



marine
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organisation

**Marine Management Organisation
Annual Report and Accounts
for the financial year ended
31 March 2011**

Presented to Parliament

Pursuant to Schedule 1, Sections 26, 27 and 28 of the Marine and Coastal Access Act 2009

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Chair and Chief Executive Officer foreword

The Marine Management Organisation (MMO) is a new executive non-departmental public body (NDPB) established in April 2010 and given powers under the Marine and Coastal Access Act 2009. This ground-breaking Act brings together for the first time key marine management activities and decision-making powers. It is our mission to enable the sustainable development of our seas.

Our first year has seen the MMO successfully deliver all of our Strategic Outcomes. We have brought together a range of existing marine management activities and new duties into a single organisation. We have strengthened communication with our customers. We have also adapted to a reduced budget through increased efficiency and improved collaboration with other organisations in areas such as estates and enforcement.

Highlights for the year include:

- Implementing a new marine planning system which will integrate the social, economic and environmental needs of our seas, announcing East Inshore and East Offshore as the first two plan areas, and launching the Statement of Public Participation to ensure comprehensive engagement.
- Managing UK fisheries quotas and UK fishing fleet capacity, engaging with and advising the industry as we take our decisions, and ensuring stocks were not over-fished.
- Implementing a new marine licensing regime that results in clearer, simpler and quicker licensing decisions leading to full cost recovery of the licensing function.
- Delivery of new nature conservation duties, including making our first byelaw to limit detrimental impact on a European Marine Site.
- Created effective marine pollution response plans designed to manage responses to marine emergencies

(alongside other agencies) illustrated by supporting the US government on the Gulf of Mexico oil spill, in relation to the UK's methods and procedures for approving the use of oil treatment products.

The MMO has developed a culture of openness, transparency and accountability within the organisation which is in line with better regulation principles. This means that people and organisations have opportunities to engage with us and understand our decisions.

None of this could have been achieved without the professionalism, commitment and hard work of the MMO's staff and Board. We would like to take this opportunity to thank them for everything they have done to make the first year of the MMO the success it has been.

We would like to thank our former Chair, Chris Parry CBE, and our former Chief Executive Officer, Steven Gant. In addition we would like to welcome our new Chair Sir William Callaghan to the MMO. Our thanks also go to the many people and organisations that have supported us in our first year.

We look forward to continuing to work with you all towards achieving another successful year.

Dr Derek Langslow CBE
Acting Chair

James Cross
Acting Chief Executive Officer

Management commentary

The Marine Management Organisation (MMO) was created under the Marine and Coastal Access Act 2009. It is an executive non-departmental public body (NDPB) which was established on 1 April 2010 and took over the roles and responsibilities of the Marine and Fisheries Agency (MFA), together with new powers gained from the Act.

The MMO's operational activities were carried out at our headquarters site in Newcastle (Lancaster House, Hampshire Court, Newcastle upon Tyne, NE4 7YH) as well as in London and at 18 locations around the coast.

Information security is critical to the MMO and is achieved through a robust information management policy. There have been no personal data related incidents in the period of this report.

The MMO set out its Strategic Aim in its first Corporate Plan. The aim was: **To maintain exemplary levels of delivery and public service in the marine area while growing to full capacity by 2012 to become the nationally and internationally recognised leader in marine management and sustainable development.**

In order to deliver this Strategic Aim the MMO identified five Strategic Outcomes which would need to be achieved. These were:

Strategic Outcome 1

A distinctive contribution to the achievement of sustainable development.

Strategic Outcome 2

Effective delivery and continuous improvement of the MMO's regulatory, licensing and statutory functions.

Strategic Outcome 3

Rigour, consistency and impartiality in decision making.

Strategic Outcome 4

Delivery of exceptional customer service and the provision of effective, responsible stewardship of the marine area.

Strategic Outcome 5

A comprehensive network of productive working relationships with partners, stakeholders and service providers.

These Strategic Outcomes were made up of Business Plan targets and the following pages demonstrate how the MMO has performed against the Strategic Outcomes. The Strategic Outcomes are then summarised in a table which is made up of detailed Business Plan Objectives.



Strategic Outcome 1

A distinctive contribution has been made to the achievement of sustainable development by, among other initiatives, introducing and developing a comprehensive marine planning capability that, by 2012, delivers a world-leading, integrated approach to marine management.

Marine Planning

The MMO was given the responsibility under the Marine and Coastal Access Act 2009 to create marine plans, which will set the direction for decision making at a local level to secure efficient and sustainable use of our marine resources.

This year the MMO were delighted to announce the first Marine Plan areas in England as East Inshore and East Offshore. This decision marked a major delivery milestone for the MMO and for the implementation of the Government's vision for clean, healthy, safe, productive and biologically diverse oceans and seas.

The MMO will use its experience of marine planning in the first two areas as it delivers the full programme of 10 Marine Plans for England by April 2021.

First emergency byelaw

In January 2011 the MMO brought in its first emergency byelaw to protect eelgrass beds in the Portsmouth Harbour European Marine Site from the impacts of clam dredging. The eelgrass beds provide a rich source of food for wintering wildfowl and also trap sediments, helping reduce coastal erosion and providing an important nursery area for fish.

Marine protection

The MMO provided delivery expertise as a contribution to the formation of the four Marine Conservation Zone (MCZ) projects. The MMO also worked with delivery partners and local groups to protect the marine environment and the living resources it supports, including those protected by European and National designations.

Inshore Fisheries and Conservation Authorities (IFCA's)

The MMO played a central role in the project to establish 10 Inshore Fisheries and Conservation Authorities (IFCAs) around the coast of England. This included recruitment of new appointees to each IFCA, representation on the IFCA Implementation Team and Working Groups, assistance in developing guidance to IFCAs and participation in training groups. The MMO has a new responsibility to support IFCAs in their byelaw making role. This will involve a review of all existing IFCA byelaws over the next four years and a quality assurance role for new byelaws. The MMO looks forward to further collaboration with the IFCAs as they undertake their important role in the sustainable management of inshore sea fisheries resources.

The MMO is the first organisation in the world to develop an integrated planning system for the marine area, mirroring the terrestrial planning regime in England which has been in place for over 60 years.



Strategic Outcome 1 - How did we do?

The MMO's delivery activities in 2010/11 were defined as Business Plan targets and grouped under five Strategic Outcomes. The table below shows all Business Plan targets for Strategic Outcome 1 and what we achieved.

Target (BP - Business Plan)	Achieved
BP01 Refine the first iteration of planning tools, including sustainable development, consultation and impact assessments, to develop an effective operational toolset and train the first planning teams in its use by December 2010.	Yes
BP02 Deliver an outline planning process by December 2010.	Yes
BP03 Establish and agree improvement processes and mechanisms to monitor the future direction of marine planning by December 2010.	Yes
BP04 Establish the first area based planning team(s) by October 2010.	Yes
BP05 Establish an appropriate structure for engaging key national and local stakeholders in the marine planning community.	Yes
BP06 Establish appropriate quality assurance, governance and engagement mechanisms to support the development of marine plans by December 2010.	Yes
BP07 Communication plan developed to ensure the Infrastructure Planning Commission (IPC) and other key partners are aware of the impacts of planning and licensing decisions in the marine area and on the achievement of the objectives of the Marine Policy Statement.	Yes
BP08 Ensure decision makers, IFCA's, Natural England and the Environment Agency in particular are aware of marine plans and of their obligation to engage, consult and take decisions in accordance with them by March 2011.	Yes
BP09 Internal procedures to align licensing and planning functions in place by October 2010.	Yes
BP10 Meet Infrastructure Planning Commission (IPC) and Department of Energy and Climate Change (DECC) timescales and requirements for consultation on applications, ensuring marine plans and priorities are highlighted and considered.	Yes
BP11 MMO demonstrates that the content of its input to the IPC has regard to any draft Marine Policy Statement (MPS), and once adopted is in accordance with the MPS.	Yes
BP12 Apply the selection criteria to plan areas and publish an implementation timetable by October 2010.	Yes
BP13 Publish a Statement of Public Participation for the first two plans by March 2011.	Yes
BP14 Working with key stakeholders and relevant bodies, gather and make accessible key elements of the national evidence base and identify critical gaps by December 2010.	Yes
BP15 Conduct risk assessment and the identification of work to address high priority evidence gaps ahead of development of the first plans by December 2010.	Yes
BP16 Identify funding to cover evidence gaps in initial plans.	Yes
BP18 Develop capacity and process to provide evidence based analysis which incorporates economic, social and environmental factors (including IT systems) by March 2011.	Yes
BP19 Develop a risk and collaboration based enforcement model by December 2010 to be agreed with the Department for Environment Food and Rural Affairs (Defra), Joint Nature Conservation Committee (JNCC), Natural England and sea fisheries committees, where relevant.	Yes
BP20 Develop operational advice and information on appropriate, pragmatic management measures to inform MCZ site selection projects by December 2010.	Yes
BP21 Develop, implement and evaluate standard template and procedures for producing MMO bylaws and agree with legal and delivery partners by September 2010	Yes
BP22 Develop and implement a risk based compliance, monitoring and enforcement regime for MMO bylaws by September 2010.	Yes
BP23 Completion of recruitment of IFCA committee members and formation of shadow IFCA's by October 2010.	Yes
BP24 Complete all IFCA service level agreements by December 2010.	Yes
BP25 Jointly plan with emerging IFCA's and Defra operational systems and processes to ensure joined up working, and agree information sharing protocols, by March 2011.	Yes

Please note that SO1/BP17 is due for delivery by 30 June 2011.

The above information is based on the MMO Corporate Plan/Business Plan Strategic Outcome monitoring spreadsheet as at 31 March 2011.

Strategic Outcome 2

Effective delivery and continuous improvement of the MMO's regulatory, licensing and statutory functions has been undertaken. Resulting in professional and proactive management of our seas, characterised by the delivery of an efficient public service and value for money.

Fisheries enforcement and landings

The MMO compiles, monitors and maintains a significant amount of fisheries data to ensure decisions taken by the MMO are based on the best available evidence and to ensure the responsibilities given to the MMO under both United Kingdom (UK) and European Union (EU) legislation are complied with. The MMO share this data with interested parties and it is available for all to access on the MMO website at: www.marinemanagement.org.uk/fisheries/statistics/annual.htm

1452 inspections of fishing vessels at sea were carried out, including inspections undertaken by UK marine enforcement officers embarked on other member states' fisheries protection vessels, 2170 inspections of vessels in port (including licence condition visits) and 4733 inspections of vessels' landed catch. As a result of these inspections 10 prosecutions were brought resulting in fines of £61,980 and fines to the value of catch of £8,000, 14 financial administrative penalties were offered and paid to the value of £24,500, and 81 official written warnings were issued. (This is based on MMO enforcement records.)

Quotas are set annually by the European Commission (EC), and the MMO had the difficult balancing task of ensuring that stocks were managed and Common Fisheries Policy (CFP) reflected throughout the year to maximise the fishing opportunities for the UK industry. The MMO ensured that stocks were not overfished and the UK government and taxpayer did not have to pay penalties.

The MMO helped to secure fish quota worth more than £4 million for the inshore fleet in 2010 by arranging swaps and gifts of quota. To achieve this, quotas worth £1.5 million were swapped out in the same period resulting in a £2.5 million gain for the industry as a whole.

Marine licensing

The MMO worked closely with other government departments, devolved UK administrations and interested parties to prepare for the delivery of the new streamlined marine licensing system launched on 6 April 2011 under Part 4 of the Marine and Coastal Access Act 2009. The MMO also worked with Defra to inform their public consultation.

Some of the licences issued this year include:

Marine Development Control Cowes Outer Harbour which supports the development of plans to improve the harbour.

- **Cornwall County Council** to improve the ferry connection between the mainland and the Isles of Scilly.
- **Port of Workington** to conduct non-emergency works following a flood.
- **Scotia Gas Networks** for the improvement of gas supply to the Isle of Wight.

Renewables

- **E.On UK Renewables Ltd** to build Humber Gateway Offshore wind farm in the Greater Wash which will produce 300 Mega Watts (MW) via 83 turbines.
- **Lincs Wind Farm Ltd** for the construction of the LID6 Wind Farm which will generate up to 21.6 MW. This equates to enough energy to power up to approximately 12,000 homes and save 24,000 tonnes of carbon dioxide (CO₂) per annum.

Aggregates

- **Cemex UK Marine Ltd and Tarmac Marine Dredging Ltd** were given dredging permission for the extraction of up to 9 million tonnes of coarse sand aggregate over a 15 year period.

European Fisheries Fund

The Marine Management Organisation administers the European Fisheries Fund (EFF) in England.

One of the largest grants we've approved from the scheme was £2 million towards the £6 million modernisation of the Western Quay at North Shields, Tyne and Wear, which was completed in October 2010. This vital project ensured the largest prawn port in England and Wales had a viable future. It also helped to safeguard over 740 jobs in the catching, landing and processing sectors of the North East fishing industry.

The project completely refurbished the existing 125 year old quay, which had been in a state of decline for 50 years. It created a berthing facility of 275 metres for up to 40 fishing boats and also provided easy access to services such as fuel and ice. These will be of particular benefit to the large number of vessels visiting the port between September and March due to the lucrative prawn fishing grounds in the North Sea.

This work could not have gone ahead without the public funding provided through the EFF scheme, regional development agency, local council and port authority.

Illegal, Unreported and Unregulated Fishing

The MMO have a team dedicated to enforcing new EU Illegal, Unreported and Unregulated (IUU) fishing regulations which came into force on 1 January 2010. Their remit includes UK international fisheries obligations including liaison with third country and member state authorities, control of the UK distant water fleet, London based environmental protection duties, and support to MMO operations, investigation and coastal teams.

The team is a lead member of the UK IUU delivery partnership formed with port health and Her Majesty's Revenue and Customs (HMRC) which aims to ensure the free flow of legally sourced fishery products exported to the UK from third countries. Achievements of IUU activity include leadership on behalf of the UK in both Europe and internationally, and recognition and support from the importing community of the effectiveness of the UK implementation strategy.

IUU processed 1848 certificates and 11932 landings in the period of this report. (This is based on the MMO IUU database.)

Marine emergencies

In collaboration with interested parties we created effective marine pollution response plans and contributed our expertise to the resolution of other marine emergencies. In addition we will host the cross-government and marine pollution stakeholder community Marine Pollution Incident Information Portal bringing together relevant information from cross-government bodies and industry into one accessible website.

A number of exercises have been led by the MMO throughout the year to assess our ability to respond to marine emergencies which will enhance our future capability.



The total EFF funding administered through the MMO for the period 1 April 2010 to 31 March 2011 was £4,531,000. (This is based on the MMO EFF database.)

Strategic Outcome 2 - How did we do?

The MMO's delivery activities in 2010/11 were defined as Business Plan targets and grouped under five Strategic Outcomes. The table below shows all Business Plan targets for Strategic Outcome 2 and what we achieved.

