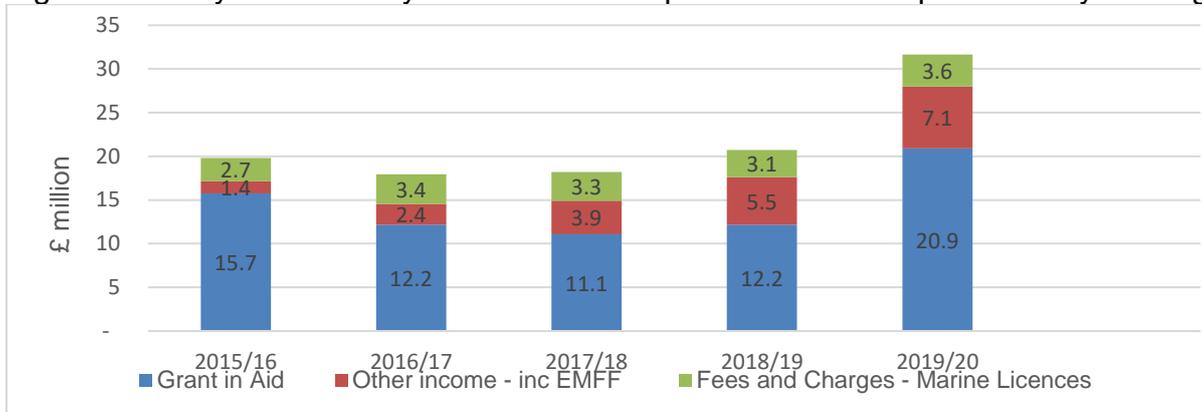
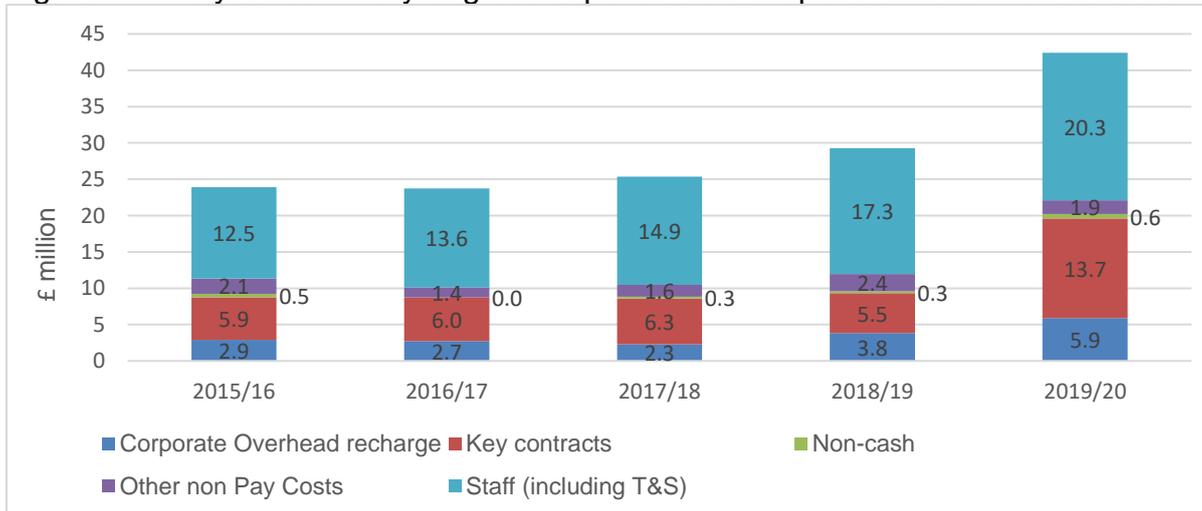


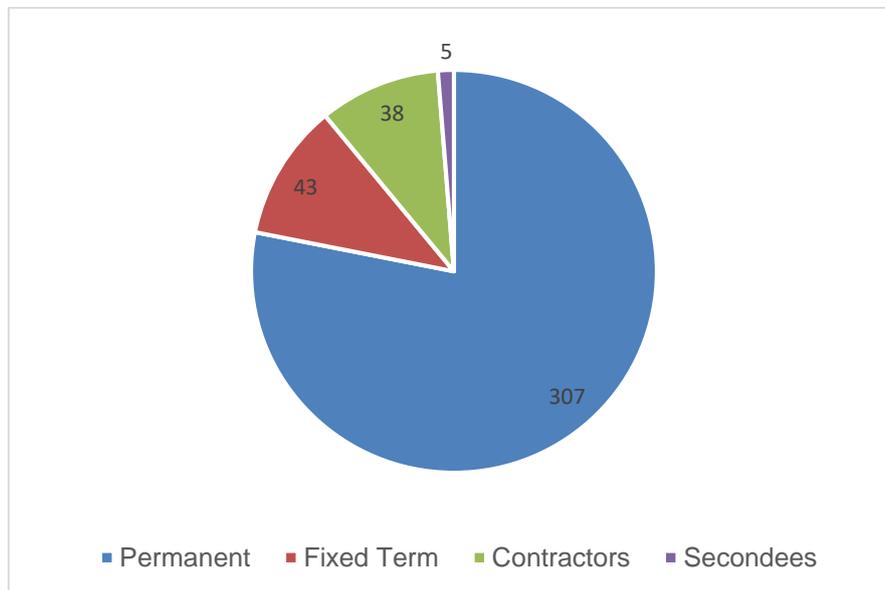
Figure 2: Five-year summary of gross expenditure as reported in the financial statements



Gross expenditure increased to £42.4 million (2018/19 £29.3 million). The most significant increases in expenditure over the reporting period resulted from preparation for leaving the EU, which has required increased staff, commercial and corporate overhead costs largely relating to the increased capability for control and enforcement, with expenditure on surveillance activity increasing to £8.7 million (2018/19 £2.2 million). The detailed breakdown of expenditure is provided in the Financial Statements pages 73 to 91.

Overall the finite nature of the EU Exit funding has changed the mix of the staff complement, however, the additional funding for an average full time equivalent of 63 people, 16% of the total MMO average full-time equivalent number of people employed by the MMO in 2019/20, when compared to 2018/19.

Figure 3: 2019/20 breakdown of the average full time equivalent number of people employed by the MMO



This would have been the final year of the Spending Review 2015 (SR15); consequently, the MMO’s net expenditure in relation to delivering its core statutory duties has reduced, by 40% in line with the MMO’s commitment to deliver its obligations as part of this SR. The MMO has achieved the delivery of the SR15 commitments through the following savings and efficiencies:

- Maximising opportunities for cost recovery and access to European funding streams to ensure we can make the best use of available funding.
- Reviewing key contracts and identifying opportunities to drive down cost whilst maintaining service delivery.
- Continued focus on improved governance, procurement and compliance information for all budget holders which will enable all staff to support the delivery of the strategic objectives through better resource planning.
- Better regulation commitments to reform services through the licensing improvement project.
- Investment in digitising of services.

This has created the capacity to deliver the efficiency reduction, as the MMO focused investment on the delivery of its frontline services. This has been complemented by the continued investment (supported by EC funding) in the refresh our fisheries systems infrastructure, prioritising those processes that manage fisheries data to reduce costs, reduce burdens on stakeholders, improving quality and accuracy.

Due to the timing of the COVID-19 pandemic lockdown restrictions at the end of March 2020, the overall impact of COVID-19 on the 2019/20 financial statements is limited to immaterial increases in accrued income and a reduction in trade payables due to a pause in the MMO raising invoices as the impact of the pandemic was considered at this early stage.

Long term expenditure trends

Over the ten years since vesting, the MMO's net expenditure related to core activities has reduced from £29.0 million in 2010/11 to £15.0 million in 2019/20 (including the notional corporate recharge) in line with the obligation to achieve challenging savings over the SR15. The commitments made in SR15 were achieved through maximising opportunities for cost recovery and through changes to our operating model to incrementally reduce the burden on Grant in Aid whilst ensuring a sustainable and targeted approach to delivery. In practice this meant reforming how we deliver our services and the underlying financial structure. This placed greater emphasis on reducing the regulatory burden, greater collaborative partnerships and cost recovery to achieve outcomes.

The MMO received a one year 'roll forward' resource settlement for Spending Review 2019, which in practice means that the 2020/21 settlement will continue to have a separate ring-fenced budget allocation to continue to support the preparation for the end of the EU and UK transition period on 31 December 2020.

A key requirement for the MMO during 2020/21 will be to work with the Defra Group to deliver a sufficient resource settlement for 2021/22 and beyond as part of the future planned Spending Review. This will support the MMO's ambition, in becoming the principal regulator of the English seas after the UK leaves the EU.

1.2.2 Sustainability Report

Sustainable development is central to the way the MMO delivers its business. The MMO's environmental performance is assessed by measuring its contribution to the targets set out in the Greening Government Commitments (GGC). It has continued to work under the GGC framework during 2019/20 with performance against GGC targets disclosed within this report, in line with the requirements of the HM Treasury financial reporting guidance 2019/20.

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

- **Scope one (Direct) emissions** – This is emissions from consumption of fuel from vehicles in the MMO lease car fleet (controlled by the MMO), on official travel.
- **Scope two (Energy indirect) emissions** – This is emissions from the consumption of gas and electricity through our estates.
- **Scope three official business travel emissions:** This is emissions from business travel undertaken by MMO staff.

The table below summarises MMO performance in 2019/20 compared to prior years:

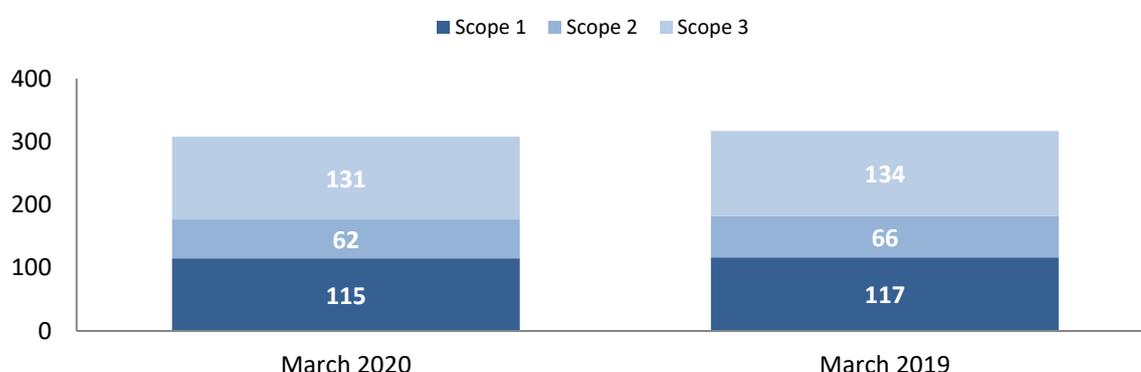
MMO Greenhouse Gas Emissions		2019/20	2018/19 (Restated)	2017/18 (Restated)
Non-financial indicators (tCO2e)	Total Gross Emissions for Scope 1,2 & 3	308	317	334
	Total Net Emissions for Scope 1,2 & 3 (i.e. less reductions e.g. green tariffs)	308	317	334
	Gross emissions from Scope 1 (Direct)	115	117	118
	Gross emissions from Scope 2 (Energy indirect)	62	66	87
	Gross emissions from Scope 3 (business travel)	131	134	129
Related energy consumption (thousand KWh)	Electricity	233	233	231
	Gas	215	187	207
Financial Indicators (£'000)	Expenditure on energy*	N/A	N/A	N/A
	CRC Licence Expenditure (2011 onwards)	0	0	0
	CRC Income for recycling payments	0	0	0
	Expenditure on accredited offsets - Woodland Trust Enterprise	0	0	0
	Expenditure on official business travel	383	460	575

At the time of preparing the final report for 2019/20 an estimate of consumption was used for the last quarter of the year due to lags in receiving actual information. Actual data is now available, and the 2018/19 figures have been restated, with restatements including an increase of six tCO₂e for Scope 1 emissions and a decrease seven tCO₂e for Scope 2 emissions. Similarly, an estimate of consumption for quarter four has been used for 2019/20 until final data is received. The MMO Scope 3 emissions recorded in the table above relate to business travel, for which reporting data is available. They do not include all indirect MMO emissions, including emissions relating to the MMO's air and surface surveillance contracts for which reporting data is not currently available.

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

Total GHG emissions in 2019/20 have decreased by nine tCO₂e compared to 2018/19 with decreases for all three categories of emissions, Scope 1 (direct), Scope 2 (energy indirect) and Scope 3 (business travel). The breakdown of emissions by scope is shown in the figure below:

Total Carbon Emissions by Scope (tCO₂e)



The MMO has reduced emissions for all three categories of emissions, which is out-with the overall increase in average full time equivalent staff as at 31 March 2020 to 393 people (31 March 2019: 355). The geographical spread of the MMO estate, and our obligations to ensure our stakeholders are engaged in the matters which affect them continues to create pressure on emissions from our business travel shown in scope 3.

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

Non – hazardous waste for Head Office		2019/20	2018/19 (Restated)	2017/18 (Restated)
Non-financial indicators (t)	Total Waste	20	24	23
	Waste to landfill	1	1	1
	Waste reused/recycled	10	14	14
	Waste incinerated	9	9	8
Finite Resource Consumption – Water		2019/20	2018/19 (Restated)	2017/18 (Restated)
Non-financial indicators (m ³)	Water Consumption	1,523	1,826	1,523
Non-financial indicators (m ³ /average FTE)	Water Consumption per Full Time Equivalent (FTE)	5	6	5

Performance against GGC Targets

The GGC targets as detailed in the table below, aim to reduce government's environmental impact and are to be delivered by 31 March 2020:

GGC Target	Target	2019/20	Status
To cut greenhouse gas emissions by 44% from a 2009/10 baseline from the whole estate and business related transport	360 tCO ₂ e	308 tCO ₂ e	Achieved
Reduce the number of domestic flights by 30% from a 2009/10 baseline	148 flights	250 flights	Not Achieved*
Reduce the amount of waste going to landfill to less than 10%	<10%	5%	Achieved
Continue to improve our waste management by reducing the overall amount of waste generated from a 2009/10 baseline	<27 tonnes	20 tonnes	Achieved
Continue to further reduce water consumption from a 2009/10 baseline	<1,409m ³	1,523m ³	Not Achieved (see below)
Report on office water use against best practice benchmark	N/A	N/A	Achieved (see below)

* The total number of 250 domestic flights recorded in 2019/20 has reduced by 20% in comparison to the 311 domestic flights recorded in 2018/19. This still represents a 18% increase on the 2009/10 baseline, which was prior to the MMO vesting on the 1 April 2010, with different assumptions for our overall business activities, including the basis of staff and office profile, which includes the MMO head office located in Newcastle. The challenge of operating across a wide geographical area, often in locations with poor mainland transport links is evident in these results. This is compounded over recent years with increased travel to the EC, to support our preparation for leaving the EC. Whilst the MMO continues to maximise the use of technology and coordination of meeting/travel arrangements to minimise reliance on domestic flights, this will continue to represent a challenge. It is necessary to balance business need, total cost of travel, staff time and wellbeing, with the impacts of delivering services to customers and stakeholders.

Office water use against best practice benchmark

In line with the GGC target above, MMO water usage for 2019/20 against the best practice benchmarks is shown in the table overleaf. The overall target for water usage has not been achieved however the MMO have achieved an overall decrease in water consumption in comparison to 2018/19, out-with a supporting increase in the average FTE of the MMO.