Target (BP - Business Plan)	Achieved
BP01 Develop quarterly reporting to Defra and Other Government Departments performance standards with action plans to address deficiencies and improve customer service. Revised process in place by September 2010.	Yes
BP02 Develop internal process to ensure our data is integrated into the decision support function and used to inform marine planning, fishery management and sustainable development. Process in place by October 2010.	Yes
BP03 Actively manage fishery quotas to maximise permitted fishing opportunities and days at sea to ensure UK remains within agreed effort limits and associated real-time closure arrangements.	Yes
BP04 Meet fisheries data inputting and reporting targets, as well as tasks involving data gained from European marine sites.	Yes
BP05 Provide risk-assessed surface, aerial and on-land inspection and surveillance resources, at a level consistent with resources and the requirements of effective enforcement.	Yes
BP06 Issue licence and variations for fishing vessels in response to fishing opportunities and restrictions.	Yes
BP07 Implement requirements for vessel monitoring systems, e-sales notes and e-log books in line with EU requirements.	No*
BP08 Planning and timely implementation of provisions of the new Control Regulation in line with time scales set out in the regulation.	No**
BP09 Work with other government delivery bodies on the phased implementation of the new IUU regulation.	Yes
BP10 Establish a simplified grants application process by September 2010.	Yes
BP11 Establish a plan and prepare for mid-term evaluation of the EFF Programme by December 2010.	Yes
BP12 Prepare and implement a plan to mitigate the risk of a reduction in funding by June 2010.	Yes
BP13 Implementation of Axis 4 requirements by June 2010.	Yes
BP14 Continue to deliver Food and Environment Protection Act (FEPA) 1985 licensing, Coast Protection Act (CPA) 1949 and aggregates regulations until spring 2011 using the risk-based enforcement model and continue to monitor under that model.	Yes
BP15 MMO licensing team engage with the Defra policy on development and testing of the new licensing system.	Yes
BP16 Robust operational systems in place which support agreed service levels by December 2010 including IT infrastructure and system.	Yes
BP17 Agreed appropriate licensing service level agreement with government to reflect the new marine licensing function by December 2010.	Yes
BP18 Develop implementation plan for simplification of licensing including e-licensing capabilities by December 2010.	Yes
BP19 Clear customer and stakeholder communication and engagement plan for new licensing system developed and implemented, including guidance by January 2011.	Yes
BP20 Engage with Defra during the preparation of secondary legislation throughout 2010-11 to ensure the new licensing procedures that come into force for 2011 are practical and enforceable.	Yes
BP21 Agreement with Defra and other relevant partners on reporting cycle.	Yes
BP22 Develop and implement robust operational systems which support agreed service levels and performance standards by December 2010.	Yes
BP23 Develop risk-based enforcement procedures in preparation for the new marine licensing arrangements coming into force in 2011.	Yes
BP24 Develop and implement stakeholder and customer engagement plans by June 2010.	Yes
BP25 Agree changes to the licensing/enforcement agreement to reflect the goals of the new process by December 2010.	Yes

BP26 Development of agreed ways of working with IFCA's on all joint enforcement activities that are reflected in Memoranda Of Understanding (MOU) by September 2010.	Yes
BP27 Complete review and consultation on fees and charging policy (including identification of maximum cost recovery) by January 2011.	Yes
BP28 Develop implementation process for new policy together with intelligent communication and stakeholder engagement plan by December 2010.	Yes
BP29 Review and re-confirm MMO role in response to pollution and other marine emergencies by April 2011.	Yes
BP30 Revise pollution and emergency contingency plan to fulfil the above before April 2011.	Yes
BP31 Conduct realistic response exercise by November 2010.	Yes
BP32 Review and implement emergency planning process including risk assessment procedures and impact assessments by December 2010.	Yes
BP33 Maintain standing media plan.	Yes

*** Strategic Outcome 2/BP07**

Target not achieved due to delay in all EU member states agreeing detailed rules to Control, Regulation in March 2011 and final Commission Regulation was awaiting publication. Outside the control of MMO. Operational teams are working to implement according to regulation timescales.

**** Strategic Outcome 2/BP08**

Target not achieved due to IT systems still undergoing testing and slower than expected delivery. IT systems are currently being enhanced and additional MMO resource has been provided to assist in clearance of this target.

The above information is based on the MMO Corporate Plan/Business Plan Strategic Outcome monitoring spreadsheet as at 31 March 2011.



Strategic Outcome 3

Rigour, consistency and impartiality in decision making has been achieved through objective assessments that access and incorporate the best available evidence and research relating to the marine area.

Collaborative working

The MMO works with a range of partner organisations to ensure its decision making is based on the best available evidence. The MMO has established information sharing agreements with its delivery partners, which underpin the development of the marine evidence base. Examples of collaborative working include:

- Working with The Crown Estate has allowed the MMO to benefit from access to their extensive information, data resources and expertise in the development of methods by which simulations and tests can be as realistic and accurate as possible to reflect real world scenarios.
- The Centre for Environment, Fisheries and Aquaculture Science (Cefas) is a key partner for the MMO and provides significant support across a range of activities including research, evidence and IT. The MMO has worked with Cefas to develop geospatial support tools for marine planning, which will inform delivery of our services.
- The MMO is proud to be a sponsor of the Marine Environmental Data & Information Network (MEDIN). We are working with other sponsors to ensure the long-term availability of quality assured marine information in MEDIN data archive centres (DACs). We see this as crucial to ensuring world-class marine evidence and information which is available to all.
- Other major information sharing partners include the JNCC, the Environment Agency and SeaZone Solutions Limited. Again the MMO has actively engaged with these organisations to ensure access to the best available marine information and evidence.

Accurate information

The MMO has developed a robust information, data collection and analysis operation which ensures information we hold is relevant and up to date. The MMO have also developed policies on information assessment to ensure the evidence base for our decision making is robust.

Research

The MMO has identified key areas of research that enhance the MMO body of knowledge and facilitate the delivery of evidence-based decisions and policy, whilst also building and further strengthening the MMO's relationships with the scientific community and access to the best available technical expertise.



Strategic Outcome 3 - How did we do?

The MMO's delivery activities in 2010/11 were defined as Business Plan targets and grouped under 5 Strategic Outcomes. The table below shows all Business Plan targets for Strategic Outcome 3 and what we achieved.

Target (BP - Business Plan)	Achieved
BP01 Full scoping of high level knowledge requirements completed by October 2010.	Yes
BP02 Policy published on data use, including information assessment process, by September 2010.	Yes
BP03 Consult with key stakeholders (including Cefas) on data management agreement by December 2010.	Yes
BP04 Centre of Excellence operating principles agreed by May 2010, after consultation with stakeholders, fully agreed by December 2010.	Yes
BP05 Information assessment criteria and plan completed by December 2010.	Yes
BP06 Implementation of procedures to ensure data is kept up to date and relevant by March 2011, including management checks.	Yes
BP07 Review of existing forums to engage with partners on data sourcing and sharing across industry, academia and other groups, rationalised and/or established by March 2011.	Yes
BP08 Delivery of web enabled and IT infrastructure and assurance plan to deliver requirements by December 2010.	Yes
BP09 Delivery of scenario and strategy toolkit to enable the MMO, government departments and key stakeholders to analyse challenges, assess options and inform decision making by March 2011.	Yes
BP10 Conduct of scenario and strategy planning workshops to engage with key stakeholders, partners and customers, to identify challenges for the future and feed into key activities, for example, Marine Planning, Marine Strategy Framework Directive, by March 2011.	Yes
BP11 Production of communication plan to share data, planning and strategic thinking on marine activities by September 2010.	Yes
BP12 Response to the Marine Strategy Framework Directive through engagement with the UK Marine Monitoring and Assessment Strategy including action plans arising to prepare for implementation by December 2010.	Yes
BP13 Delivery of reports as required to EU and UK (in line with performance standards in Annex A).	Yes
BP14 Publication of evidence base for measuring impact/identifying issues related to economy/ efficiency/ effectiveness of current marine operations by March 2011.	Yes
BP15 Annual reports for the four fisheries administrations on UK fishing effort.	Yes
BP16 Production of ad hoc reports and advice as needed when policy delivery issues are identified and as required by policy and scientific groups.	Yes
BP17 Scientific Advisory Group established with clear terms of reference and governance arrangements in place by October 2010.	Yes
BP18 Identification of priorities for the Scientific Advisory Group - initially by December 2010, thence quarterly review.	Yes
BP19 Production of research strategy, including policy and procedures, by September 2010.	Yes
BP20 Production of shopping list of research projects that will be funded by MMO outside the Defra HLA, and those Defra projects/bids that the MMO wants to support in partnership with Defra Policy for government funding. Evidence of influence on Defra Marine Evidence Programme by December 2010.	Yes
BP21 Formulation of plan (with Defra and Other Government Departments) to access funding for research in response to urgent evidential requirements (in the case of challenge and judicial reviews), by December 2010.	Yes

The above information is based on the MMO Corporate Plan/Business Plan Strategic Outcome monitoring spreadsheet as at 31 March 2011.

The MMO used its data and evidence base to submit a report to the EU on the balance between fishing fleet capacity and fishing opportunity.

Strategic Outcome 4

The MMO has delivered exceptional customer service and provided an effective, responsible stewardship of the marine area. By means of a responsive, trained, highly motivated and well-led workforce.

Exceptional customer service

The MMO has published a customer service framework as part of our commitment to openness and transparency for our customers and the public we serve. The framework consists of:

- The customer charter, which clearly states the standards of service customers can expect and how they will be treated in their interactions with the MMO. It also details the timescales the MMO will adhere to in dealing with all customer requests.
- The customer complaints process, which ensure customers are aware of how to raise a complaint with the MMO, what they can expect to happen if they do and provides advice on how complaints can be escalated.

The MMO's customer charter and complaint process are the cornerstones of our approach to customer service.

Customer satisfaction

The MMO has assessed the standard of its customer service by undertaking an annual customer satisfaction survey and have published the results on its website.

The results of the MMO's first customer satisfaction survey held in March 2011 rated overall customer satisfaction with the MMO at 69 per cent. This information is based on answers to the question "How satisfied are you with the overall service provided by the MMO?" (Taken from the MMO customer satisfaction survey 2011.)

The results of the customer satisfaction survey will be used to baseline customer satisfaction and identify areas for improvement.

MMO staff

In order to ensure our staff have the knowledge, skills and capability to deliver their roles and take effective decisions, appropriate tools and resources have been developed. A People Plan has also been produced to drive improvements in organisational development and human resource policy.

The future

The MMO has developed an effective workforce resourcing strategy and associated procedures, including scenario plans for all MMO functions and new duties to ensure we are well placed to meet current and future delivery challenges faced by the organisation and the marine area.

Strategic Outcome 4 - How did we do?

The MMO's delivery activities in 2010/11 were defined as Business Plan targets and grouped under five Strategic Outcomes. The table below shows all Business Plan targets for Strategic Outcome 4 and what we achieved.

Target (BP - Business Plan)	Achieved
BP01 Customer satisfaction measurement framework in place (including customer complaints, response to Freedom of Information (FOI) requests, MP queries) by June 2010.	Yes
BP02 Pilot scheme for customer satisfaction 2010/11, to refine model and present initial report May 2011, annually thereafter.	Yes**
BP03 Revised Programme Management Framework Scheme in place by April 2011.	Yes
BP04 Short term analysis and provision of immediate training needs for staff delivered throughout 2010/11.	Yes
BP05 Organisation Development plan reviewed 2010 and adjusted by May 2011.	Yes
BP06 Technical and leadership training needs analysis undertaken by November 2010 to identify and meet requirements for new functions including marine planning, licensing, MCZ enforcement, IFCAs.	Yes
BP07 Appropriate and funded training programme in place to address needs by March 2011.	Yes
BP08 Introduce new training scheme for Marine Enforcement Officers/other marine managers (for example, Royal Navy) and recommendations for accreditation by end December 2010.	Yes
BP09 Internal communications plan and channels developed and in place in April 2010, with clear programme of engagement throughout 2010/11.	Yes
BP10 Menu of corporate health indicators developed by September 2010.	Yes
BP11 Review of overall workforce resource requirements by December 2010 in light of new functions and operational development.	Yes
BP12 Implement Board assessment process, with first Board appraisal undertaken by March 2011.	Yes
BP13 First staff survey completed by March 2011, with action plan reported to Board.	Yes

****SO4/BP02 was delivered in 2010/11 even though target date was May 2011**

The above information is based on the MMO Corporate Plan/Business Plan Strategic Outcome monitoring spreadsheet as at 31 March 2011.



Strategic Outcome 5

We have a comprehensive network of productive working relationships with partners, stakeholders and service providers that provides coherence, co-operation and communication across the whole marine area.

Value for money

The MMO has consistently demonstrated value for money as an effective and efficient public body. In combination, our budget management and scenario planning approaches ensure that efficiencies and synergies are identified and realised, including collaborating and learning from the experience of our local and national delivery partners.

Stakeholder relations

The MMO has developed and maintained productive relationships with key delivery partners, including agreed Memoranda of Understandings and Service Level Agreements which set out clearly how we collaborate.

We have carried out stakeholder focus groups to share knowledge and information and to ensure mutual benefit is gained from interactions with our delivery partners.

In addition to collaboration with our delivery partners, the MMO has engaged with customers

and people with an interest in the marine area throughout the year in a variety of ways. For example:

- A new Stakeholder Focus Group was developed to involve national organisations in preparation for the delivery of new duties, including marine planning and the development of the streamlined licensing system.
- Surgery style meetings were held around the coast with fishermen to seek their views on fisheries management issues and a new survey of quota needs was undertaken to inform quota management decisions.
- Licence applications are advertised in the local press to encourage people and interested parties to offer their views and we maintain a public register of applications on our website.
- Workshops were held to understand how people and organisations want to be engaged in the development of the first marine plans for the East inshore and East Offshore area.

In combination, these activities helped to ensure that people and customers of MMO services were provided with opportunities to engage and access information about the decisions we take which impact on the marine area.



Strategic Outcome 5 - How did we do?

The MMO's delivery activities in 2010/11 were defined as Business Plan targets and grouped under five Strategic Outcomes. The table below shows all Business Plan targets for Strategic Outcome 5 and what we achieved.

Target (BP - Business Plan)	Achieved
BP01 Stakeholder and external communications plan delivered by September 2010.	Yes
BP02 Delivery of an engagement plan to support the work of marine planning by June 2010.	Yes
BP03 Proactive series of engagement activities with sponsoring department and government departments.	Yes
BP04 Stand-up of stakeholder network and engagement process to ensure clear opportunities for consultation and engagement, by September 2010.	Yes
BP05 Web-enabled stakeholder network in place by March 2011.	Yes
BP06 Establishment of appropriate communities of interest to involve stakeholders in important development, for example marine planning, licensing and conservation, by December 2010.	Yes
BP07 (a) Initial stakeholder and customer survey(s) carried out by March 2011, reported on, and actions undertaken as a result of feedback. Formal programme of statutory consultations identified and planned including IPC by September 2010.	Yes
BP07 (b) Initial stakeholder and customer survey(s) carried out by March 2011, reported on, and actions undertaken as a result of feedback. Formal programme of statutory consultations identified and planned including IPC by September 2010.	Yes
BP08 Communication and consultation plan developed by May 2010 to ensure IPC and other key partners take into account the effects of planning and licensing decisions in the marine area and their impact on the achievement of the objectives of the Marine Policy Statement.	Yes
BP09 Stakeholder network event held by March 2011. Subsequent evaluation communicated, actions undertaken as a result and incorporated into future years' engagement plan.	Yes
BP10 Implementation of comprehensive performance management framework with indicators and management information processes by June 2010.	Yes
BP11 Develop efficiency improvement plan for 2011-12.	Yes
BP13 All MoUs and SLAs completed by September 2010.	Yes
BP14 Establish a process to review MOUs and SLAs on ongoing basis by March 2011.	Yes
BP15 Regular engagement plan in place for Chair and Chief Executive Officer with stakeholders and partners.	Yes

Please note that SO5/BP12 is due for delivery by 30 May 2011.