Best practice benchmarks	Current MMO performance against benchmarks
Sites with best performance (<4m ³ /FTE)	20%
Sites with Good performance (4-6m ³ /FTE)	40%
Sites with Poor performance (>6m ³ /FTE)	40%

Sustainable Procurement

The MMO follows the procurement processes adopted by Defra and as such contributes to the promotion of sustainable procurement across government. Supplier sustainability consideration is a standard evaluation criterion in all tenders over £10,000 and where possible, contracts are awarded through MMO frameworks and other pan government frameworks operated by the Crown Commercial Services (CCS). The MMO receives food and catering services as part of a Defra Group facilities management contract.

Climate Change Adaptation

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



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

8 December 2020



2. Accountability Report

2.1 Corporate Governance Report

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

2.1.1 Directors' Report

Responsibility for the direction of the MMO

Non-Executive Board Members

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

For the year ended the 31 March 2020, there were nine Non-Executive Board members in post. The following re-appointments were made during the period:

- Anthony Delahunty and Terence Jagger were re-appointed as Board members from the 1 February 2020 to 31 January 2023.

The composition of the Board for the year ended 31 March 2020 is as follows:

Non-Executive Board Member	Role	Appointment date	End date
Hilary Florek	Chair	08/02/2018	07/02/2021
Anthony Delahunty	Non-Executive Board Member	01/02/2017	31/01/2023
Terence Jagger	Non-Executive Board Member	01/02/2017	31/01/2023
Belinda Howell	Non-Executive Board Member	01/05/2018	30/04/2021
Robert Wilson	Non-Executive Board Member	01/05/2018	30/04/2021
William Roberts	Non-Executive Board Member	01/08/2018	31/07/2021
Peter Judge	Non-Executive Board Member	01/02/2019	31/01/2022
David Lyall	Non-Executive Board Member	01/02/2019	31/01/2022
Bill Dickson	Non-Executive Board Member	01/02/2019	31/01/2022

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

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

Interests

During 2019/20, there were no significant interests held by any of the Non-Executive Board Members which may conflict with their responsibilities. A register of Non-Executive Board Members' interests is published on the MMO's website. Related party disclosures can be seen in note 12 to the Accounts.

Executive Directors

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

- Tom McCormack was appointed as Chief Executive Officer and Accounting Officer from the 10 September 2019 to the 9 September 2024, following the resignation of John Tuckett as Chief Executive Officer on the 7 July 2019.
- Michelle Willis, Director of Finance and EU was appointed Chief Executive Officer and Accounting Officer on the 8 July 2019 in the interim period to the 9 September 2019, following the resignation of John Tuckett as Chief Executive Officer on the 7 July 2019 and the appointment of Tom McCormack as Chief Executive Officer on the 10 September 2019.
- Emma Moir, Director of EU Exit, was seconded from Defra from the 11 October 2019 to the 10 May 2020, following the reporting period.
- Philippa Coyne was appointed as Acting Director of Finance on the 8 July 2019 in the interim period to the 9 September 2019, following the appointment of Michelle Willis, Director of Finance and EU as Chief Executive and Accounting Officer during this period.

The composition during the reporting period is as follows:

Executive Member	Most Current Role	Appointment date	End date
John Tuckett	Chief Executive Officer	19/01/2015	07/07/2019
Tom McCormack	Chief Executive Officer	10/09/2019	09/09/2024
Michelle Willis	Director of Finance and EU	18/02/2013	-
Michelle Willis	Interim Chief Executive Officer	08/07/2019	09/09/2019
Phil Haslam	Director of Operations	01/12/2016	-
Trudi Wakelin	Director of Marine Licensing	06/02/2017	-
Andrew Wareing	Director of Business Development and Transformation	05/12/2016	-
Selina Stead	Chief Scientific Advisor	01/06/2017	-
Terry Robertson	Director of Planning	19/03/2018	16/01/2020
Emma Moir	Director of EU Exit	11/10/2019	10/05/2020
Philippa Coyne	Acting Director of Finance	08/07/2019	09/09/2019

Interests

During 2019/20 the Chief Executive Officer/Accounting Officer and Directors held no interests outside of the MMO relating to the MMO's business.

Personal data related incidents

During 2019/20 there have been no incidents of data loss involving personal information over the reporting period that required formal reporting to the Information Commissioner's Office.

2.1.2 Statement of Accounting Officer's Responsibilities

Under the Marine and Coastal Access Act 2009, the Secretary of State has directed the Marine Management Organisation to prepare, for each financial year, a statement of accounts in the form and on the basis set out in the Accounts Direction.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Marine Management Organisation and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

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

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

The Accounting Officer of Defra has appointed the Chief Executive Officer as Accounting Officer of the Marine Management Organisation. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Marine Management Organisation's assets, are set out in *Managing Public Money* issued by HM Treasury.

Disclosure of audit information to auditors

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

2.1.3 Governance Statement

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

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

Oversight by the Department for Environment, Food and Rural Affairs

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

Governance within the Marine Management Organisation

As a Non-Departmental Public Body (NDPB) within the Defra Group, the MMO is led by a Non-Executive Board that is responsible for setting the overall strategic direction for the MMO in delivery of its strategic objectives and evaluating performance. Hilary Florek is Chair of the Board, and has responsibility for ensuring the MMO activities support the wider policies of the Secretary of State (SoS) and its decisions comply with statute and any direction given by the SoS. At 31 March 2020, the MMO Board comprised nine Non-Executive Board Members. A full list of Non-Executive Board Members is included at page 42.

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

The MMO has in place financial and non-financial Schemes of Delegation, with guidance on regularity and propriety, including an Anti-Fraud and Bribery Policy and Disclosures in the Public Interest (Whistleblowing) Policy and Procedure to comply with the Public Interest Disclosure Act 1998.

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

MMO Governance updates in response to Coronavirus Pandemic

On the 23 March 2020 the Prime Minister announced extraordinary measures to slow the spread of the coronavirus pandemic in the UK. The Prime Minister asked the public to stay at home and effectively put the Country into 'lockdown'. For the MMO, this resulted in all teams immediately working from home and the introduction of new ways of working to deliver essential services.

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

MMO Board and Committee activity including performance

MMO Board

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

During 2019/20, the MMO Board met on seven occasions and considered a number of priorities including People matters (People survey, Health, Safety and wellbeing), business and financial planning, Spending Review, the Control and Capability Programme and the provision of internal audit services. In addition, a key feature of the MMO Board's discussion has been the early development of the MMO Story, and EU Exit, with emphasis on the key MMO EU Exit projects of Catch Certificates and Control and Enforcement capability as well as communicating with our stakeholders. Additionally, the Board have also considered wider strategic matters including; the Conflict, Stability and Security Fund (CSSF) Blue Belt Programme; Marine Planning and Marine Licensing. This approach has ensured that appropriate direction and escalation has been provided following substantive challenge and debate; all of which are formally documented.

I can confirm that where conflicts of interest have arisen, the Chair has initiated protocols for managing sensitivities. During 2019/20, any conflicts considered to be prejudicial in nature have been reported to the Chair in advance to allow impartial discussions and decision making to be upheld. A full register of interests is maintained and reviewed following each MMO Board meeting.

The MMO performed a review of the Board effectiveness in December 2019; considering the work of the Board, performance, audit and risk, progress and impact. The review highlighted the Board was operating effectively with a small number of minor recommendations which will be taken forward in the next period.

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

Audit and Risk Assurance Committee (ARAC)

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

The ARAC provides an independent view on the appropriateness and adequacy of MMO governance, risk management and assurance processes. It provides constructive challenge and advice, taking account of risks, on the effectiveness of the MMO's control environment. The principal focus for activities is documented in its Terms of Reference, which were reviewed in December 2018.