The above information is based on the MMO Corporate Plan/Business Plan Strategic Outcome monitoring spreadsheet as at 31 March 2011.



Responsibility for the direction of the MMO

Non-Executive Board

Each Member of the Board of the MMO is appointed by the Secretary of State for Environment, Food and Rural Affairs, typically 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. At 31 March 2011 there were eight non-Executive Board members including the interim Chair, and all were in post at 1 April 2010. The composition of the Board for 2010/11 was as follows:

Non-Executive Board Member	
Derek Langslow	Interim Chair from 1/12/10
Chris Parry	Chair until 30/11/10
Jayne Scott	Interim Deputy Chair from 1/12/10
Rodney Anderson	
Richard Birmingham	
Robert James	
Jeremy Loyd	
Nigel Reader	
Jane Ryder	

The Audit and Risk Committee members are Nigel Reader (chair) and Jane Ryder. The Remuneration Committee members are Jayne Scott (chair), Rodney Anderson and Jeremy Loyd. Dr Mel Austen was appointed as the Chief Scientific Advisor (CSA) to the MMO on 6 September 2010.

Sir William Callaghan was appointed as the new Chair of the MMO from 1 May 2011 for three years.

Executive Management Board

The Management Board have authority and responsibility for directing the activities of the MMO and the composition from 1 April 2010 was as follows:

Executive Directors	Appointment date	End date
Steven Gant		
Chief Executive Officer	01/02/2010	15/10/2010
James Cross		
Acting Chief Executive Officer	24/09/2010	-
Director of Operations	06/04/2010	23/09/2010
Alison Thompson		
Director of Operational Support	19/07/2010	-
Carolyn Cadman		
Director of Networks	04/05/2010	-
Liz Humphreys		
Acting Director of Operations	08/11/2010	-
Eddie Routledge		
Director of Change	15/11/2010	-
Interim Director of Operations	01/04/2010	30/05/2010
David Stone		
Interim Director of Operational Support	01/04/2010	18/07/2010
Judith Toland		
Interim Director of Networks	01/04/2010	23/05/2010

Other statutory information

Accounts Direction

The annual accounts have been prepared in accordance with the Accounts Direction issued by the Secretary of State for Defra with the approval of HM Treasury in accordance with schedule 1 of the Marine and Coastal Access Act 2009.

Auditor

Under Schedule 1, Section 27(4) of the Marine and Coastal Access Act 2009, the Comptroller and Auditor General shall examine and report on the statements of account. The costs of work performed by the auditor for statutory work in respect of the financial year 2010/11 is £65k for the Annual Accounts audit (2009/10 £70k).

So far as the Accounting Officer is aware, there is no relevant audit information of which the MMO's auditor is unaware, and the Accounting Officer has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the MMO's auditor is aware of that information.





Value for public money

On 20 October 2010 the coalition government announced the conclusion of its Comprehensive Spending Review. This resulted in an overall reduction for Defra of £700 million by 2014/15.

As the MMO is a non-departmental public body operating as an arms-length body of Defra, the MMO agreed its budget allocation for the next four years with Defra as follows (2010/11 baseline budget: £30.9 million):

- Year 2011/12 - £30.1 million.
- Year 2012/13 - £29.6 million.
- Year 2013/14 - £27.7 million.
- Year 2014/15 - £24.4 million.

This requires considerable savings to be made by the MMO and we are committed to achieving these savings while continuing to provide an exemplary public service.

The MMO is confident that our budget allocation

will enable us to continue to deliver our full remit and we believe that many of the challenges brought about by the budget can be delivered by changing the way goods and services are acquired, by rationalising offices, enhancing our ability to undertake targeted and proportionate compliance activity and working more collaboratively with others. We are also looking to retain charge income as a step in the process of enhancing our ability to invest further in our business.

The MMO announced plans on 23 May 2011 as to how the organisation will restructure and streamline in order to deliver our services whilst achieving savings.



Financial review

The MMO is funded by Defra and the overall financial position is shown in the Taxpayers Equity section of the Statement of Financial Position by means of the General Reserve.

The expenditure of the MMO in 2010/11 totalled **£29.1 million**. This is the first year that the MMO has been in operation and the following table provides a breakdown of how the funding was spent in order to deliver all of the 2010/11 Strategic Outcomes.

	£million
Strategic Outcome 1	0.8
Strategic Outcome 2	17.8
Strategic Outcome 3	2.2
Strategic Outcome 4	7.1
Strategic Outcome 5	1.2
Total expenditure for the year	29.1

The Executive Team reviewed and challenged the actual expenditure during 2010/11, with the result of creating one-off, non recurring savings of **£1.8 million** against the baseline budget of **£30.9 million**. By reviewing roles and reducing vacancies in non critical areas **£0.45 million** was saved. Reducing the required funds for bought in services around data supply and maintenance during 2010/11 in relation to GIS, marine planning and licensing saved **£0.6 million**. Challenging the details around the estates spend and identifying overcharging for facilities management and rent during the course of the year saved **£0.3 million**.

The MMO has taken on additional functions over and above those performed by the MFA and during the year the MMO has achieved all of its objectives set out in the 2010/11 Corporate Plan and Business Plan. Successful delivery was achieved in line with the introduction of tight spending controls from central government

and the development of robust financial controls across the organisation.

The prior year comparators used in this report and accounts are the MFA 2009/10 adjusted for machinery of government transfers (see note 5). The additional costs this year over and above those incurred in the MFA were attributable to:

- Additional functions, including
 - Marine Planning

A new approach to the management of our seas which aims to ensure a sustainable future for our coastal and offshore waters through managing and balancing the many activities, resources and assets in our marine environment. The function cost **£0.5 million** in 2010/11 and is set to increase in 2011/12 when the full programme of work on the two marine plans is underway.

- Commissioning evidence and data collection to support decisions in marine planning and licensing

The Evidence, Data and Knowledge Management Team along with the Strategic Development Team's main objectives are to develop a robust information, data collection and analysis operation to support the decision making process. These new functions cost **£0.5 million** in 2010/11.

- Required as a Non-Departmental Public Body (NDBP) as opposed to an Executive Agency, as the services for an Arm's Length Body are not appropriate to be supplied by Defra (**£0.9 million**):

- Legal Team.

- Increased finance resources.
 - Project management function.
 - Increased Human Resources function.
 - Stakeholder engagement.
 - Communications function.
- Increased desktop costs as part of the Defra rebaselining exercise across the full contract and the impairment of the IT prototype (**£1 million**).
 - VAT impact

The MFA, which was an Executive Agency of Defra, was subject to the special VAT regime that applied to government departments. The MMO, as an executive NDPB and not a Government Department, accrued additional costs because NDPB's are subject to the normal VAT rules. The additional VAT charged by Defra, Cefas and the Ministry of Defence accounts for additional costs in 2010/11 of **£2.4 million**.

The MMO has built up these additional functions and delivered its business despite the funding being cut as part of the efficiency savings across government. The MMO delivered **£1.5 million** of efficiency savings in year by freezing recruitment and reviewing the planned spending patterns around marine planning

in the initial stages. These savings were one-off, non-recurring in nature.

Note 3 to these accounts gives details of the nature of the changes in accounting policy which have impacted on the accounts and the reasons why they apply together with the prior year restatement of 2009/10 expenditure.

Relations with suppliers

The standard terms of payment for suppliers changed in year. At the beginning of the year the MMO, in line with all government departments, was required to pay supplier invoices within 10 days of satisfactory receipt of goods and services and agreement of a valid invoice. From 1 May 2010 this target was reduced to 5 days.

The MMO paid 100 per cent of invoices by their due date in 2010/11 (99 per cent of suppliers were paid within 10 days in 2009/10).

Pensions

Details of the pension schemes used by the MMO's staff and the MMO's pension costs are set out in the staff costs note 6.

Directors' interests

The CEO, Acting CEO and directors held no interests outside the MMO relating to the MMO's business.



Staffing

The functions of the MFA were transferred to the MMO on 1 April 2010.

The MMO started the year with 222 staff and finished the year with 250 staff. Recruitment of staff for vacant and new posts to deliver the MMO's new functions were put on hold pending a strategic review of finances required by the new Government. In addition 15 staff were granted voluntary early release, reflecting the MMO's changing needs, for example in office locations.

For the reporting year 2010/11 the average number of days sickness for MMO staff was 9.5 days (MFA 2009/10 7.9 days).

The MMO values the significant contribution made by its staff on a daily basis and recognises that staff training, development and engagement are fundamental to the continued success of the MMO.

We ensure our staff work in an environment where everyone feels valued and everyone is given the opportunity to achieve their potential.

All of our employees treat each other with respect and the MMO values diversity in terms of their race, gender, sexuality, disability, age or religious beliefs and equal opportunities for all is a fundamental objective of the MMO.

The MMO also considers it important that its employees have a voice within the organisation and numerous methods are used to ensure staff views are heard. These include the opportunity for all staff to book a discussion with the Executive Team on a weekly basis, regular team meetings and monthly one to ones with managers. The MMO conducts an annual staff opinion survey and has a staff survey working group to ensure employee opinions are progressed.

In addition the MMO works closely with the trade unions - the Public and Commercial Services Union (PCS) and Prospect - to ensure mutually beneficial employee relations.





Remuneration report

Terms of reference

The MMO Remuneration Committee is a sub-committee of the Board to support the governance and control of the remuneration, performance management and recruitment issues associated with the employees of the MMO. Members of the committee are appointed by the Board but must not include the Chair of the MMO Board. The committee is made up of three non-Executive Board members.

The duties of the committee are to recommend to the Board the policy for the Remuneration and Performance Management of all employees. The objective of such policy shall be to provide employees 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 decisions relating to Chief Executive Officer remuneration are decided by the MMO Board, and decisions on the Executive Directors remuneration are taken by the Chief Executive Officer.

Salary

'Salary' includes gross salary; overtime and any other allowance to the extent that it is subject to UK taxation. Bonus payments are to be reported separately under Government Financial Reporting Manual 2010/11 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 were changed during 2010, due to changes in demographic assumptions and the move from the Retail Prices Index (RPI) to the Consumer Prices Index (CPI) as the measure used to uprate Civil Service pensions. This means that the CETV in this year's report for 31 March 2010 will not be the same as the corresponding figure shown in last year's report.

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, 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.

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

Board members' remuneration is determined and paid by the Defra. Appointments to the MMO Board are on either three or four year terms, in line with the code of practice from the Commissioner for Public Appointments. The remuneration reported in the table is actual expenditure incurred in the year. There were no non-cash benefits (benefits in kind) paid during the year.

Non-Executive Board member	Appointment Date	2010/11 Fee £'000	2009/10 Fee £'000
Chris Parry Chair (until 30/11/10)	06/07/2009	30 - 35 (FYE 45 - 50)	55 - 60 (FYE 70 - 75)
Derek Langslow Interim Chair	01/12/2010	10 - 15 ^A (FYE 35 - 40)	-
Non Executive (until appointment into interim role)	01/02/2010	5 - 10 (FYE 10 - 15)	0 - 5 (FYE 10 - 15)
Jayne Scott # Interim Deputy Chair	01/12/2010	5 - 10 ^B (FYE 15 - 20)	-
Non Executive (until appointment into interim role)	01/02/2010	10 - 15 ^B (FYE 10 - 15)	0 - 5 (FYE 10 - 15)
Rodney Anderson #	01/02/2010	10 - 15	0 - 5 (FYE 10 - 15)
Richard Birmingham	01/02/2010	10 - 15	0 - 5 (FYE 10 - 15)
Robert James	01/02/2010	10 - 15	0 - 5 (FYE 10 - 15)
Jeremy Loyd #	01/02/2010	10 - 15	0 - 5 (FYE 10 - 15)
Nigel Reader ##	01/02/2010	15 - 20 ^C	0 - 5 (FYE 10 - 15)
Jane Ryder ##	01/02/2010	5 - 10 ^D (FYE 10 - 15)	-

Non-Executive Board members have no entitlement to performance related pay or pension contributions. The fees paid during 2009/10 relate to work on the shadow MMO Board.

Member of Remuneration Committee

Member of Audit and Risk Committee

Notes

- A.** Derek Langslow was appointed as Interim Chair of the MMO Board on 1 December 2010.
- B.** Jayne Scott is Chair of the Remuneration Committee and was appointed as Interim Deputy Chair of the MMO Board on 1 December 2010. Jayne undertook additional paid work to support the management team between September and November 2010.
- C.** Nigel Reader is chair of the Audit and Risk Committee. Along with these duties Nigel undertook two additional paid pieces of work during the year; one on the administration of the European Fisheries Fund and one on a 'root and branch' review of the MMO's legacy issues from the MFA.
- D.** Along with other Board member duties, Jane Ryder undertook an additional paid piece of work on the 'root and branch' review of MMO's legacy issues from the MFA.

Dr Mel Austen was appointed as Chief Scientific Advisor (CSA) to the MMO on 6 September 2010. Although technically an employee of the MMO, the CSA is responsible and accountable to the Chair and Board and, as a non-Executive, is independent of the CEO and Executive Team. This part time appointment is to ensure that all scientific evidence and analysis used by the MMO can be robustly defended if subject to external scrutiny. Her actual salary earned during 2010/11 was within the range £5,000 - £10,000.

We publish the business expenses incurred by our Executive Team and our non-Executive Board members while on official duty on our website. These are published quarterly reflecting the public

service's commitment to transparency. Expenses may be travel, hotel and other costs, including details of hospitality given and received.

Executive Directors' remuneration (subject to audit)

The MMO Executive Directors have the authority and responsibility for directing and controlling the major activities during the year and have influence over the entity as a whole. They are all at Senior Public Service rank.

The salaries reported are actual expenditure incurred in the year; where a Director has been in post less than a year the full year equivalent (FYE) is given beneath the actual amount.