During 2019/20, the ARAC met on five occasions and considered a variety of items including the Internal Audit Programme; External Audit; corporate risks; risk management; the Annual Report and Accounts (interim and final); GDPR; financial approvals for EU Exit; counter-fraud; the Quality Management System and the Environmental Management System. The ARAC Chair will report regularly to the MMO Board and Accounting Officer on items discussed at ARAC. In addition, the Chair of the Committee will inform the MMO Board (via the MMO Board Chair) of any fraud, misappropriation or malpractice immediately that it is discovered or suspected. During 2019/20, no such issues were escalated to the MMO Board.

An Annual Report on the key business conducted through the year is produced in support of this Governance Statement. It concluded that the comprehensiveness, reliability and integrity of the assurances provided by the Executive have been appropriate and adequate for meeting the governance needs of the MMO Board and the Accounting Officer, and for supporting the decisions they have taken, together with their accountability obligations.

Remuneration Committee

The Remuneration Committee comprised two Non-Executive Board members for the significant proportion of 2019/20. The Remuneration Committee met three times during 2019/20. The objective of the committee is to provide assurance to the MMO Board on the governance of Executive remuneration, contractual issues and compensation commitments: these are described in the committee's Terms of Reference. In accordance with best practice, it is a standard part of the committee's dealings to report to the MMO Board after every meeting and to produce a formal report on key business conducted at the end of each year.

Attendance at meetings

Attendance at meetings of the MMO Board, ARAC and Remuneration Committee in 2019/20 was good.

Non-Executive Board member	Board		ARAC		Remuneration Committee	
	Meetings	Attended	Meetings	Attended	Meetings	Attended
Hilary Florek (Chair)	7	7	N/A		N/A	
Anthony Delahunty (Remuneration Committee Member)	7	7	N/A		3	3
Terence Jagger (ARAC member)	7	7	5	5	N/A	
Belinda Howell (ARAC member)	7	7	5	5	N/A	

Non-Executive Board member	Board		ARAC		Remuneration Committee	
	Meetings	Attended	Meetings	Attended	Meetings	Attended
Robert Wilson (Remuneration Committee Chair)	7	7	N/A		3	3
William Roberts, (ARAC Chair)	7	7	5	5	N/A	
Bill Dickson	7	6	N/A		N/A	
Peter Judge	7	7	N/A		N/A	
David Lyall	7	7	N/A		N/A	

Data Quality to support the MMO Board's needs

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

Compliance with the HM Treasury Corporate Governance Code

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

Risk, controls and compliance

The MMO operates a structured risk and control framework which enables the identification, prioritisation and escalation of key strategic risks. The Delivery Review Group (DRG) was chaired at Director level during the year. The DRG scrutinise organisational progress on performance, risk management and financial management on a quarterly basis. This ensures risk is managed in a way that coordinates effort, minimises duplication, sets direction, creates an audit trail and enables timely decision making.

<p>Risk - There is a risk that the MMO's business IT systems may become unavailable due to exploitation of cyber security vulnerabilities or permanent irrecoverable failure of legacy IT for which application and/or platform are no longer supported or manufactured by the technology vendor(s).</p>
<ul style="list-style-type: none"> • This risk focuses on the adequacy of system protection, the reputational risk to the MMO on the loss of any data and the impact on access to data needed to deliver core functions. • The MMO have managed this risk through independent security testing and a risk assessment exercise to identify any vulnerabilities with mitigations identified for those that are assessed to have medium and high impact. • The legacy IT systems used by the MMO in relation to its control and enforcement capability are being addresses through the MMO Control and Capability Programme. • A refresh of hardware for colleagues is underway which was due for completion by 31 March 2020. The rollout has been delayed due to the impact of Covid-19.
<p>Risk - There is a risk that the MMO baseline determined during SR19 will not recognise significant new capabilities and associated operational costs creating a significant budget pressure in 2020/21</p>
<ul style="list-style-type: none"> • This risk identified that programmes and projects may not be delivered successfully with resulting impacts across MMO Services. • The Executive Leadership Team have managed this risk by putting in place a re-baselined people establishment enabling a structure that is affordable from the financial settlement agreed with Defra. The approach also reduces the reliance on contractors to manage change programme resources available successfully. • The MMO continues to assess change requirements allocating resources accordingly for all change driven by EU Exit alongside funding and legislative requirements. • Work continues across all budgets with Defra/HMT leads on planning for 2020/21
<p>Risk - There is a risk that the demands of maintaining EU General Data Protection Regulation (GDPR) compliance cannot be achieved through current skills and capacity including resource, technical and finance capacity.</p>
<ul style="list-style-type: none"> • This risk identifies that the MMO could be non-compliant with regulation and is subject to legal action and penalties following any proven non-compliance. • Mitigation in place to acquire the GDPR skills and resource requirements needed to maintain compliance and a project is in place to achieve Information Commissioner's Office (ICO) requirements.
<p>Risk – There is a risk that the MMO is subject to reputational and financial implications from litigation cases taken in pursuit of its statutory responsibilities under the Marine and Coastal Access Act 2009</p>
<ul style="list-style-type: none"> • This risk highlights the MMO could be legally and financially liable for unforeseen costs/responsibilities leading to increased litigation costs or financial burden. • Mitigation is in place to identify an approach and framework identifying proposed roles and responsibilities to address this risk.

Blue Belt Programme governance

During the reporting period the MMO has been able to confirm that the provisions set out in MCAA 2009 s25 (4) provides the necessary powers that allow the MMO to provide assistance to the Foreign Commonwealth and Development Office (FCDO) led Conflict Stability and Security Fund (CSSF) Blue Belt Programme.

Earlier in the reporting period, the MMO received a legal opinion in relation to its participation as a Direct Delivery Partner. Whilst exploring the impact of this advice, including seeking further legal clarification and expert legislative advice, the MMO agreed to continue to provide assistive activities (deemed 'low risk') to the programme. This decision was taken in consultation with the MMO Board and its sponsor Defra.

Through clearer explanations of the underlying CSSF governance, the commercial arrangements and substance of the assistive activities undertaken, and in conjunction with the expert legislative opinion of its founding Act, the MMO subsequently demonstrated compliance with the MCAA 2009. The MMO has refreshed its internal control framework to reflect these clarifications.

Information risk management

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

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

The MMO as part of Defra group continues to strengthen data protection governance and business processes building on work done in 2018/19. The Defra Group Data Protection Officer (DPO), is the MMO's DPO and has put in place arrangements for monitoring data protection risks and in March 2020 made recommendations for further improvements which are being implemented by the MMO. The MMO is implementing supporting structural change to strengthen data protection and security governance in line with change in Defra Group and wider government.

Ministerial direction

No ministerial directions were issued to the MMO during 2019/20.

Internal Audit

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

External Audit

There are no outstanding management issue(s) or management actions from the 2018/19 audit.

Whistleblowing

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

Conclusion

I was appointed Accounting Officer on 9 September 2020. I met Michelle Willis, Interim Accounting Officer, the MMO Head of Internal Audit and the chair of the Audit and Risk Assurance Committee, to review assurances that a sound system of internal control had been put in place during 2019/20. My review has further been informed by the work of internal audit, assurances from Executive Directors with delegated responsibility within the MMO, and the comments and recommendations made by the external auditors in the annual management letter and other reports.

Overall, I am satisfied there are no significant control weaknesses to report and the effectiveness of the overall governance and risk frameworks has continued to be demonstrated. A comprehensive process of risk management was in place throughout the year and the three key risks identified in section 2.1.3 (page 49) have been effectively monitored and managed through the control frameworks.