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

Executive Directors	Appointment Date	End Date	2010/11 Salary £'000	2010/11 Bonus £'000	2009/10 Salary £'000
Steven Gant Chief Executive Officer	01/02/2010	15/10/2010	60 - 65 (FYE 110 - 115)	-	15 - 20 (FYE 110 - 115)
James Cross Acting Chief Executive Officer	24/09/2010	-	50 - 55 ^A (FYE 110 - 115)	5 - 10	n/a
Director of Operations	06/04/2010	23/09/2010	30 - 35 (FYE 65 - 70)	0 - 5	n/a
Alison Thompson Director of Operational Support	19/07/2010	-	45 - 50 (FYE 65 - 70)	-	n/a
Carolyn Cadman Director of Networks	04/05/2010	-	55 - 60 (FYE 65 - 70)	0 - 5	n/a
Liz Humphreys Acting Director of Operations	08/11/2010	-	20 - 25 ^B (FYE 65 - 70)	-	n/a
Eddie Routledge Director of Change	15/11/2010	-	25 - 30 ^C (FYE 75 - 80)	-	n/a
Interim Director of Operations	01/04/2010	30/05/2010	10 - 15 ^C (FYE 75 - 80)	-	75 - 80
David Stone Interim Director of Operational Support	01/04/2010	18/07/2010	80 - 85 ^D (FYE 300 - 305)	-	n/a
Judith Toland Interim Director of Networks	01/04/2010	23/05/2010	45 - 50 ^E (FYE 270 - 275)	-	125 - 130 (FYE 275 - 280)

Notes

- A.** James Cross took up the acting Chief Executive Officer role on 24 September 2010.
- B.** Liz Humphreys took up the role of acting Director of Operations following James Cross' temporary move. Her substantive post is as the Chief Marine Officer.
- C.** Eddie Routledge joined the MMO as the Director of Change on a secondment basis from Defra on 15 November 2010. Previously Eddie was the Chief Operating Officer in the MFA from 6 April 2009.
- D.** David Stone was appointed by the MFA as the MMO interim Director of Operational Support at 1 April 2010 to ensure continuity and cover until a permanent member of staff was

appointed. Previously he had been a financial planner in MFA during 2009/10. His services were provided by a third party and the total cost to the MMO includes VAT and travel and subsistence. He did not accrue any pension benefits.

- E.** Judith Toland was appointed by the MFA as the MMO interim Director of Networks at 1 April 2010 to ensure continuity and cover until a permanent member of staff was appointed. Previously she had been the Interim Programme Executive Director during 2009/10. Her services were provided by a third party and the total cost to the MMO includes VAT and travel and subsistence. She did not accrue any pension benefits.

No benefits in kind were paid in either 2010/11 or 2009/10 to any Executive Director listed above.

Pension benefits (subject to audit)

Executive Directors	Real increase in pension (£'000)	Real increase in lump sum (£'000)	Value of pension at 31/03/11 (£'000)	Value of lump sum at 31/03/11 (£'000)	CETV at 01/04/10 (£'000)	CETV at 31/03/11 (£'000)	Real increase in CETV (£'000)
Steven Gant	2.5 - 5.0	0.0	0 - 5	0	3	20	16
James Cross	5.0 - 7.5	0.0	10 - 15	0	47	94	42
Alison Thompson	0.0 - 2.5	0.0 - 2.5	10 - 15	35 - 40	157	173	5
Carolyn Cadman	0.0 - 2.5	5.0 - 7.5	10 - 15	30 - 35	69	93	17
Liz Humphreys	0.0 - 2.5	2.5 - 5.0	15 - 20	50 - 55	189	219	15
Eddie Routledge	(2.5) - 0.0	(2.5) - 0.0	35 - 40	105 - 110	702	758	(6)

Retirement and pensions (further details can be found in note 6 to the accounts)

Pensions

Pension benefits were provided through the Principal Civil Service Pension Scheme (PCSPS). No directors retired in the year to 31 March 2011.

Early departure costs

The MMO was required to meet the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early. No directors retired early in the year ended 31 March 2011 (2009/10 no persons).

During the year the MMO ran a Voluntary Early Release Scheme for its employees and further details can be found in Note 6 to the accounts. The business case was approved by the Cabinet Office on 13 January 2011 and the scheme was then launched.

James Cross
Acting Chief Executive Officer
27 June 2011



Sustainability report

In this first year of the MMO we have begun to measure our impact on the environment so that we can assess where we need to improve. As already highlighted in the management commentary, we aim to enable sustainable development in our seas and our work has benefited society and wildlife in many ways. Our role is to work collaboratively to achieve the UK Government's vision for clean, healthy, safe, productive, and biologically diverse marine and coastal area.

However, we know that the operational activities associated with achieving our objectives have an impact on the environment and we are working hard to minimise them. Surveillance and monitoring activities involve significant travel by ship and aircraft which inevitably results in the consumption of fossil fuels and carbon dioxide emissions.

Sustainability measures adopted by the MMO are mainly those based on central operational services. Annual reviews of the carbon emissions generated by official travel and accommodation usage have been measured and reported. The MMO has consistent internal guidance on the use of public, rather than private, transport and the use of video or telephone conferencing wherever appropriate. The MMO considers the sustainability measures adopted by suppliers when tendering for contracts, and is moving toward 'greener' and ethical procurement. An internal working

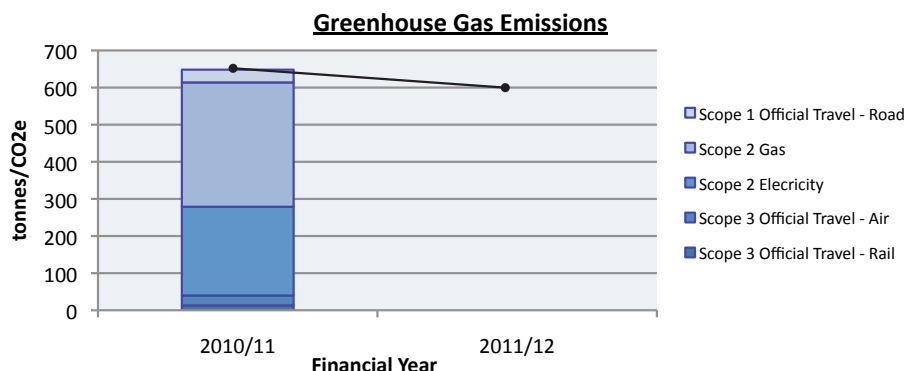
group has been created to lead on sustainable development with the aim of embedding the principles within the corporate culture and working towards introducing policies containing environmental and ethical concerns.

The graph below shows the amount of carbon dioxide (CO₂) produced in 2010/11 while carrying out our duties. In our Corporate Plan 2011/15 we have made a commitment to ensure efficient use of resources and to absorb best practice from other organisations progressing towards achieving the target of reducing our carbon emissions. We will use this year's figures as a baseline to measure future year's consumption and will monitor the delivery of efficiency savings.

As part of its sustainable development strategy the Government encourages public bodies to disclose their sustainability and environmental performance. This report exceeds the minimum reporting requirements in 2010/11 set out by HM Treasury and the Government Financial Reporting Manual (FRoM). (Annex A at the end of the Annual Accounts gives further details.)

Summary performance

The bar chart below shows a detailed breakdown of our total carbon emissions of 648 tonnes for 2010/11 by source. The line shows our target reduction trend of 10 per cent in the next financial year 2011/12 of 65 tonnes.



Statement of Accounting Officer 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 net resource outturn, resources applied to objectives, changes in taxpayers equity, and cash flows for the financial year.

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

- Observe the Accounts Direction issued by HM Treasury, 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; and
- Prepare the accounts on a going concern basis.

The Accounting Officer of Defra has appointed the Acting 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.





Statement on Internal Control For the year to 31 March 2011

1. Scope of responsibility

As Accounting Officer I have responsibility for maintaining a sound system of internal control that supports the achievement of the policies, aims and objectives of the Marine Management Organisation (MMO), while 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.

On 1 April 2010 most of the Marine and Fisheries Agency (MFA) functions and responsibilities were transferred to the MMO under the Marine and Coastal Access Act 2009, with some other functions transferred in from other government departments and one function which transferred out. My predecessor, Steven Gant was Accounting Officer at the point of transfer; I took over the role of Accounting Officer and its associated responsibilities from 1 October 2010. Section 5 details how I obtained assurances over the period to 30 September 2010. Under the MMO framework document (Section 7), which sets out the respective responsibilities and delegations of the MMO and Accounting Officer agreed with the Department of Environment, Food and Rural Affairs (Defra), I am responsible to Defra's Principal Accounting Officer for preparing a Statement on Internal Control, which sets out the key control challenges facing the organisation.

A cross government sponsorship group is in place and comprises of Senior Officials from the Department of Energy and Climate Control (DECC), Department of Environment Food and Rural Affairs (Defra), Department for Transport (DfT), Communities and Local Government (CLG) and Ministry of Defence (MoD) to assist the Secretary of State and Defra's Principal Accounting Officer in discharging their duties over risk management and governance of the

MMO. The Defra Sponsorship Team are the primary contact and I have regular meetings to highlight and discuss the strategic risks, governance and internal control issues.

My predecessor and I worked with Defra ministers, policy officials, and officials in Defra service teams to ensure that the risks faced by the MMO in meeting strategic objectives were properly managed and mitigated by appropriate controls. This is a key consideration as we grow the business from the predecessor organisations and establish a new corporate identity. Developing new frameworks, decision-making structures and governance, presents the risk of significant internal control issues throughout a period of organisational change. This Statement on Internal Control covers the 12 month period to 31 March 2011.

2. The purpose of the system of internal control

The system of internal control is designed to manage risk down to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It therefore provides reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of MMO policies, aims and objectives, to evaluate the likelihood of those risks being realised, the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control was in place in the MMO for the year ending 31 March 2011 and up to the date of approval of the Annual Report and Accounts and accords with Her Majesty's Treasury guidance.

3. Capacity to handle risk

The MMO Board and Executive Team have a broad range of skills and experience from

the public and private sectors, and recognise the importance of risk management, of which each of its members has relevant practical experience. The team has actively managed risks that have emerged during the year and demonstrated leadership through a series of measures. These have included:

- All MMO business areas have mapped business critical processes, demonstrating clear understanding of key processes. These are stored centrally and maintained on the intranet.
- Accountabilities are specified in the Non Financial Scheme of Delegation, approved by the Board in November 2010, clarifying staff accountabilities for decision making. In addition an assessment of procedures to conduct formal reviews of our decisions was undertaken. A Financial Scheme of Delegation is also in place, which was also approved by the MMO Board in November.
- The delivery of both the Corporate Plan and Business Plan are managed through a Performance and Risk Management Board (PRMB) on a monthly basis. This forum receives progress reports on all objectives, activities and targets. The Performance and Risk Management Board review these reports and managers are invited to a challenge panel which ensures the quality of deliverables. Each Head of Service attended the challenge panel each quarter. The Performance and Risk Management Board holds each Head of Service accountable for the delivery of activities for which they are responsible.

All members of staff are recruited on the basis of competence-based selection and their ability to demonstrate evidence of competence in generalist and specialist behaviours relevant to the needs of their work. As a result, specialist posts (fisheries, finance, statistics, human resource management, marine environment) are staffed with people who were competent in identifying and dealing with the daily risks and challenges of their work. The MMO continues to work closely with Defra and other UK agencies on best practice elsewhere, for example in its enforcement and management approaches the MMO had regular engagement with other UK marine organisations as well as those from

other EU member states.

The MMO is working to develop a range of risk tools not only to drive up the quality of risk management but also to fully integrate risk management within the organisation's culture, recognising that in establishing a new organisation there is a need both to educate managers and staff, and to embed a robust assurance and accountability framework. This has been a priority within the current reporting year, however delays in recruiting staff has impacted planned business delivery which this framework needs to fully incorporate. Consequently, this is an area which will continue to be progressed during 2011/12 as business activities increase.

4. The risk and control framework

The MMO is embedding a structured risk and control framework, which enables the identification, prioritisation, mitigation and escalation of key strategic risks as appropriate. During the 2010/11 financial year a comprehensive set of risk registers were introduced; this is a three tier system, whereby team risks feed into directorate risks which then feed into strategic risks.

These risks and mitigating actions taken are monitored regularly through the Performance and Risk Management Board process, with strategic risks being reviewed by the Audit and Risk Committee. As part of the ongoing process of improvement a workshop was held on 8 March 2011 to finalise the risk strategy for the organisation in conjunction with a member of the MMO Audit and Risk Committee. This will form the basis of how risk management will continue to develop in the coming months.

Risks to information assets and security are a high priority and over the course of the reporting year progress was made in the following areas:

- Appointment of an Executive Director as Senior Information Risk Owner and Information Asset Owners across the organisation.
- All IT projects are considered by the appointed Security Officer for appropriate accreditation and compliance.

- Formal data transfer processes are administered covering any movement of data into or out of the MMO, including the impact of data sharing of research activities.

An assurance plan has been developed which lists weaknesses and the actions planned to mitigate them, which provides me and my predecessor Steven Gant, with evidence and assurance to support the signing of this Statement. This assurance plan continues to be an integral part of the overall risk and assurance framework, and will be an area which will continue to be progressed into 2011/12.

At the end of 2010/11, Directors and Heads of Service provided letters of assurance to me confirming that they had complied with the MMO risk procedures and controls. Specific concerns raised have been reflected in section 6 of this Statement.

5. Review of effectiveness

As Accounting Officers my predecessor and I have responsibility for reviewing the effectiveness of the system of internal control. I have attended all of the Audit and Risk Committee meetings on behalf of the Chief Executive Officer in my previous role. I have played a significant role in ensuring internal controls were implemented across the organisation. This has included:

- Receiving formal handover from Eddie Routledge, as Chief Operating Officer.
- Providing assurance of the control framework during the close down of the MFA to all relevant governance bodies.
- Creating the first risk register for the organisation.
- Drafting and clearing the first risk strategy for the organisation.
- Creating the performance management Board to oversee governance.
- Scoping out drill down requirements for IT and EFF.
- Formatting the new corporate plan.
- Creating the new scheme of delegations (financial and non financial).
- Signing off the internal audit plan for 2010/11.

When taking over as Accounting Officer in October 2010, I undertook a review which was informed by the work of the internal auditors, and the Audit and Risk Committee who have provided continuity over the period of transfer from MFA and the change of Accounting Officer. The reviews considered in detail the work of the executive managers across the organisation that have responsibility for the development and maintenance of the internal control framework, together with comments made by the external and internal auditors in their management letter and other reports. I have been advised on the implications of my review of the effectiveness of the system of internal control by the Board and the Audit and Risk Committee and I have ensured that a plan to address weaknesses, and ensure continuous improvement of the system, is in place.

The paragraphs below set out the MMO main governance structure, which has been in place throughout the reporting year.

The MMO Board The MMO Board is required to satisfy itself that effective arrangements are in place to secure assurance on risk management, governance and internal control. The MMO Board met twelve times during the reporting year.

Audit and Risk Committee The MMO Audit and Risk Committee had four full meetings during the reporting period. In line with HM Treasury guidance, the Committee comprises of two non executive Board members and provides leadership and advice on internal control matters and related assurances.

Remuneration Committee The Remuneration Committee met once in the reporting period. Its primary function is to advise the Board on the pay, terms and conditions of the MMO and the Executive Team.

The MMO internal governance comprises the following:

Executive Team In the reporting period this met on a weekly basis and is the primary decision-making forum for the MMO.

Performance and Risk Management Board (PRMB) The role of the Performance and Risk Management Board is to provide assurance

that decisions set are being implemented as intended across the full organisation. It has a key role in providing assurance in the delivery of the activities outlined in the Corporate Plan and the Business Plan, holding Heads of Service accountable for those activities for which they are responsible.

Additionally, the PRMB reviews all major IT projects. Over the course of the year all projects were suspended while the business requirements for systems in development were assessed to ensure a fit with current business and suppliers were challenged to deliver appropriate solutions to quality, time and cost. This resulted in revised IT governance structures being put in place with Programme manager meetings reporting to a programme board.

There were many sources of assurance available to the MMO during the year, including periodic and bespoke management monitoring, monthly financial reporting and budget reviews, externally/Board commissioned reviews and an independent, risk-based Internal Audit Programme.

MMO received an internal audit service from Defra Internal Audit Division (IAD) which has provided me with assurance over the period in the following areas:

- Budget allocation process.
- Corporate governance.
- Risk management.
- Management of grants.
- Consultancy review of the statistics and analysis team.
- Set up of and operation of the Performance and Risk Management Board.
- Licensing controls - write off of costs.
- Governance of ERS implementation project.
- Management of the ERS implementation project.
- Key control testing.
- GIS and Planning projects.
- External assurance.

The conclusions reached by IAD and their view of the Organisation's response to recommendations were summarised in an internal audit summary report to me. This annual report provides me with the assurance over the governance arrangements of the MMO and the confirmation that improvements have been made by implementing the recommendations.

A significant review undertaken during the course of 2010/11 was a Root and Branch Review by independent non Executive Directors to ensure the successful transition from the predecessor organisation, the MFA, to the MMO. This review also sought to address weaknesses identified by IAD in the MFA. This included weaknesses in the MFA's organisation structures and processes involved in the collection, collation and reporting of statistical and data returns to the European Union. A programme of action was then taken forward to address these concerns and new, more robust processes have been built into the organisation design for the new MMO. The Root and Branch review report included 56 recommendations which were addressed during the year, of which 30 were complete, 14 incorporated into business as usual and 12 are currently being addressed with ongoing plans and actions, primarily relating to IT projects and Grant funding. These are still recognised as control issues and are covered in more detail in section 6.

We incurred no specific data handling incidents during the year. All data was held and handled in accordance with Defra policies.

During the year, the MMO Business Continuity Plan was updated and issued to all staff including specific arrangements relevant to individual offices, as appropriate including one for the new Head Office in Newcastle.

Like the predecessor organisation, the MMO used Defra's Shared Services Directorate (SSD) for its core transaction processing. I have received assurance of the controls and quality of service provided directly to the MMO by SSD as being satisfactory during the financial year. This has been documented in an assurance matrix which outlines the controls, management checks and risks which are being managed by SSD from their auditors.

6. Significant internal control issues

The MMO inherited a number of significant control weaknesses from MFA. These challenges are identified as being:

- Shortcomings in the management of the European Fisheries Fund.
- The timely invoicing of Licence fee income.
- Issues relating to the eligibility of European Union Aid.

Additional control weaknesses have been identified during the reporting period:

- IT governance structure for project delivery.
- Financial forecasting, management and controls.

Shortcomings in the management of the European Fisheries Fund (EFF) by the MFA included technical issues with the database. These led to revisions to claims not being accepted in revised calculations within the spreadsheet and inadequate updating of the database to reflect progress of claims. Additionally, it was identified that there was a general lack of adequate performance management in relation to the EFF administration.

I have overseen a project which reviewed the end to end EFF process that addressed some of the issues relating to tracking financial performance and managing the risk of de-commitment, marketing and the implementation of a Management and Control System (which was accepted by the European Commission in May 2011). Work is underway to re-engineer both the structure of the team and the business operating processes which will support the implementation of an improved database in 2011 to support all aspects of operational delivery and performance reporting.

However, the programme of activity stretches beyond 31 March 2011, reflecting the complexity of managing this regulatory system and the need to continually deliver an improved way of working. As such mitigating actions to address some of the risks are in progress. The database will be delivered in August 2011,

and whilst some improvements have already been made in the operation of EFF, the full realisation of the benefits will not be evident until 2011/12 Audit and Risk Committee and Board scrutiny will continue. The improvements to the performance and financial information continue to be an iterative process, but will bring more robust forecasting. Nevertheless I can report that, as a result of improvements, there has been an increase the volume of applications being approved and there is a more proactive approach in the management of these projects. A total of 128 new projects were approved this year committing a further £4.3 million of funding. The transactions of grant expenditure and the funding amounts reclaimed from the Commission feature in Defra's Statutory Accounts, as the Principal and not the MMO's accounts, as the Agent. Monthly figures are provided to Defra to advise them of the expenditure and their commitment exposure for matched funding. It is acknowledged in the current economic climate and the constraints of government spending controls, public sector matched funding could materialise into a risk to the programme delivery. This continues to be monitored.

An additional area of EFF risk exposure has emerged in March 2011, whereby the European Commission is questioning whether:

- The way in which vessel modernisation has been interpreted across the member states is in line with their intention; and
- the approach to vessel decommissioning is in line with the Operational Programme and the Fishing Effort Adjustment Plan.

The latter is the more significant issue where European Policy conflicts with that of the National Strategic Programme (Common Fisheries Policy). As a result all activities for this category of EFF funding have been suspended pending formal guidance from the EC.

The financial risk associated with this issue lies with Defra, at approximately £3.6 million. I have alerted Defra colleagues to this.

Timely invoicing of licence fee income within the MFA. This was linked to a database issue, involving the Marine Coastal Management System (MCMS) used to manage licences. In

addition there had been a breakdown in the “notification of payment” process between finance and the licensing team which had resulted in the database not being updated in a timely manner. Additional control processes have been implemented to ensure that future licence fee income is billed in a timely and accurate manner and all files identified as having potentially missing income have been reviewed and income outstanding relating to financial years 2007/08 onwards has been invoiced.

I am pleased to report successful progress in this area and that all missing income identified in the 2009/10 Accounts has been invoiced. We have made significant recovery of this money so that of the original amount of £827,568 only £94,326 remains outstanding. Furthermore, business operating processes have been improved to ensure the MMO Licensing team has strong visibility of future income, by obtaining weekly reporting from MCMS. Additional improvements to support the implementation of a new licensing system and time recording and billing system have been piloted and the go-live date of April 2011 was achieved. This will also mitigate the risk.

Eligibility of European Union Aid. The receipt of a letter issued as a result of an audit by the European Commission (EC), notified me that a potential issue existed involving the eligibility of an application for European Union (EU) Aid, relating to spend incurred in 2006. This was in relation to VMS and e-logbook projects which were funded by EU Aid. Evidence was provided to support the procurement process and the production and allocation of contracts to third party suppliers that had been followed by the MMO. Although the European Commission may demand repayment of the grant aid if stringent process had not been followed, the MMO rigorously defended its actions. I am confident that in this particular instance we satisfied the European Commission that no liability is required to be declared and this has closed the risk. We have successfully received all funding relating to the 2009 claim for aid. The approach taken by the MMO staff involved with this process has been deemed exemplary by the Commission in its response and therefore any risks associated with future claims are assessed as low.

However, as with all European Commission Audits which reflect ‘new findings’ retrospectively, there will always be an inherent risk that new audits will identify other issues.

IT governance structures. During the year I commissioned a review of a project inherited from the MFA for the development of an IT platform to support the MMO streamlined licensing system. I concluded that this represented poor value for money and as a result withdrew from the contract and found an alternative supplier which delivered a net saving of £1.25 million, allowing for an impairment adjustment for work carried out by the original supplier. The new solution, provided by the Department of Energy and Climate Change (DECC) under the current Service Level Agreement, is better value for money, achieves MMO business objectives and meets best practice guidance from the Cabinet Office to re-use existing assets. For the purposes of the accounts this required an impairment of the IBM prototype amounting to £349,000, although this still achieved a net saving of £1.25 million. The proposed impairment went through rigorous scrutiny by both the Audit and Risk Committee and the MMO Board, before submission to Defra, who have authorised the write off. Alongside this the MMO Board asked that the Audit and Risk Committee lead on a drill down of this programme of expenditure, governance and process, and this has now been completed and the results reviewed by the whole Board, and accepted.

There is also a risk around the governance of the Fisheries Information Systems Strategy (FISS). MMO do not have full control regarding decision making on changes and implementation of its ICT systems for Fisheries Control and Enforcement. The ICT systems are utilised by UK devolved administrations and as a consequence governance and decision making is progressed in partnership with the Fisheries Authorities for the other UK countries. The mechanism for decision making is the FISS Board, which MMO co-chair together with Marine Scotland. As a consequence MMO are not able to decide and implement major changes to its ICT without agreement from and impacting by the FISS Board which can result in a degree of unresponsiveness. This is being mitigated in part by the inclusion of the MMO

Operations Director as the Senior Responsible Officer on the FISS Board to facilitate decision making, and also by the appointment of the MMO Programme Manager to lead the UK level IT change programme.

Financial Forecasting, Management and Controls: During the reporting period, my predecessor undertook a review of our cost base to deliver 5 per cent efficiencies in order to meet the new Government Spending Controls. As a consequence recruitment, procurement, travel and other activities were suspended to allow the savings to be generated. Untested budget assumptions have made reliable forecasting difficult in areas such as marine licence income and evidence and data collection to support marine planning. Financial controls have been strengthened for 2011/12 to ensure more accountability is held by the budget holders. Internal Audit carried out a review of Key Controls in March 2011 which provided an adequate assurance level, giving me assurance in respect of this area.

7. Conclusion

This has been the first year of operating as the Marine Management Organisation, and as a Non-Departmental Public Body. The immediate areas of focus have been around resourcing the organisation to provide continuity of delivery

of a wide range of services and functions, and the development of significant new functions to an exacting timetable. We undertook a comprehensive review to identify and to address legacy issues, which we have completed. The implementation of a governance framework, systems of control and risk strategy has strengthened our ability to mitigate emerging risks. I am pleased with the progress made to date and the assurance statements provided. I do recognise, however, there are areas where more work is needed to improve the actual and potential system control weaknesses, for example over European Fisheries Fund and major IT projects. However, I am confident that work to address these risks are progressing in a structured and controlled manner at pace. I can confirm that the key areas for improvement will be regularly monitored by the Executive Team, Audit and Risk Committee and MMO Board during the next financial year to ensure that progress continues.



James Cross
Accounting Officer
27 June 2011







Annual accounts

Marine Management Organisation
Annual accounts
For the year ended 31 March 2011

Marine Management Organisation

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

I certify that I have audited the financial statements of the Marine Management Organisation for the year ended 31 March 2011 under the Marine and Coastal Access Act 2009. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Marine Management Organisation, Accounting Officer and auditor

As explained more fully in the Statement of Accounting officer Responsibilities, the Organisation and Chief Executive, as Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Marine and Coastal Access Act 2009. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Marine Management Organisation's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Marine Management Organisation; and the overall presentation of

the financial statements. In addition I read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income 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.

Opinion on Regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Marine Management Organisation's affairs as at 31 March 2011 and of its net 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 other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Marine and Coastal Access Act 2009 and Secretary of State directions issued thereunder; and
- the information given in the sections entitled Chairman and Chief Executive Officer Foreword, Management Commentary, Staffing and Financial Review for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

*Amyas C E Morse
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP
5 July 2011*

Statement of Comprehensive Net Expenditure for the year ended 31 March 2011

	Note	2010/11 £'000	2009/10 Restated £'000
Expenditure			
Staff costs	6	10,596	10,500
Depreciation and amortisation		381	241
Other expenditure	7	20,224	19,217
Total Expenditure		31,201	29,958
Income			
Income from activities	8	(2,253)	(2,059)
Total income		(2,253)	(2,059)
Net Expenditure		28,948	27,899

Other Comprehensive Expenditure

	Note	2010/11 £'000	2009/10 Restated £'000
Net Expenditure		28,948	27,899
Net loss on revaluation of property, plant and equipment		1	0
Net loss on revaluation of intangibles		115	0
Total Comprehensive Expenditure for the year ended 31 March 2011		29,064	27,899

The notes on pages 43 to 66 form part of these accounts.

**Statement of Financial Position
as at 31 March 2011**

	Note	31 March 2011		31 March 2010	
		£'000	£'000	£'000	£'000
Non-current assets:					
Property, plant and equipment	9	956		1,590	
Intangible assets	10	2,460		1,447	
Total non-current assets			3,416		3,037
Current assets:					
Trade and other receivables	12	358		1,456	
Cash and cash equivalents	13	1,044		7	
Total current assets			1,402		1,463
Total assets			4,818		4,500
Current liabilities:					
Trade and other payables	14	(8,986)		(11,215)	
Provisions	15	(681)		(932)	
Total current liabilities			(9,667)		(12,147)
Total assets less current liabilities			(4,849)		(7,647)
Non-current liabilities:					
Trade and other payables	14	(759)		(1,320)	
Total non-current liabilities			(759)		(1,320)
Total assets less total liabilities			(5,608)		(8,967)
Taxpayers' equity:					
General reserve			(5,617)		(8,979)
Revaluation reserve			9		12
			(5,608)		(8,967)

The financial statements on pages 39 to 66 were approved by the Board on 21 June 2011 and were signed on its behalf by:

James Cross
Acting Chief Executive Officer
27 June 2011

The notes on pages 43 to 66 form part of these accounts.

Statement of Cash Flows for the year ended 31 March 2011

	Note	2010/11 £'000	2009/10 Restated £'000
Cash flows from operating activities			
Net Surplus		(29,064)	(27,899)
Adjustments for depreciation and amortisation		381	241
Adjustment for net loss on revaluations of property, plant and equipment and intangible assets		116	0
Adjustment for gain on disposal of property, plant and equipment		(2)	0
Adjustment for non-cash transactions	7	(154)	1,702
Adjustments for non-cash European Fisheries Fund	3	0	(3,146)
Adjustments for non-cash Machinery of Government transfers	3	0	(150)
Decrease in trade and other receivables	12	1,098	355
(Decrease)/Increase in trade payables and other liabilities	14	(2,790)	2,551
Less movements in payables relating to IFRIC 12		787	(1,039)
Impairment of intangible construction in progress	11	349	0
Use of provisions	15	(251)	(2,058)
Net cash outflow from operating activities		(29,530)	(29,443)
Cash flows from investing activities			
Purchase of property, plant and equipment	9	0	0
Purchase of intangible assets	10	(1,604)	(1,441)
Proceeds from disposal of property, plant and equipment		2	0
Net cash outflow from investing activities		(1,602)	(1,441)
Cash flows from financing activities			
Grant from Defra		32,301	30,569
Capital element of payments in respect of finance leases		(132)	(207)
Net financing		32,169	30,362
Net increase/(decrease) in cash and cash equivalents in the year		1,037	(522)
Cash and cash equivalents at the beginning of the year		7	529
Cash and cash equivalents at the end of the year		1,044	7

The notes on pages 43 to 66 form part of these accounts.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2011

	Note	General Reserve £'000	Revaluation Reserve £'000	Total £'000
Balance at 1st April 2009		(10,057)	1	(10,056)
Changes in Taxpayers' Equity for 2009/10				
Grant from parent department		30,569	0	30,569
Revaluation of property, plant and equipment		1	11	12
Non-cash charges - auditors' remuneration		70	0	70
Non-cash charges - notional charges		1,633	0	1,633
European Fisheries Fund not going through Net Expenditure	3	(3,146)	0	(3,146)
Non-cash Machinery of Government transfers	3	(150)	0	(150)
Recognised in Statement of Comprehensive Net Expenditure		(27,899)	0	(27,899)
Balance at 31 March 2010		(8,979)	12	(8,967)
Changes in Taxpayers' Equity for 2010/11				
Grants from parent department - revenue		30,697	0	30,697
Grants from parent department - capital	10	1,604	0	1,604
Net loss on revaluation of property, plant and equipment		0	(1)	(1)
Net loss on revaluation of intangible assets		0	(1)	(1)
Transfer between reserves		1	(1)	0
Non cash transfer of Private User Scheme cars (fixed assets) transferred from Defra	9	124	0	124
Recognised in Statement of Comprehensive Net Expenditure		(29,064)	0	(29,064)
Balance at 31 March 2011		(5,617)	9	(5,608)

General reserves

The general reserve represents the total assets less liabilities of the MMO, to the extent that the total is not represented by other reserves. Grant-in-aid funding is credited to the general reserve.