2.2 Remuneration and Staff Report

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

2.2.1 Remuneration Report

Terms of Reference for the Remuneration Committee

The MMO Remuneration Committee is a committee of the MMO Board that has been set up to provide assurance to the MMO Board on the governance of Executive remuneration, contractual issues and compensation commitments. Members of the committee are appointed by the MMO Board but must not include the Chair of the MMO Board. At the 31 March 2020 the committee was made up of two Non-Executive Board Members.

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

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

Salary

'Salary' includes gross salary, overtime and any other allowance to the extent that it is subject to UK taxation. Bonus payments, benefits in kind and pension benefits are to be reported separately under Government Financial Reporting Manual 2019/20 guidance.

Pension benefits

Cash equivalent transfer values (CETV)

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

The real increase in the value of the CETV

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

Taxable expenses classified as benefits in kind

Taxable expenses classified as benefits in kind cover any business expenses incurred by the MMO to the extent that they are subject to UK taxation together with the associated tax. For 2019/20 this consists of costs of accommodation, travel and subsistence incurred by Non-Executive Board Members where the place of work in their contract is their home. The MMO pay the benefit in kind for Non-Executive Board Members to HMRC.

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

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

Non-Executive Board Member	Role	Appointment date	End date	2019/20 Fee £'000	2018/19 Fee £'000	Taxable expenses classified as benefits in kind 2019/20, to nearest £100	Taxable expenses classified as benefits in kind 2018/19, to nearest £100
Hilary Florek	Chair	08/02/2018	07/02/2021	40-45	40-45	3,900	4,300
Anthony Delahunty	Non-Executive Board Member	01/02/2017	31/01/2023	10-15	10-15	2,200	3,500
Terence Jagger	Non-Executive Board Member	01/02/2017	31/01/2023	10-15	10-15	2,600	1,700
Belinda Howell	Non-Executive Board Member	01/05/2018	30/04/2021	10-15	10-15 (FYE 10-15)	600	1,300
Robert Wilson	Non-Executive Board Member	01/05/2018	30/04/2021	10-15	10-15 (FYE 10-15)	1,500	1,600

Non-Executive Board Member	Role	Appointment date	End date	2019/20 Fee £'000	2018/19 Fee £'000	Taxable expenses classified as benefits in kind 2019/20, to nearest £100	Taxable expenses classified as benefits in kind 2018/19, to nearest £100
William Roberts	Non-Executive Board Member	01/08/2019	31/07/2021	10-15	5-10 (FYE 10-15)	1,700	2,600
Peter Judge	Non-Executive Board Member	01/02/2019	31/01/2022	10-15	0-5 (FYE 10-15)	100	100
David Lyall	Non-Executive Board Member	01/02/2019	31/01/2022	10-15	0-5 (FYE 10-15)	0	300
Bill Dickson	Non-Executive Board Member	01/02/2019	31/01/2022	10-15	0-5 (FYE 10-15)	1,400	0
Jayne Scott	Non-Executive Board Member	01/02/2010	31/07/2018	0	0-5 (FYE 10-15)	0	1,200
Derek Langslow	Non-Executive Board Member	01/02/2010	30/04/2018	0	0-5 (FYE 10-15)	0	300
Robert James	Non-Executive Board Member	01/02/2010	30/04/2018	0	0-5 (FYE 10-15)	0	300
Nigel Reader	Non-Executive Board Member	01/02/2010	31/01/2019	0	5-10 (FYE 10-15)	0	1,800
Robin Teverson	Non-Executive Board Member	18/02/2013	31/01/2019	0	5-10 (FYE 10-15)	0	2,100
Andrew Wells	Non-Executive Board Member	18/02/2013	31/01/2019	0	5-10 (FYE 10-15)	0	1,700

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

Notes

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

Directors' remuneration (subject to audit)

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

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

	Current Role	Appointment date	End date	Salary (£'000)		Bonus Payments (£'000)		Benefits in Kind (to nearest £100)		Pension Benefits (£'000)		Total (£'000)	
				2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
Tom McCormack	Chief Executive Officer	10/09/2019		65-70 (115-120 FYE)	0	0	0	0	0	12	0	75-80 (125-130 FYE)	0
Michelle Willis	Director of Finance and EU	18/02/2013		90-95	80-85	0-5	5-10	0	0	58	28	150-155	115-120
Phil Haslam	Director of Operations	01/12/2016		90-95	85-90	5-10	5-10	0	0	37	34	130-135	125-130
Trudi Wakelin	Director of Marine Licensing	06/02/2017		80-85	80-85	0-5	0	0	0	30	23	115-120	105-110
Andrew Wareing	Director of Business Development and Transformation	05/12/2016		80-85	80-85	0-5	0	0	0	15	9	95-100	90-95
Selina Stead	Chief Scientific Advisor	01/06/2017		30-35 (80-85 FTE)	15-20 (80-85 FTE)	0	0	0	0	12	7	40-45 (90-95 FTE)	20-25
Emma Moir	EU Exit Director (secondment)	10/10/2019	03/04/2020	30-35 (70-75 FYE)	0	0	0	0	0	32	0	65-70 (100-105 FYE)	0
John Tuckett	Chief Executive Officer	19/01/2015	07/07/2019	35-40 (125-130 FYE)	125-130	0-5	5-10	0	0	26	56	65-70 (155-160 FYE)	185-190

	Current Role	Appointment date	End date	Salary (£'000)		Bonus Payments (£'000)		Benefits in Kind (to nearest £100)		Pension Benefits (£'000)		Total (£'000)	
				2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
Terry Robertson	Director of Strategic Development and Planning	19/03/2018	16/01/2020	50-55 (80-85 FYE)	80-85	0	0	0	0	22	33	70-75 (100-105 FYE)	110-115
Philippa Coyne	Acting Director of Finance	08/07/2019	08/09/2019	5-10 (70-75 FYE)	0	0	0	0	0	8	0	15-20 (75-80 FYE)	0

Band of highest paid executive disclosed in remuneration report (£'000)	115-120	130-135
Median total remuneration (£)	28,489	27,971
Ratio	4.1	4.7

Notes

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

Fair Pay Disclosure (subject to audit)

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

The remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and cash equivalent transfer of pensions. The banded remuneration of the highest-paid Director in the MMO in financial year 2019/20 was £115,000 to £120,000 (2018/19: £130,000 to £135,000). In addition to this the median total remuneration of the workforce £28,489 has increased slightly from last year (2018/19: £27,971). The ratio of the highest paid executive compared to the median total remuneration is 4.1 (2018/19: 4.7). The median salary used in the fair pay disclosure has been calculated using salaries for all MMO staff and an annual equivalent remuneration paid to interim staff based on the grade of post they are covering. All salaries were in a range from £19,240 to £169,000, with 13 staff receiving an annual equivalent salary in excess of the highest paid director.

Overall performance has been assessed against work objectives, the MMO core competence framework and role profiles. Bonus payments for each of the performance years have been made as a non-consolidated pay award where an individual has been awarded a good or excellent mark. Bonuses awarded in the 2019/20 year are in respect of performance in the 2018/19 year.