Revaluation reserve

The revaluation reserve reflects the unrealised balance of the cumulative indexation and revaluation adjustments to assets not taken through the statement of net expenditure.

Taxpayers' equity

Taxpayers' equity is the investment made by the government in the MMO which serves to underwrite the organisation as a going concern. The statement of changes in taxpayers' equity shows the movement in this, from opening to closing balance, for the last two financial years.

The notes on pages 43 to 66 form part of these accounts.

Notes to the Accounts

Note 1. Statement of accounting policies

Machinery of Government Change

On 1 April 2010, the Marine and Fisheries Agency ceased to exist as an Executive Agency of the Department for Environment, Food and Rural Affairs (Defra), and most of its functions and responsibilities transferred to the Marine Management Organisation (MMO) with the exception of certain functions that transferred in from other government departments and one function that transferred out. Further details regarding transferred functions can be found in note 5 to these accounts.

Requirement to prepare accounts

These accounts are for the year ended 31 March 2011 and have been prepared in accordance with the Marine and Coastal Access Act 2009 and the Secretary of State direction there under.

The financial statements have been prepared in accordance with the 2010/11 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the MMO for the purpose of giving a fair presentation, 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.

Accounting convention

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

Going Concern

The accounts have been prepared on a going concern basis. In common with other NDPBs of Defra, 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. Such approval for amounts required for 2011/12 has already been given and there is no reason to believe that future approvals will not be forthcoming.

As part of the Government's commitment to increase transparency and accountability of public services, Defra completed a review of its arms length bodies in October 2010, and confirmed that the MMO will be retained as an executive NDPB, on the grounds of performing a technical function which should remain independent.

Non-current assets

Tangible non-current assets: Property, plant and equipment

During 2010/11, the MMO held no freehold property in its own control, but occupied 25 properties where the freehold was held by Defra or private landlords. Where these constitute non-current assets, they are reported in the accounts of Defra. MMO's occupation of these properties is accounted for on an operating lease basis.

All tangible non-current assets other than freehold and leasehold property are revalued annually using indices provided by the Office for National Statistics, 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.

Property, Plant and Equipment are capitalised by the MMO where the purchase cost is £2,000 or more and where there is an expected useful economic life of more than one year. On initial recognition they are measured at cost, including any additional expenditure such as installation directly attributable to bringing them into working condition.

On 1 April 2010 24 Private User Scheme (PUS) cars were added to MMO's fixed asset register following a transfer from Defra at the net book value existing on that date. The useful life of these cars was in line with the MMO policy.

The MMO has no heritage or infrastructure assets.

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

Freehold or leasehold property:	10 - 50 years
Plant and office equipment:	3 - 10 years
IT hardware:	3 - 10 years
Vehicles:	4 years

Intangible non-current assets

The MMO holds a number of software licences, and title to a suite of bespoke software applications. The cost of these assets is amortised over their useful life. Internally generated intangible assets were recognised as Construction in Progress (CIP) and are amortised from the month after they are brought into beneficial use. Treatment of the development costs complied with the criteria noted in IAS38 (Intangible Assets). During August 2010, an internally generated intangible asset known as Geographic Information System Phase 1 software tool was brought into beneficial use and began amortising.

All intangible non-current assets are revalued annually using indices provided by the Office for National Statistics, and their value less disposal costs is amortised over the periods in which they contribute net benefits to the business on a straight line basis. The useful lives of the intangible assets are normally between 2 and 12 years.

Impairment

The carrying amounts of the MMO's tangible and finite life intangible assets are reviewed at each balance sheet 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. During 2010/11 the investment in a licensing system solution was impaired, as the prototype had no lasting value, and charged to net expenditure. Approval was received from the Defra Finance Director on 9 April 2011 and Note 11 Impairments provides details.

Service concession arrangements

Defra has entered into a contract with IBM for the supply of IT services for which the MMO receives benefits. The contract is for a term of eight years commencing February 2010. The contract falls within the scope of IFRIC 12 and the MMO's share is disclosed within the accounts as a service concession arrangement. A lease liability has been included to reflect the capital value payments to IBM for MMO to lease IT infrastructure assets throughout the duration of the 8 year contract. A matching asset has been raised to reflect the benefit that the MMO will derive from having access to IBM's IT infrastructure assets. Depreciation has been applied on a straight line basis consistent with the Department's depreciation policy. These IT infrastructure assets, which consist of laptops, servers and hardware, are classed as one tangible service concession asset under property, plant and equipment.

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. The MMO has made an accrual to recognise the constructive obligation for performance-related bonus payments in 2010/11.

Early Departure Costs

During the year the MMO ran a Voluntary Early Release Scheme for its employees. The business case was approved by the Cabinet Office on 13 January 2011. The Scheme was then launched and a panel considered all applications for approval. In total 15 members of staff were accepted for Voluntary Early Release, at a total cost of £350k, which was accrued into staff costs for 2010/11. These departure costs will be paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 2010, during 2011.

Grants and subsidies

The MMO has a role designated by the Secretary of State as the UK European Fisheries Fund Managing Authority and the Intermediate Body for England, carrying out duties in the capacity as Agent for Defra, as the Principal. The transactions of grant expenditure and the funding amounts reclaimed from the Commission feature in Defra's Statutory Accounts, as the Principal and not the MMO's Accounts, as the Agent. The Principal Accounts include only those transactions which are in relation to the activities of the England Intermediate Body only. This is a change in accounts presentation in 2010/11 and the prior year 2009/10 Statement of Net Expenditure has been restated in accordance with IAS 8.

The MMO allocates funding for Fisheries Challenge Fund grants, to improve fisheries management and to enable fishermen and other interested parties to get involved in fisheries research, and funds the Fishing for Litter project which operates in the South West of England. These grants show through the MMO Statement of Net Expenditure on an accruals basis, and further details can be found in Note 7.

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

Inventories

The MMO has neither trading stocks nor work-in-progress.

Administration and programme expenditure and income

The Statement of Comprehensive Net Expenditure in Defra's Departmental (Consolidated) Resource Accounts is analysed between administration and programme costs. All expenditure and income of the MMO, except where it relates to fixed assets owned (or effectively controlled) by the MMO, meets the definition of programme expenditure. Expenditure is recognised where the MMO has received goods or services into their intended use, or where an unavoidable obligation to meet a liability has been established. Except where the MMO earns income to offset its expenditure, all expenditure of the MMO is funded from gross budgets provided by Defra.

Income relates directly to the operating activities of the MMO. The MMO recognises programme income from the following sources:

- 1) Fees for licences issued under the Food and Environment Protection Act 1985 (FEPA) in respect of dredging, construction and disposals of waste material in the marine environment. 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 the full costs of providing the service. Income note 8 demonstrates the cost under recovery in 2010/11. Following a review, completed during the year, fees will increase on 1 April 2011 to address this.

The income recognition point for FEPA fees is upon issuing the licence and fees are designed to recover the upfront administration costs of issuing. The deferred income accounting policy for FEPA is based on the MMO having 12 weeks to issue a new licence and an estimate is made to measure the amount of work completed on licence applications progress. The most appropriate means of recognising deferred income is by reference to the 12 week period.

- 2) Fees for dredging licences issued under the Environmental Impact Assessment and Natural Habitats (Extraction of Minerals by Marine Dredging) Regulations 2007 for marine mineral extraction.

The income recognition point for Marine Mineral Dredging depends upon the stage that the application has reached. For pre-application advice the receipt is deferred until full consultation and advisory review has been completed by the MMO and the Centre for Environment, Fisheries and Aquaculture Science (Cefas). The yearly interpretation income and assessment of monitoring results income is recognised over the time period of the reviews.

- 3) The MMO recognises income earned from the EU as a contribution to the MMO's expenditure on enforcing fisheries regulations (EU Aid) and preparing statistical reports on the condition of UK fisheries (EU Data Collection Regulations).

- 4) A contribution from the Welsh Assembly Government towards the cost of aerial surveillance of fishing activity in English and Welsh waters; and
- 5) All other programme income is recognised when the outcome is delivered to the customer.

Capital charge

In previous financial years a notional charge reflecting the cost of capital utilised by all Agencies and NDPB's of Defra was charged to net expenditure. This year the need to make this charge has been removed and as this is viewed as a change in accounting policy there is a need to restate 2009/10 in line with IAS1. Refer to note 3 Changes in Accounting Policy.

Foreign exchange

Transactions which are denominated in a foreign currency are translated into sterling at the exchange rate ruling at the date of each transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet (SoFP) date are converted at the exchange rate applicable at that date.

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.

Value Added Tax (VAT)

As an executive NDPB the MMO is unable to recover VAT on any non statutory services received, with the exception of the input tax recovered on the aerial surveillance taxable outputs charged to the Welsh Assembly. Because 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.

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.

At 31 March 2011 the MMO had no contingent liabilities. At 31 March 2010 the MFA had no contingent liabilities.

Financial instruments

Financial assets

The MMO holds loans and 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 the net expenditure when the probability of recovery is assessed as being remote, or is uneconomic to do so.

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.

Derivative financial instruments and hedging

The MMO is required to disclose the role that Financial Instruments had during the year 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.

Note 2. Disclosure of IFRS's in issue but not yet effective

All International Financial Reporting Standards (IFRS), Interpretations and Amendments to published standards, effective at 31 March 2011, have been adopted in these financial statements, taking into account the specific interpretations and adaptations included within the FReM.

IAS 7 Statement of Cash Flows (effective for periods beginning on or after 1 January 2010) - this requires that only expenditure which results in a recognised asset in the Statement of Financial Position can be classified within investing activities. The MMO is compliant with IAS 7 in that the only recognised investing activities are the purchase of property, plant and equipment and intangible assets within the Statement of Financial Position.

The MMO has reviewed the IFRS's in issue but not yet effective, to determine if it needs to make any disclosures, in line with IAS 8.30. None are thought applicable to the MMO.

The MMO has also reviewed significant FReM changes expected for 2011/12 and has determined that a change to FReM Accounting Boundaries which revises the Departmental resource accounting boundary to include NDPB's will impact the MMO.

Note 3. Changes in Accounting Policies

As this is the first year of operation for the MMO the prior year comparables of the MFA 2009/10 restated for machinery of government transfers have been used. Where necessary the accounts have been restated retrospectively for any changes in accounting policy in accordance with IAS8 Accounting Policy, Estimates and Errors.

- i. A change in the presentation in the way EFF grant expenditure is accounted for requires retrospective restatement to 2009/10 comparables. The MFA expensed payments of applications through the Statement of Comprehensive Net Expenditure whereas MMO receives specific funding from Defra which is used to pay applications. The transactions of grant expenditure and the income amounts reclaimed from the European Commission feature in Defra's operating accounts, as the Principal and not the MMO's accounts, as the Agent.
- ii. Removal of the notional cost of capital charge represents a change in accounting policy and requires retrospective restatement. The MFA had a net liability in the Statement of Financial Position so attracted a negative charge at 3.5 per cent average capital utilised. This notional charge has been reversed to restate the Net Expenditure for 2009/10; however current accounting treatment also reverses the cost of capital in the General Fund so there is no net impact overall in the Statement of Financial Position. For this reason comparative figures for 2008/09 have not been prepared, as agreed by HM Treasury.
- iii. Machinery of Government function transfers have created prior year adjustments to income and expenditure in 2009/10. Note 5 gives further details of each of the functions that transferred in and out of the MMO.

Statement of Comprehensive Net Expenditure	£'000
Statement of Comprehensive Net Expenditure for the year to 31 March 2010	30,853
Adjustments for:	
i) Change in presentation in accounts of EFF grant expenditure	(3,146)
ii) Change in policy for notional cost of capital	342
iii) Machinery of Government Transfers:	
- Income (detailed in Note 5)	136
- Expenditure (detailed in Note 5)	(286)
Restated Statement of Comprehensive Net Expenditure for the year to 31 March 2010	27,899

None of the changes above had any effect on the face of the Statement of Financial Position.

Expenditure on temporary interim managers and specialist contractors during 2009/10, at a cost of £936k, which was classed as consultancy expenditure, has been reclassified within staff costs as the posts they were fulfilling were under recruitment and should have been accounted for as interim personnel. This is consistent with the treatment in 2010/11 and the 2009/10 comparative has been restated.

Note 4. Analysis of Net Expenditure by Segment

In accordance with IFRS 8 Operating Segments, the MMO is required to report financial information about its operating segments. These are reportable segments about which separate financial information is available and are the agreed strategic objectives. Generally, financial information is required to be reported on the same basis as it is used internally. For the MMO the Chief Executive Officer and Executive Team evaluate performance regularly by Strategic Outcome to decide how to allocate resources and assess performance, and these figures are presented to the MMO Board.

Operational segment by strategic outcome:	Gross Expenditure £'000	Income £'000	Net Expenditure £'000
Strategic Outcome 1	806	(15)	791
Strategic Outcome 2	19,851	(2,140)	17,711
Strategic Outcome 3	2,299	(98)	2,201
Strategic Outcome 4	7,108	0	7,108
Strategic Outcome 5	1,253	0	1,253
Total	31,317	(2,253)	29,064

The MMO's statutory purpose, taken from the Marine and Coastal Access Act 2009, is to manage marine activities with the objective of making a contribution to the achievement of sustainable development, taking account of all relevant facts and matters, and in a manner which is consistent and co-ordinated. To achieve our strategic aim the 2010/11 Corporate Plan set out the following measurable outcomes:

Strategic Outcome 1 - A distinctive contribution to the achievement of sustainable development by, among other initiatives, introducing and developing a comprehensive marine planning capability that, by 2012, delivers a world-leading, integrated approach to marine management.

Strategic Outcome 2 - Effective delivery and continuous improvement of the MMO's regulatory, licensing and statutory functions that result in professional and proactive management of our seas, characterised by an efficient public service and value for money.

Strategic Outcome 3 - Rigour, consistency and impartiality in decision making, achieved through objective assessments that access and incorporate the best available evidence and research relating to the marine area.

Strategic Outcome 4 - Delivery of exceptional customer service and the provision of effective, responsible stewardship of the marine area by means of a responsive, trained, highly motivated and well-led workforce.

Strategic Outcome 5 - Create a comprehensive network of productive working relationships with partners, stakeholders and service providers, in order to provide coherence, co-operation and communication across the whole marine area.

Included within the gross expenditure for strategic outcome 4 is the cost of impairment of the prototype licensing IT solution which was identified as not being fit for purpose during 2010/11. Further details can be found in note 11 Impairments.

Note 5. Machinery of Government Transfer of Functions

On 1 April 2010, the MFA ceased to exist as an Executive Agency of Defra, and most of its functions and responsibilities transferred to a new executive Non-Departmental Public Body, the MMO with the exception of certain functions that transferred in from other government departments and one function that transferred out.

Transfer of functions from one part of the public sector to another in the UK are known as Machinery of Government Changes (MoGs) and are accounted for using merger accounting, as applied by the FReM. Under merger accounting, the transferor and transferee account for the function as if the transferee had always undertaken it. As such, income and expenditure for the year relating to the functions are removed from the books of the transferor and recreated in the books of the transferee, adjusted to achieve uniformity of accounting policies. No assets, liabilities or staff transferred as part of the MMO Machinery of Government changes.

MoGs are accounted for as mergers as, at the whole of government level, nothing has changed. The function is still undertaken; it is only the entity that performs the function that has changed.

Letters of representation were used to gain assurance that the figures provided by transferor bodies were accurate and gave a true representation of income and expenditure relating to 2009/10. For the functions that transferred in from Natural England and the Department of Energy and Climate Change signed letters were received confirming the immaterial amounts of the prior year income and expenditure.

Details of function	Transferred in/out	Details of other body	Associated Income 2009/10 £'000	Associated Expenditure 2009/10 £'000
Licensing activities in Wales	Out	Welsh Assembly Government	(186)	361
Issuing harbour empowerment and revision orders under the Harbours Act 1964 (Amendment) in England and Wales (except for fisheries harbours in Wales)	In	Department for Transport (DfT)	50	(75)
Total net effect			(136)	286
Functions transferring into MMO where no restatements have been made:				
Granting and revoking licences under the Conservation of Seals Act 1970	In	Natural England	Less than 50	less than 50
Certain licensing functions under the Wildlife and Countryside Act 1981	In	Natural England	less than 50	less than 50
Certain licensing functions under the Conservation of Habitats and Species Regulations 2010	In	Natural England	less than 50	less than 50
Licensing renewable energy installations generating 100MW or less under section 36 of the Electricity Act 1989	In	Department for Energy and Climate Change	less than 50	less than 50
Declaring safety zones around offshore energy installations of 100mw or less under section 95 of the Energy Act 2004	In	Department for Energy and Climate Change	less than 50	less than 50

Consultee in relation to offshore oil and gas and carbon capture and storage activities	In	Department for Energy and Climate Change	less than 50	less than 50
Advising the Infrastructure Planning Commission (IPC) on nationally significant marine developments and conditions which should be set under section 42 of the Planning Act 2008	In	Department for Business, Innovation and Skills / OFCOM	Zero applications made during 2009/10	Zero applications made during 2009/10
Installing telecommunications cables under the Telecommunications Act 1984 (as amended)	In	Department for Business, Innovation and Skills / OFCOM	Zero applications made during 2009/10	Zero applications made during 2009/10

The table shows the impact on the Statement of Comprehensive Net Expenditure of the restatements of income and expenditure transferring to and from other government bodies (prior to other adjustments detailed in note 3):

	2009/10 Original £'000	Functions to Welsh Assembly £'000	Functions from DfT £'000	2009/10 Restated for MOG's £'000
Staff Costs	9,599	(110)	75	9,564
Depreciation	241	-	-	241
Other Expenditure	23,208	(251)	-	22,957
Total Expenditure	33,048	(361)	75	32,762
Income	(2,195)	186	(50)	(2,059)
Net Expenditure	30,853	(175)	25	30,703

Note 6. Staff numbers and related costs

	2010/11 Permanently employed £'000	2010/11 Others £'000	2010/11 Total £'000	2009/10 Restated Total £'000
Wages and salaries	6,412	2,196	8,608	8,702
Pension costs	1,148	0	1,148	1,251
Social security costs	489	1	490	546
Other staff costs	0	0	0	1
Voluntary Early Release	350	0	350	0
Total Staff Costs	8,399	2,197	10,596	10,500

The majority of the MMO's staff are permanently employed public servants. There were some staff that remained as employees of Defra on 1 April 2010, who were seconded to the MMO during 2010/11. Additionally, there were some permanent senior roles filled by externally sourced interim managers and specialist contractors, until permanent recruitment was completed. The inward seconded staff, interim managers and specialist consultants costs appear within 'Others' and their staff numbers have been identified separately.

In accordance with IAS 19 Employee Benefits, £335k (2009/10 £323k) has been included in staff salaries for annual leave accrued but not taken at 31 March 2011. This accrual includes an amount for employer's pension contributions.

Average Number of Full Time Equivalent Staff	2010/11 Number of people	2009/10 Restated Number of people
Directly Employed	213	212
Inward Secondments	25	0
Interim Managers/Specialist Contractors	6	7
Temporary Agency Staff	6	34
Total	250	253

The 2009/10 staff numbers have been restated to include temporary interim managers and specialist contractors, £936k, that were not included in the MFA staff costs but had been included in other expenditure.

Pensions

The PCSPS is an unfunded multi-employer defined benefit scheme, but the MMO is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice.gov.uk/my-civil-service/pensions).

For 2010/11, employers' contributions of £1,116k were payable to the PCSPS (2009/10: £1,090k) at one of four rates in the range of 16.7 per cent to 24.3 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 2010/11 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 £9k were paid to one or more of the panel of three appointed stakeholder pension providers (2009/10: £9k). Employer contributions are age-related and range from 3 per cent to 12.5 per cent of pensionable pay. Employers also match

employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of £0.6k, 0.8 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.

One person retired early on ill health grounds (2009/10: nil person). Ill health retirements are met by the pension scheme and are not included in the table above.

Reporting of Civil Service exit packages

Exit package cost band	Number of voluntary early release departures	Total resource cost £'000
< £10,000	3	20
£10,000 - £25,000	7	109
£25,000 - £50,000	4	167
£50,000 - £100,000	1	54
Total number of exit packages	15	350

During the year the MMO ran a Voluntary Early Release Scheme for its employees. The business case was approved by the Cabinet Office on 13 January 2011. The Scheme was then launched and a panel considered all applications and approved 15 members of staff who were accepted for Voluntary Early Release at a total cost of £350k. These departure costs were paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 2010, during 2010/11.

Note 7. Other Expenditure

Frontline Services - Programme costs:	Note	2010/11 £'000	2009/10 Restated £'000
Aerial, Surface and Satellite Surveillance		10,101	8,269
CEFAS Scientific Support for Marine Environment Work		3,550	2,863
Defra Support Charges		1,683	1,007
Estate Management		876	1,210
Travel, Subsistence and Hospitality		809	981
Grant Expenditure	below	318	157
Rentals payable under operating leases (Estates)		338	608
Rentals payable under operating leases (Office Equipment)		24	26
Audit Fees - External Audit (National Audit Office)		65	70
Audit Fees - Internal Audit (Defra)		78	42
Impairment of intangible construction in progress	11	349	0
Provisions provided for in year	15	400	112
Provisions not required and written back	15	(238)	(18)
Consultancy Charges		0	1,942
Other Programme Costs		1,871	1,948
Total Other Expenditure		20,224	19,217

Information Technology costs within Defra Support Charges include payments of £1,199k (2009/10: £530k) that have been incurred in relation to the use of IT infrastructure assets supplied under contract with IBM, of which finance charges of the contract are £102k. The balance of Defra support charges in 2010/11 includes amounts for the Shared Service Department for financial transactional processing, payroll and procurement services.

Non cash adjustments through other expenditure to reflect the in year change in the IBM service concession asset and liability are £154k (2009/10: £207k)

Expenditure on EU grants

During the year the MMO spent £173k on the Data Collection Framework which establishes a European Community framework for the collection, management and use of data in the fisheries sector and provides support for scientific advice regarding the Common Fisheries Policy (CFP).

Expenditure on EU Aid, a programme which allows bodies enforcing the CFP to claim for eligible expenditure, was £51k during 2010/11.

Analysis of Grant Expenditure

Grant expenditure	2010/11 £'000	2009/10 Restated £'000
Fisheries Challenge Fund	292	113
Fishing for Litter	26	8
Financial Instruments for Fisheries Guidance	0	36
Total	318	157

Fisheries Challenge Fund grants are made available to improve fisheries management and to enable fishermen and other interested parties to get involved in fisheries research. Projects must be consistent with the MMO's and the CFP objective of sustainable fisheries and address a fisheries management issue that is relevant to part of the UK fishing industry.

The Fishing for Litter project operates in the South West of England. Fishermen are encouraged to bring litter ashore that has been caught in their nets, being put into hard wearing durable bags taken to sea, with the rubbish being subsequently either recycled or disposed of responsibly. The scheme has been extended to 6 harbours in the South West with over 75 vessels signed up.

Analysis of Grant expenditure by recipient	2010/11 £'000	2009/10 Restated £'000
Private Sector	281	25
Public Sector	37	132
Total	318	157

Note 8. Income

Programme Income	2010/11 £'000	2009/10 Restated £'000
Food and Environment Protection Act licence fees	1,849	1,601
Marine Works Regulations licence fees	150	33
Aerial Surveillance contribution from Wales	126	122
EU Data Collection	98	111
EU Aid for Fisheries Enforcement	1	136
Oil Spill Products	15	3
Exchange Gains	0	1
Other Income	14	52
Total Programme Income	2,253	2,059

Fees and charges (recovered costs)

Financial objective 2010/11	Income £'000	Full Cost £'000	(Deficit) £'000
Food and Environment Protection Act licence fees	1,849	3,461	(1,612)
Marine Works Regulations licence fees	150	275	(125)
	1,999	3,736	(1,737)

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 the full costs of providing the service.

This information has been provided for fees and charges purposes and not for IFRS8 purposes.

Note 9. Property, Plant and Equipment

	IT £'000	Office Equipment £'000	Vehicles £'000	IBM Right of Use £'000	Property, Plant & Equipment £'000
Cost or valuation					
At 1 April 2010	50	25	0	1,953	2,028
Transfers (Vehicles from Defra)	0	0	313	0	313
Disposals	0	0	(8)	0	(8)
Revaluations	(5)	2	(1)	(501)	(505)
At 31 March 2011	45	27	304	1,452	1,828
Depreciation					
At 1 April 2010	28	16	0	394	438
Transfers (Vehicles from Defra)	0	0	189	0	189
Disposals	0	0	(8)	0	(8)
Charged in period	6	5	59	184	254
Revaluations - backlog depreciation	(3)	2	0	0	(1)
At 31 March 2011	31	23	240	578	872
Net Book Value at 31 March 2010	22	9	0	1,559	1,590
Net Book Value at 31 March 2011	14	4	64	874	956

On 1 April 2010 24 Private User Scheme (PUS) cars were added to MMO's fixed asset register following a transfer from Defra at the net book value existing on that date.

Disposals during 2010/11 were one PUS car for a net gain on disposal of £2k. This had been fully depreciated at the point of sale.

Asset financing	IT £'000	Office Equipment £'000	Vehicles £'000	IBM Right of Use £'000	Property, Plant & Equipment £'000
Owned	14	4	64	0	82
On-balance sheet (SoFP) other service concession arrangements	0	0	0	874	874
Net Book Value at 31 March 2011	14	4	64	874	956

Note 10. Intangible Assets

	Software & Licences £'000	Construction in Progress £'000	Intangible Assets £'000
Cost or valuation			
At 1 April 2010	251	1,433	1,684
Additions	18	1,586	1,604
Transfers	1,041	(1,041)	0
Impairment	0	(349)	(349)
Revaluation	(141)	0	(141)
At 31 March 2011	1,169	1,629	2,798
Amortisation			
At 1 April 2010	237	0	237
Charged In period	127	0	127
Revaluation	(26)	0	(26)
At 31 March 2011	338	0	338
Net Book Value at 31 March 2010	14	1,433	1,447
Net Book Value at 31 March 2011	831	1,629	2,460

The internally generated intangible assets recognised as construction in progress are development costs for the Geographical Information System, a tool to support the creation, analysis and exploitation of spatial data and reconfiguration costs of a new licensing system from the Department of Energy and Climate Change (DECC). The first phase of this development was brought into beneficial use in 2010 and transferred to the Software intangibles asset register and began amortising in August 2010 (£1,041k).

During 2010/11 the investment in developing a new Licensing system to improve controls over the issuing of FEPA licences was impaired after completion of a prototype costing £349k. This decision was made after the MMO carried out an assessment of whether it would be fit for purpose and offer best value for money. The impairment note 11 gives further details.

Note 11. Impairments

In order to deliver the streamlined licensing solution, the MMO required a system which could not be supported by the legacy systems, therefore the MFA implemented a project to deliver a bespoke IT Solution. After vesting the MMO, in line with its IT governance framework, undertook a review of all major IT projects inherited from MFA, including the IBM licensing prototype.

The review identified that the prototype was not fit for purpose, as it did not meet business requirements and could not be delivered to timescales and cost.

MMO staff worked with the Department of Energy and Climate Change (DECC) to devise an innovative shared service solution, delivered by DECC, that met best practice guidance from the Cabinet Office to re-use existing assets.

The revised solution significantly reduced costs from the solution offered by IBM by £1.25 million, against a cost of £1.8 million, in addition to providing best value in achieving the business requirements.

This change in solution resulted in an impairment in the course of construction (IAS 36) of the IBM prototype of £349k. The impairment recommendation went through rigorous scrutiny by both the Audit and Risk Committee and MMO Board, before submission to Defra, who authorised the write off on 9 March 2011.

	2010/11 £'000
Charged to Net Expenditure Account	349
Charge to Revaluation Reserve	0
Total impaired	349

Note 12. Total receivables and other current assets

	31 March 2011 £'000	31 March 2010 £'000
Amounts falling due within one year		
Trade Receivables	220	118
Deposits and Advances	8	14
Prepayments and Accrued Income	130	1,228
VAT	0	96
Total due within one year	358	1,456

Total receivables include £24k due from other central Government bodies (31 March 2010: £149k).

Prepayments and accrued income of £99k relates to EU funding (31 March 2010: £373k).

VAT is no longer recoverable by the MMO, as an NDPB, on any of its activities as it is outside of the scope of VAT as defined by the HM Revenue and Customs.

Note 13. Cash and cash equivalents

	31 March 2011 £'000	31 March 2010 £'000
Balance at 1 April	7	529
Net changes in Cash and Cash Equivalent balances	1,037	(522)
Balance at 31 March	1,044	7

The following balances at 31 March were held at:

Government Banking Service/Office of Paymaster General	974	7
Commercial Banks	70	0
Balance at 31 March	1,044	7

The Office of HM Paymaster General accounts have been replaced by Government Banking Service accounts with Citibank. The Office of HM Paymaster General Accounts were closed on the 31 October 2010.

Note 14. Trade payables and other current liabilities

	31 March 2011 £'000	31 March 2010 £'000
Amounts falling due within one year		
Trade Payables	613	304
Other taxation and social security	182	0
Accruals and Deferred Income	3,624	4,518
Other Payables:		
Defra Network	2,771	3,440
Aerial & Surface Surveillance	1,796	2,943
Commercial Banks Overdraft	0	10
Total due within one year	8,986	11,215
Amounts falling due after more than one year		
Other Payables	759	1,320
Total due after more than one year	759	1,320
Total	9,745	12,535

Included within finance leases is the future liability to pay for the 'right of use' assets to IBM. The current liability is £146k (31 March 2010: £240k) and the amount falling due after more than one year is £759k (31 March 2010: £1,320k).

Payables include £4,883k due to other central Government bodies (31 March 2010: £6,152k).