Directors' Pension benefits (subject to audit)

Executive Group Member	Real increase in pension (£'000)	Real increase in lump sum (£'000)	Value of pension at 31/03/2020 (£'000)	Value of lump sum at 31/03/20 (£'000)	CETV at 01/04/19 (£'000)	Real increase in CETV (£'000)	CETV at 31/03/20 (£'000)
Tom McCormack	0-2.5	0	0-5	0	0	7	9
Phil Haslam	0-2.5	0	5-10	0	60	21	90
Michelle Willis	2.5-5	0	25-30	0	359	36	417
Trudi Wakelin	0-2.5	0	45-50	0	567	15	611
Andrew Wareing	0-2.5	2.5-5	30-35	100-105	728	16	781
Selina Stead	0-2.5	0	0-5	0	8	7	18
Emma Moir	0-2.5	0	30-35	0	507	23	549
John Tuckett	0-2.5	0	10-15	0	215	22	244
Terry Robertson	0-2.5	0	10-15	0	88	8	104
Philippa Coyne	0-2.5	0	10-15	0	120	4	128

Pensions

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

2.2.2 Staff Report

Staff Costs and Numbers (subject to audit)

	2019/20 Permanently employed £'000	2019/20 Others £'000	2019/20 Total £'000	2018/19 Total £'000
Wages and salaries	11,963	3,177	15,140	13,006
Pension costs	3,026	0	3,026	2,088
Social security costs	1,241	0	1,241	1,079
Total Staff Costs	16,230	3,177	19,407	16,173

All of the MMO's permanently employed staff are public servants. Others include staff on inward secondments from other government departments and temporary agency staff. There were no staff exit packages in 2019/20 (2018/19: nil).

Temporary staff are appointed for short term work through the Crown Commercial Framework Agreements. There was no expenditure on consultancy in 2019/20 (2018/19: £138k) as shown in note 3 on page 74 of the financial statements.

Average Number of Full Time Equivalent Staff	2019/20 Number of people	2018/19 Number of people
Directly Employed	350	317
Inward Secondments	5	2
Temporary Agency/Interim Staff	38	36
Total	393	355

Pensions

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

From 1 April 2019 to 31 March 2020, employers' contributions of £3,057k were payable to the PCSPS (2018/19: £2,104k) at one of four rates in the range of 20.0 per cent to 30.3 per cent of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during the period under review, to be paid

when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £13k were paid to one or more of the panel of three appointed stakeholder pension providers (2018/19: £12k).

Employer contributions are age-related and range from eight per cent to 14.75 per cent of pensionable pay. Employers also match employee contributions up to three per cent of pensionable pay. In addition, employer contributions of £0.4k, under 1 per cent of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

No employees have retired early on ill health grounds (2018/19: none). Ill health retirements are met by the pension scheme and are not included in the table above.

Staff composition

The composition of MMO staff at 31 March 2020 is shown in the table below:

	Male FTE	Female FTE	Total FTE
CEO (SCS 2 level or equivalent)	1	0	1
Director (SCS 1 level or equivalent)	3	2	5
Other Staff	186	171	357
Total	190	173	363

Sickness absence data

During the period to 31 March 2020 the average number of sickness days for our staff was 5.5 days (2018/19: 2.6 days).

Equality and Diversity

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

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

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

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

The MMO has also publicised and encouraged managers to bring to the attention of staff the Workplace Adjustments Passport. This provides a discussion framework, helps managers work with a person to understand their needs, and how the MMO can support them in their career development.

Other employee matters

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

The MMO participates in the annual Civil Service People Survey and has an employee forum to address opportunities to increase employee engagement.

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

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

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

The MMO pay policy complies with government pay remit guidelines.

Trade Union Facility Time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 are effective the 1 April 2017 and require the MMO to publish information in relation to Trade Union Facility Time for 2019/20.

Table 1**Relevant union offices**

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

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
2	2

Table 2**Percentage of time spent on facility time**

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

Percentage of time	Number of employees
0%	0
1-50%	2
51%-99%	0
100%	0

Table 3**Percentage of pay bill spent on facility time**

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

Provide the total cost of facility time (£'000)	21
Provide the total pay bill (£'000)	19,407
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0%

Table 4**Paid trade union activities**

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

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

Off-payroll engagements

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

Table 1: For all off-payroll engagements as at 31 March 2020, for more than £245 per day and that last for longer than six months	
Number of existing engagements as of 31 March 2020	18
Of which...	
Number that have existed for <u>less than one</u> year at time of reporting	10
Number that have existed for between <u>one and two</u> years at time of reporting	5
Number that have existed for between <u>two and three</u> years at time of reporting	3

Table 2: For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020, for more than £245 per day and that last for longer than six months	
Number of new engagements, or those that reached six months in duration between 1 April 2019 and 31 March 2020	14
Of which...	
Number assessed as <u>caught</u> by IR35	0
Number assessed as <u>not caught</u> by IR35	14
Number engaged directly (via a Personal Services Company contracted to the department) and are on the departmental payroll	0
Number of engagements reassessed for consistency/assurance purposes during the year	0
Number of engagements that saw a change to IR35 status following the consistency review	0

Table 3: For any off-payroll engagements of board members, and/or senior officials with significant financial responsibility, between 1 April 2019 and 31 March 2020	
Number of off-payroll engagements of board members, and/or senior officials with significant financial responsibility, during the financial year	0
Total number of individuals <u>on payroll and off payroll</u> that have been deemed “board members, and/or senior officials with significant financial responsibility”, during the financial year. This figure should include both on-payroll and off-payroll engagements	19

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

2.3 Parliamentary Accountability and Audit Report

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

2.3.1 Regularity of Expenditure (subject to audit)

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

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

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

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

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

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

For 2019/20 the MMO can report that there were no losses, special payments or gifts incurred during the year to date which exceeded £300k.

2.3.2 Fees and Charges (subject to audit)

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

2.3.3 Remote contingent liabilities (subject to audit)

As at 31 March 2020 the MMO held no remote contingent liabilities.

2.3.4 Long-term expenditure trends

Information in respect of long-term expenditure trends can be seen in the 'Financial Review' at pages 34-36.



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

8 December 2020

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

Opinion on financial statements

I certify that I have audited the financial statements of the Marine Management Organisation for the year ended 31 March 2020 under the Marine and Coastal Access Act 2009. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the Marine Management Organisation's affairs as at 31 March 2020 and of the Marine Management Organisation's net operating expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Marine and Coastal Access Act 2009 and Secretary of State directions issued thereunder.

Opinion on regularity

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

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Marine Management Organisation in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the Marine Management Organisation's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Marine Management Organisation have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Marine

Management Organisation's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

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

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

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Marine Management Organisation's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude on the appropriateness of the Marine Management Organisation's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Marine Management Organisation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence

obtained up to the date of my report. However, future events or conditions may cause the Marine Management Organisation to cease to continue as a going concern.

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

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

Other Information

The Accounting Officer is responsible for the other information. The other information comprises information included in the Performance Report and the Accountability Report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Marine and Coastal Access Act 2009;
- in the light of the knowledge and understanding of the Marine Management Organisation and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- 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.

Gareth Davies

9 December 2020

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP



3. Financial Statements

Statement of Comprehensive Net Expenditure for the year ended 31 March 2020

	Note	2019/20 £'000	2018/19 £'000
Expenditure			
Staff Costs	2	19,407	16,173
Other Expenditure	3	23,014	13,087
Total Expenditure		42,421	29,260
Income			
Revenue from contracts with customers	4	(3,823)	(3,362)
Other Operating Income	4	(6,937)	(5,188)
Total Income		(10,760)	(8,550)
Net Operating Expenditure		31,661	20,710
Other Comprehensive Net Expenditure			
Net (Gain) / Loss on revaluation of Intangibles	5	(3)	(4)
Comprehensive Net Expenditure		31,658	20,706

The notes on pages 77 to 91 form part of these accounts.

Statement of Financial Position at 31 March 2020

	Note	31 March 2020		31 March 2019	
		£'000	£'000	£'000	£'000
Non-current assets:					
Property, plant and equipment		61		92	
Intangible assets	5	3,900		2,769	
Total non-current assets			3,961		2,861
Current assets:					
Trade and other receivables	6	7,028		4,732	
Cash and cash equivalents	7	4,487		921	
Total current assets			11,515		5,653
Total assets			15,476		8,514
Current liabilities:					
Trade and other payables	8	(6,546)		(4,985)	
Provisions		(90)		(190)	
Total current liabilities			(6,636)		(5,175)
Total assets less current liabilities			8,840		3,339
Non-current liabilities:					
Other payables	8	0		0	
Total non-current liabilities			0		0
Total assets less total liabilities			8,840		3,339
Taxpayers' equity and other reserves:					
General reserve			8,826		3,310
Revaluation reserve			14		29
Total equity			8,840		3,339



Tom McCormack CBE

Chief Executive Officer and Accounting Officer

Marine Management Organisation

8 December 2020

The notes on pages 77 to 91 form part of these accounts.

Statement of Cash Flows for the year ended 31 March 2020

	Note	2019/20 £'000	2018/19 £'000
Cash flows from operating activities			
Net Operating Expenditure		(31,661)	(20,710)
Adjustment for notional corporate recharge	3	5,890	3,819
Adjustments for depreciation and amortisation	3	639	274
Adjustments for impairment of PPE and Intangibles	3	74	0
(Increase)/decrease in trade and other receivables	6	(2,296)	(954)
Increase/(decrease) in trade payables and other liabilities	8	1,561	(1,265)
Use of provisions		(100)	(5)
Net cash outflow from operating activities		(25,893)	(18,841)
Cash flows from investing activities			
Purchase of Intangible Assets	5	(1,810)	(2,422)
Net cash outflow from investing activities		(1,810)	(2,422)
Cash flows from financing activities			
Grant from Defra		31,269	19,834
Net financing		31,269	19,834
Net increase / (decrease) in cash and cash equivalents in the period	7	3,566	(1,429)
Cash and cash equivalents at the beginning of the period	7	921	2,350
Cash and cash equivalents at the end of the period	7	4,487	921

The notes on pages 77 to 91 form part of these accounts.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2020

	Note	General Reserve £'000	Revaluation Reserve £'000	Total £'000
Balance at 31 March 2018		348	44	392
Changes in Taxpayers' Equity for 2018/19				
Grants from parent department		19,834	0	19,834
Notional corporate recharges	3	3,819	0	3,819
Net gain on revaluation of intangible assets	5	0	4	4
Transfers between reserves		19	(19)	0
Comprehensive Net Expenditure for the year		(20,710)	0	(20,710)
Balance at 31 March 2019		3,310	29	3,339
Changes in Taxpayers' Equity for 2019/20				
Grants from parent department		31,269	0	31,269
Notional corporate recharges	3	5,890	0	5,890
Net gain on revaluation of intangible assets	5	0	3	3
Transfers between reserves		18	(18)	0
Comprehensive Net Expenditure for the year		(31,661)	0	(31,661)
Balance at 31 March 2020		8,826	14	8,840

The notes on pages 77 to 91 form part of these accounts.

Notes to the Accounts

Note 1 Statement of accounting policies

1.1 Requirement to prepare accounts

These accounts are for the year ended 31 March 2020 and have been prepared in accordance with the Marine and Coastal Access Act (MCAA) 2009 and the Secretary of State direction there under.

The financial statements have been prepared in accordance with the 2019/20 Government Financial Reporting Manual (FRoM) issued by HM Treasury. The accounting policies contained in the FRoM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FRoM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Marine Management Organisation (MMO) for the purpose of giving a true and fair view, has been selected.

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

1.2 Accounting convention

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

1.3 Going concern

The accounts have been prepared on a going concern basis. In common with other Non-Departmental Public Bodies (NDPBs) within the Defra group, the future financing of the MMO's liabilities is accordingly to be met by future supplies of grant-in-aid and the application of future income, both to be approved annually by Parliament. Approval for amounts required for 2020/21 have been confirmed and there is no reason to believe that future approvals will not be forthcoming. As part of the Governments' commitment to increase transparency and accountability of public services, Defra completed a review of its arm's length bodies in 2013 and confirmed that the MMO will be retained as an executive NDPB, on the grounds of performing a technical function which should remain independent.

1.4 Operating Segments

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

1.5 Non-current assets

1.5.1 Intangible non-current assets: recognition and measurement

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

1.6 Revaluation

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

1.7 Depreciation and amortisation

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

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

1.8 Impairment

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

1.9 Employee benefits

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

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

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

1.10 Grants and subsidies

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

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

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

During 2019/20 the MMO was designated by the Secretary of State the administration of the Maritime Fisheries Fund (MFF). Through the management of this fund the MMO will carry out duties in the capacity as Agent for Defra, as the Principle. The transactions of grant expenditure feature in Defra’s Resource Accounts and not the MMO’s Accounts.

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

1.11 Other Expenditure

From April 2015 arrangements for paying corporate overheads moved to a notional recharge basis. The notional Corporate Overhead Recharge, which is calculated by Defra, includes expenditure relating to estates management and the elements of the IBM Service Concession Arrangement which were previously recognised separately in ‘Other Expenditure’.

1.12 Income

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

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

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

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

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

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

1.13 Provisions

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

1.14 Value Added Tax (VAT)

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

1.15 Contingent liabilities and remote liabilities

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

1.16 Financial instruments

1.16.1 Financial assets

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

In line with the Government Financial Reporting Manual IFRS 9 Financial Instruments is effective from 1 April 2018. In accordance with IFRS 9 the MMO must recognise a loss

allowance on short term trade receivables equal to their lifetime Expected Credit Losses. The MMO has performed an assessment of expected credit losses and as a result has recognised a loss allowance equivalent to all customer invoices over 12 months old. This change in approach to impairment from the incurred loss model under IAS39 is immaterial, consequently the transition disclosures under IFRS 9 are not required.

1.16.2 Financial liabilities

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

1.16.3 Derivative financial instruments and hedging

The MMO is required to disclose the role that financial instruments had at 31 March 2020 in creating or changing the risks faced by the MMO in undertaking its activities.

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

1.17 Impending applications of newly issued accounting standards not yet effective

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

IFRS 16 – Leases. This standard is effective from 1 January 2019, with public sector implementation expected in line with the Government Financial Reporting Manual from 1 April 2022. It will supersede all existing IFRS standards on leases. In line with Note 10 'Commitments under leases' the MMO has current operating lease commitments of £1,106k in relation to Buildings and Land, and £229k in relation to lease cars. These lease commitments will be assessed as 'right of use' assets in line with the implementation of IFRS 16.

Note 2 Staff numbers and related costs

	2019/20 Permanently employed £'000	2019/20 Others £'000	2019/20 Total £'000	2018/19 Total £'000
Wages and salaries	11,963	3,177	15,140	13,006
Pension costs	3,026	0	3,026	2,088
Social security costs	1,241	0	1,241	1,079
Total Staff Costs	16,230	3,177	19,407	16,173

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

Information relating to senior MMO staff salaries and other benefits in kind is disclosed within the Remuneration Report from page 52 of the Annual Report. Information relating to staff numbers and other staff information is included within the Staff Report from page 60.