Note 15. Provisions for liabilities and charges

	Office/Staff Relocations £'000	Bad Debt £'000	Legal Costs £'000	31 March 2011 Total £'000	31 March 2010 Total £'000
Balance at 1 April 2010	374	558	0	932	2,991
Provided in the year	0	0	400	400	112
Provisions not required written back	0	(238)	0	(238)	(18)
Provisions utilised in year	(168)	(245)	0	(413)	(2,153)
Balance at 31 March 2011	206	75	400	681	932

Provisions relating to office and staff relocations were retained at 31 March 2011 in anticipation of the reorganisation planned for 2011/12.

Bad debt provisions at 1 April 2010, totalling £558k, were for a specific Adecco debt of £30k, relating to a supplier overpayment dated July 2008, and for doubtful FEPA licence fee instalments of £528k. During 2010/11 the Adecco debt was written off and the provision fully utilised. Of the doubtful debts for FEPA instalments, £215k were utilised during the year and £238k were not required and written back.

The legal provision is to enable the MMO to fund any successful applicants' costs in Judicial Review Proceedings or other legal action against the MMO of high value or intensity of legal challenge (and, thus, costs). The figure is an estimate of the potential cost to the MMO in one year, and this has been provided as the likelihood of predicting such cases is difficult to determine.

Note 16. Capital commitments

Contracted capital commitments at 31 March 2011, not otherwise included in these financial statements, are as follows:

	31 March 2011 £'000	31 March 2010 £'000
Property, plant and equipment	0	0
Intangible assets	364	93

Note 17. 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

Obligations under operating leases comprise:	31 March 2011 £'000	31 March 2010 £'000
Buildings		
Not later than one year	371	333
Later than one year and not later than five years	966	908
Later than five years	101	194
	1,438	1,435
Other		
Not later than one year	15	18
Later than one year and not later than five years	4	9
Later than five years	0	0
	19	27

Note 18. Commitments under PFI and other service concession arrangements contracts

Defra have a contract with IBM for the provision of IT services and infrastructure assets, of which MMO is a part. This contract was renewed on 1 February 2010. It aims to support the Department by providing a modernised IT infrastructure in line with the wider government IS strategy, which will give the Department, including MMO, access to cost effective IT services and infrastructure.

The contract falls within the scope of IFRIC 12 and is disclosed within the accounts as a service concession arrangement. A lease liability has been included by MMO to reflect the capital value payments to IBM to lease IT infrastructure assets by MMO throughout the duration of the 8 year contract. A matching asset has been raised to reflect the benefit that the MMO will derive from having access to IBM's IT infrastructure assets.

During the life of the contract, MMO has the Right to Use assets owned by IBM and IBM are obliged to provide a consistent level of performance as set out in the contract. This includes underlying IT product developments commissioned.

The contract prices are subject to an annual incremental increase, applied from 1 April. This increase is based on the consumer price index (CPI) as at the end of January in the previous financial year.

There is flexibility in terms of termination providing the option to end the service or key aspects thereof. The financial penalty for termination is on a sliding scale depending on several factors, including time left on the contract. There are no beneficial entitlements at the end of contract, although the Department, including MMO, has the option to purchase specified assets at net book value on exiting the contract. This gives the Department, including MMO, control of the assets during the life of the contract.

Total obligations under on-balance sheet (SoFP) service concession arrangements for the following periods comprise:	31 March 2011 £'000	31 March 2010 Restated £'000
Not later than one year	157	253
Later than one year and not later than five years	682	1,032
Later than five years	346	822
	1,185	2,107
Less interest elements	(279)	(548)
Present value of obligations	906	1,559

Present Value of obligations under on-balance sheet (SoFP) service concession arrangements for the following periods comprise:	31 March 2011 £'000	31 March 2010 Restated £'000
	£'000	£'000
Not later than one year	146	236
Later than one year and not later than five years	537	812
Later than five years	223	511
Total present value of obligations	906	1,559

Note 19. Other financial commitments

The MMO entered into non-cancellable contracts (which were not leases or PFI contracts) detailed below. The payments to which the MMO was committed during 2010/11, analysed by the period during which the commitment expires, are as follows.

Other Financial Commitments:	31 March 2011 £'000	31 March 2010 Restated £'000
Not later than one year	13,789	14,109
Later than one year and not later than five years	14,509	20,739
Later than five years	3,588	3,856
Total present value of obligations	31,886	38,704

Note 20. Financial instruments

As the cash requirements of the MMO are met through Grant-in-Aid provided by Defra, financial instruments play a more limited role in creating risk than would normally apply to NDPBs. The non trading nature of MMO's activities, and the way the MMO is financed, mean 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 are not held to change the risk faced in undertaking the activities.

Liquidity risk

MMO is not exposed to significant liquidity risk given that its net resource requirements are financed through resources provided by Defra.

Interest rate risk

There is no exposure to interest rate risk as the financial assets and liabilities are predominately non interest bearing.

Foreign currency risk

MMO has undertaken several foreign currency transactions to convert grant receipts from the European Union from euro to sterling. MMO has been exposed to an exchange rate risk between the times that it calculates a grant claim from a sterling base cost until the time that the grant receipt is subsequently converted into sterling. The foreign currency risk is not considered material in the context of the overall activity of the MMO.

Credit risk

Under the legacy licensing fee charging regime the MMO mitigated the credit risk exposure by creating a bad debt provision for historic instalments billed to applicants during 2010/11. Proactive debt recovery has recovered much of this debt and the bad debt provision is retained for all at-risk debts.

The exposure to credit risk is reduced by the MMO having controls in place that ensure work on new licences does not begin until payment has been received from the applicant. A new licence fee structure beginning on 1 April 2011 will mean that MMO reviews its policies to ensure non-performance of financial asset receivables are minimised.

Note 21. Contingent liabilities disclosed under IAS 37

The MMO has no contingent liabilities at 31 March 2011 and the MFA had no contingent liabilities at 31 March 2010.

Note 22. Related-party transactions

The MMO is an executive NDPB sponsored by Defra. During the year the MMO carried out a number of material transactions with Defra and other Agencies and NDPB's of the Department. These are regarded as related parties.

The MMO also had transactions with other government bodies notably the Welsh Assembly Government and the Ministry of Defence (MoD).

Defra provided shared services support for transaction processing, procurement and HR, the internal audit function, and IBM information technology infrastructure. Total expenditure during the year was £3,903k with an outstanding payable at 31 March 2011 of £1,019k.

Cefas, an Executive Agency of Defra, provided scientific research and advisory work to the MMO. Total expenditure during the year was £3,641k, with an outstanding balance at 31 March 2011 of £907k.

The Sea Fish Industry Authority is a Defra NDPB working across all sectors of the seafood industry. It provides surveys and statistics on UK fish processing and the UK fishing fleet for use in the EU Data Collection Framework. Total expenditure during 2010/11 was £125k with an outstanding payable at 31 March 2011 £91k.

In addition, the MMO had various material transactions with other government departments and other central government bodies. Most of these transactions were with the MoD who provided fishery enforcement services from the Royal Navy protection squadron. Total expenditure during the year was £7,244k with an outstanding balance at 31 March 2011 of £1,761k.

During the year no Board member, key manager or other related parties has undertaken any material transactions with the MMO.

Note 23. Third-party assets

During the year the MMO received financial administrative penalties imposed by English or Welsh courts on owners of fishing vessels in accordance with The Sea Fishing (Enforcement of Community Measures) (Penalty Notices) Order 2008 SI 2008 No.984. These are not MMO assets and 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 occur where foreign fishing vessels are detained by the MMO and released from detention before the court case is concluded or the fines paid. The funds held remain the property of the person depositing it unless, or until, they fail to submit to the court process or pay their penalties, in which case they are forfeit to the Crown.

They are set out in the table below.

Monetary assets and monies on deposit	31 March 2010 £'000	Gross Inflows £'000	Gross Outflows £'000	31 March 2011 £'000
Fishing Admin Penalties	13	35	(43)	5
Bond	0	230	0	230
Total	13	265	(43)	235

Note 24. Losses and Special Payments

The MMO made one special payment during 2010/11, an ex-gratia payment of £3k, which received approval from HM Treasury because of its novel and contentious nature (2009/10: £2k).

Note 25. Events after the reporting date

Sir William Callaghan was appointed as the new Chair of the MMO from 1 May 2011 for three years.

Note 26 Authorised date of issue

IAS 10 requires MMO to disclose the date on which the accounts are authorised for issue. This is the date of the Certificate and Report of the Comptroller and Auditor General.

The authorised date for issue is 5 July 2011.

Explanation of report acronyms

Cefas	Centre for Environment, Fisheries and Aquaculture Science
CETV	Cash Equivalent Transfer Value
CFP	Common Fisheries Policy
CPA	Coast Protection Act 1949
CPI	Consumer Price Index
CSA	Chief Scientific Advisor
CSR	Comprehensive Spending Review
DAC	Data Archive Centres
DECC	Department of Energy and Climate Change
Defra	Department for Environment, Food and Rural Affairs
EC	European Commission
EFF	European Fisheries Fund
EU	European Union
FEPA	Food and Environment Protection Act 1985
FOI	Freedom of Information
FYE	Full Year Equivalent
HMRC	HM Revenue and Customs
HR	Human Resources
IAD	Internal Audit Department
IFCA	Inshore Fisheries and Conservation Authority
IPC	Infrastructure Planning Commission
IUU	Illegal, Unreported Unregulated
JNCC	Joint Nature Conservation Committee
MCZ	Marine Conservation Zone
MEDIN	Marine Environmental Data and Information Network
MFA	Marine and Fisheries Agency
MMO	Marine Management Organisation
MOU	Memoranda of Understanding
MPIIP	Marine Pollution Incident Information Portal
MPS	Marine Policy Statement
MW	Megawatts
NDPB	Non-departmental Public Body
PCS	Public and Commercial Services Union
PRMB	Performance and Risk Management Board
SLA	Service Level Agreements
SSD	Shared Services Directorate

Annex A

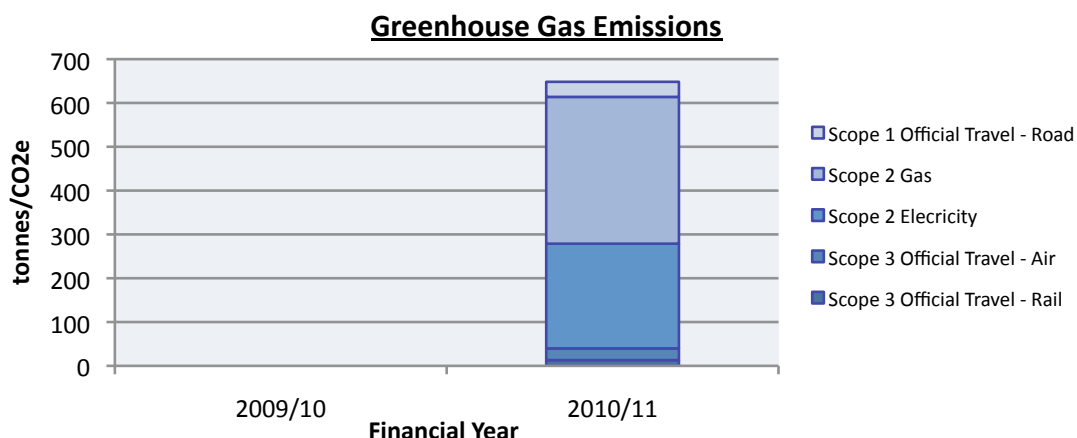
Sustainability Reporting for year ending 31 March 2011

Greenhouse Gas Emissions		2009/10	2010/11
Non financial indicators (tCO ₂ e)	Total Gross Emissions for Scope 1, 2 & 3	-	648
	Total Net Emissions for Scope 1, 2 & 3 (ie less reductions eg green tariffs)	-	648
	Gross emissions from scope 1 (direct impacts)	-	34
	Gross emissions from scope 2 (indirect impacts)	-	574
	Gross emissions from scope 3 (business travel)	-	40
Related energy consumption (thousand KWh)	Electricity: Non-Renewable	-	118
	Electricity: Renewable	-	323
	Gas	-	420
	LPG	-	0
	Other	-	0
Financial Indicators (£k)	Expenditure on energy	-	46
	CRC Licence Expenditure (2011 onwards)	-	0
	CRC Income from recycling payments	-	0
	Expenditure on accredited offsets - Woodland Trust Enterprise	-	1
	Expenditure on official business travel	-	244

Performance Commentary

This is the MMO's first year preparing consumption of finite resources figures. These will be used as a basis for comparison in 2011/12.

The financial indicator amounts in sterling for business travel are those shown within our Annual Accounts. Our approved business travel partner, Carlson Wagonlit, provides the greenhouse gas emissions data from business travel. The MMO places emphasis on ensuring all employee business travel is booked through our partner to ensure value for money and accurate sustainability reporting. From 1 April 2011 our business travel partner is Redfern.



Please note that greenhouse gas emissions data was unavailable for 2009/10.

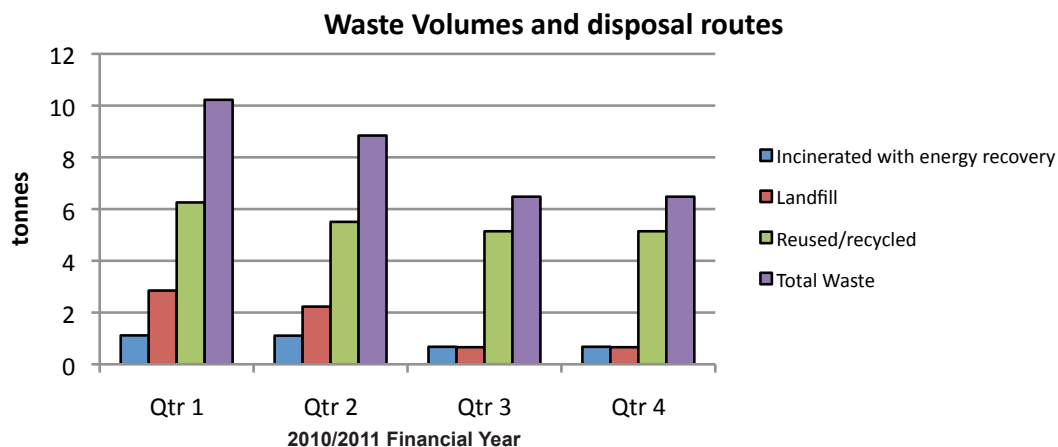
Waste for Head Office		2009/10	2010/11
Non financial indicators (t)	Total Waste	-	32
	Non-hazardous landfill	-	6
	Non-hazardous reused/recycled	-	22
	Non-hazardous incinerated	-	4

Performance Commentary

Total waste has reduced each quarter; with significant reductions throughout the year in volumes of waste sent to landfill.

This data does not include any of the MMO coastal offices; however it represents offices that are occupied by 60 per cent of the MMO workforce. We are restricted to receiving waste information only for those offices with an occupation level above 25 people, so none of our coastal properties are included.

This report assumes Qtr 4 (Jan to March 2011) is comparable with Qtr 3, as actual volumes were not available in time to be included.



Finite Resource Consumption Water		2009/10	2010/11
Non financial indicators (M3)	Water Consumption	-	1206
Financial indicators (£k)	Water Supply Costs	-	5

Performance Commentary

This is the MMO's first year preparing consumption of finite resources figures, and will set the benchmark for future years.

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