Note 3 Other expenditure

	Note	2019/20 £'000	2018/19 £'000
Aerial, Surface and Satellite Surveillance		8,774	2,276
CEFAS Scientific Support for Marine Environment Work		2,378	1,613
Technical Services		1,272	235
Travel, Subsistence and Hospitality		914	1,107
Other ICT		694	751
Data and Evidence		853	961
Other Programme Costs		648	489
Shared Services (SSCL)		375	372
Audit Fees - Internal Audit (Defra)		180	230
Rentals payable under operating leases		101	69
Training		98	235
Prosecutions and Legal Services		79	167
Data Collection Framework		70	329
Audit Fees - External Audit (National Audit Office)		52	43
Grant Expenditure		23	(16)
Consultancy		0	138
Non-cash			
Corporate Overhead Recharge		5,890	3,819
Amortisation	5	608	236
Impairment of Intangible Assets		74	0
Depreciation		31	38
Provisions provided for in period		0	80
Gain on revaluation		0	0
Utilisation of provision		(20)	(35)
Provisions not required and written back		(80)	(50)
Total		23,014	13,087

Note 4 Income

	2019/20 £'000	2018/19 £'000
Revenue from contracts with customers		
Marine Licences (Marine and Coastal Access Act 2009)	3,646	3,097
Other revenue	177	265
Total revenue from contracts with customers	3,823	3,362
Other Operating Income		
European Maritime Fisheries Fund	6,937	5,188
Total Income	10,760	8,550

Fees and charges (recovered costs)

	Income £'000	Full Cost £'000	(Deficit) £'000
Marine Licences (Marine and Coastal Access Act 2009)	3,646	4,424	(778)

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

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

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

The MCAA 2009 marine licensing income recognised in the period to 31 March 2020 consists of income relating to both the 2014 charging instrument (effective 1 April – 31 August 2018) and the 2018 charging instrument (effective 1 September 2018). Of this £23k related to navigational dredging and £1,013k for monitoring and varying marine licences under the powers of Order to the Public Bodies Act 2011 effective from 1 October 2014.

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

The cost recovery deficit of £808k relating to MCAA 2009 marine licences has materialised because the cost of the MMO undertaking these activities exceed the fee rate set within the statutory instrument which restrict the MMO's ability to recover all recoverable costs, where appropriate.

Note 5 Intangible assets

	Software & Licences £'000	Construction in Progress £'000	Intangible Assets £'000
Cost or valuation			
At 1 April 2019	4,567	2,422	6,989
Additions	0	1,810	1,810
Transfers	3,963	(3,963)	0
Impairments	0	(74)	(74)
Revaluation	30	0	30
At 31 March 2020	8,560	195	8,755
Amortisation			
At 1 April 2019	(4,220)	0	(4,220)
Charged In period	(608)	0	(608)
Revaluation	(27)	0	(27)
At 31 March 2020	(4,855)	0	(4,855)
Net Book Value at 1 April 2019	347	2,422	2,769
Net Book Value at 31 March 2020	3,705	195	3,900
	Software & Licences £'000	Construction in Progress £'000	Intangible Assets £'000
Asset Financing			
Owned	3,705	195	3,900
On-balance sheet (SoFP) other service concession arrangements	0	0	0
Net Book Value at 31 March 2020	3,705	195	3,900

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

The following internally developed systems were brought in to use during the year:

- Catch Recording – an interface to enable the provision and storage of catch data from the UK fishing fleet.
- Data Exchange – an interface to enable the electronic transmission of data required under EU regulations.
- Marine Licensing Case Management System – enhancements to the existing Marine Licence administration system.
- Digital Marine Plans – Web hosted interactive marine plans.

Internally developed systems are recognised at cost and have a useful economic life of five years. The last revaluation of intangible assets was carried out on 31 March 2020.

	Software & Licences £'000	Construction in Progress £'000	Intangible Assets £'000
Cost or valuation			
At 1 April 2018	4,533	0	4,533
Additions	0	2,422	2,422
Transfers (Completed / Capitalised CIP)	0	0	0
Revaluation	34	0	34
At 31 March 2019	4,567	2,422	6,989
Amortisation			
At 1 April 2018	(3,954)	0	(3,954)
Charged In period	(236)	0	(236)
Revaluation	(30)	0	(30)
At 31 March 2019	(4,220)	0	(4,220)
Net Book Value at 1 Apr 2018	579	0	579
Net Book Value at 31 March 2019	347	2,422	2,769

	Software & Licences £'000	Construction in Progress £'000	Intangible Assets £'000
Asset Financing			
Owned	374	2,422	2,769
On-balance sheet (SoFP) other service concession arrangements	0	0	0
Net Book Value at 31 March 2019	374	2,422	2,769

Note 6 Trade receivables and other current assets

	2019/20 £'000	2018/19 £'000
Amounts falling due within one year		
Trade Receivables	679	798
Bad Debt	(137)	(111)
Other taxation and social security	15	55
Prepayments and Accrued Income	873	536
Prepayments and Accrued Income (EU)	5,598	3,454
Total due within one year	7,028	4,732

There were no receivables falling due after more than one year at 31 March 2020 (31 March 2019: nil).

Note 7 Cash and cash equivalents

	2019/20 £'000	2018/19 £'000
Balance at 1 April 2019	921	2,350
Net changes in Cash and Cash Equivalent balances	3,566	(1,429)
Balance at 31 December 2019	4,487	921

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

Note 8 Trade payables and other current liabilities

	2019/20 £'000	2018/19 £'000
Amounts falling due within one year		
Trade Payables	1,774	703
Other taxation and social security	608	610
Accruals and Deferred Income	1,301	1,819
Other Payables:		
Defra Network	1,973	947
Aerial & Surface Surveillance	890	906
Total due within one year	6,546	4,985

There were no payables falling due after more than one year at 31 March 2020 (31 March 2019: nil).

Note 9 Commitments under leases

Operating leases

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

	2019/20 £'000	2018/19 £'000
Buildings and Land		
Not later than one year	215	354
Later than one year and not later than five years	503	98
Later than five years	388	
	1,106	452
Other		
Not later than one year	89	70
Later than one year and not later than five years	140	151
	229	221

As at 31 March 2020, 25 cars were leased over a period of four years which is reflected in the other operating lease commitments above.

Note 10 Other financial commitments

The MMO entered into non-cancellable contracts (which are not leases or PFI contracts) as detailed below. The payments to which the MMO were committed at 31 March 2020, analysed by the period during which the commitment expires, are as follows:

	2019/20 £'000	2018/19 £'000
Not later than one year	5,361	867
Later than one year and not later than five years	976	2,589
Later than five years	0	2
Total present value of obligations	6,337	3,458

Note 11 Contingent liabilities

The MMO has no contingent liabilities at 31 March 2020 (31 March 2019: Nil).

Note 12 Related party transactions

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

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

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

Board Member / Senior Staff	Corporate Related Body	Role	Total payments made (Goods & Services) £'000	Total income received £'000	Amount owed by MMO at 31 March 2020 £'000	Amount owed to MMO at 31 March 2020 £'000	Bad Debt at 31 March 2020 £'000
Peter Judge	Northumbria University	Senior Independent Governor	2	0	0	0	0
Belinda Howell	Centre for Environment, Fisheries and Aquaculture Science (Cefas)	UK Seafood Innovation Fund - steering group member	2,378	2	1,263	2	0

No Non-Executive Board Member or member of the Executive Group has undertaken any material transactions with the MMO constituting an interest which needs to be declared. Further information on Non-Executive Board Members and Directors can be found in the Remuneration Report from page 52.

Note 13 Third-party assets

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

During the period to 31 March 2020, the MMO received fishing administrative penalties imposed by English or Welsh courts on owners of fishing vessels in accordance with Sea Fishing (Penalty Notices) (England) Order 2011 SI 2011 No 758. The MMO acts as custodian, however, it has no direct beneficial interest, therefore these monies are not included in the Accounts and will be transferred to HM Treasury as consolidated fund extra receipts once they are six months old.

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

The amounts are set out in the table below:

Monetary assets and monies on deposit	31 March 2020	31 March 2019
	£'000	£'000
Court Costs	92	132
Fishing Admin Penalties	132	83
Bonds	105	0
Total	329	215

Note 14 Events after the reporting date

On 1 October 2020, the MMO was formally served proceedings in a civil case, alleging a claim in damages against the MMO. The legal case is progressing with no immediate timescales for resolution.

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



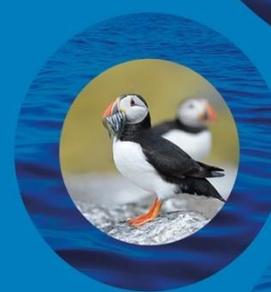
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