

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

Annual Report and Accounts for Year Ending  
31 March 2017



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Annual Report and Accounts for year ending 31 March 2017**

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

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

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**JNCC SUPPORT CO**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING 31 MARCH 2017**

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## Chair's and Chief Executive's Foreword

As a scientific authority on UK and international nature conservation, JNCC provides evidence and advice in relation to biodiversity and ecosystems. Our work supports the UK Government and the devolved administrations in meeting their ambitions for a healthy natural environment that provides the foundation for sustainable economic growth, prospering communities and personal wellbeing.

2016/17 was an extremely busy year for JNCC. The breadth of our work over the last 12 months is illustrated by the following highlights:

- Through long-standing partnerships with non-governmental organisations, we provided updated status and trend information for a wide range of terrestrial birds, butterflies, mammals and plants in the UK.
- We produced a marine biodiversity monitoring strategy for UK waters with options for deep-sea habitats, seabirds and cetaceans.
- We developed a platform providing analysis-ready satellite data to support multiple environmental applications across the UK. Working with partners we demonstrated the potential for satellite data to transform approaches to monitoring water quality and assessing rural payments.
- We provided scientific expertise to the UK delegation to the Conference of the Parties to the Convention on International Trade in Endangered Species, leading to successful outcomes on ivory, African lions and other wildlife trade issues.
- We published a comprehensive review of terrestrial Special Protection Areas in the UK, confirming the international importance of the site network for bird conservation.
- We initiated a project (funded by the Foreign and Commonwealth Office) to advise governments in the UK's Overseas Territories on incorporating natural capital in their decision-making.
- We supported governments in establishing an ecologically coherent network of marine protected areas by advising on a third tranche of Marine Conservation Zones in English offshore waters and submitting revised proposals for Special Areas of Conservation for harbour porpoise in UK offshore waters following public consultation.
- To supplement our core grant-in-aid we increased income by over 20% compared with 2015/16.

Successful delivery of such a wide-ranging programme of work is a testament to the efforts of JNCC's staff, who worked unstintingly during the year. Their skills in operating at the interface between science and policy and across local to international scales make JNCC unique. We are also grateful for the essential contributions made by our many partners in the public, private and voluntary sectors.

A fundamental review of JNCC was undertaken by our four sponsor administrations during 2016. The final report was published in November 2016. The conclusions contain several recommendations for improvements to the way JNCC operates, which are being implemented. Overall, the report concludes that *"JNCC staff skills are highly valued by policy customers in Defra and the devolved administrations, JNCC partners and other stakeholders. Sponsors agree on the efficiency of retaining a shared resource of skilled specialists in JNCC to provide independent evidence and advice on the shared nature conservation priorities of governments in the UK."*

The conclusion of the government review stands JNCC in good stead as we look to the future. Moving into 2017/18, our work will be guided by our new strategy, which sets out five high-level outcomes:

- High-quality evidence on biodiversity and ecosystems to inform decisions affecting the environment
- Beneficial environmental outcomes for the UK through international leadership
- Cost-effective delivery of devolved environmental priorities through shared solutions and joint working
- Sustainable economic growth through a healthy environment in the UK's offshore marine waters
- Excellent, customer-focused delivery

2017/18 will be another challenging year, not least because of preparations for the UK's exit from the European Union. However, JNCC's flexible, collaborative and solution-driven culture and our highly cost-effective working arrangements will enable us to continue providing a valuable service to the four UK administrations and other customers.

Professor CA Gilligan (Chair)

Mr MJM Yeo (Chief Executive)

## Facal-toisich a' Chathraiche agus an Àrd-oifigeir

Tha JNCC, mar ùghdarras saidheansail, a' solar fianais agus comhairle a thaobh bith-iomadachd agus eag-shiostaman air glèidhteachas nàdair anns an Rìoghachd Aonaichte agus gu h-eadar-nàiseanta. Tha an obair againn a' cumail taic ri Riaghaltas na RA agus na riaghaltasan nàiseanta san RA is iad a' coileanadh an cuid amasan airson àrainneachd nàdarra fhallainn a tha mar bhun-stèidh airson fàs eaconamach seasmhach, coimhearsnachdan soirbheachail agus slàinte phearsanta a thoirt gu buil.

Bha bliadhna glè thrang aig JNCC ann an 2016/17. Chithear farsaingeachd ar cuid obrach anns a' bhliadhna a chaidh seachad anns na leanas:

- Libhrig sinn fios ùraichte air inbhe agus gluasadan mu thaghadh farsaing de dh'eòin, dealanan-dè, mamalan agus lusan san RA tro chom-pàirteachasan stèidhichte thar iomadh bliadhna le buidhnean neo-riaghaltais.
- Libhrig sinn ro-innleachd sgrùdaidh air bith-iomadachd na mara anns an Rìoghachd Aonaichte le taghaidhean ann airson àrainnean ann an sàl domhainn, eun-mara agus mhucan-mara.
- Leasaich sinn dòigh airson dàta saideil a tha deiseil airson sgrùdaidh a liubhairt gus taic a chumail ri dòighean-obrach àrainneachdail air feadh na RA. Sheall sinn, an co-obrachadh le ar com-pàirtichean, na cothroman an lùib dàta saideil airson dòighean-obrach atharrachadh gu tur airson glainnead uisge agus dìoladh dùthchail a sgrùdadh.
- Libhrig sinn eòlas saidheansail do sgioba na RA aig Co-labhairt nam Buidhnean aig a' Cho-chruinneachadh air Malairt Eadar-nàiseanta nan Gnèithean ann an Cunnart, às an tàinig co-dhùnaidhean soirbheachail air ìbhri, leòmhannan Afraganach agus gnothaichean eile air malairt fiadh-bheatha.
- Dh'fhoillsich sinn ath-sgrùdadh iomlan air Raointean Dìon Sònraichte na talmhainn anns an RA, a' dearbhadh cho cudromach gu h-eadar-nàiseanta 's a tha an lìonra làraichean airson eòin a ghlèidheadh.
- Chuir sinn pròiseact air chois (air a mhaoineachadh le Oifis nan Dùthchannan Cèin agus a' Cho-fhlaitheis) airson comhairle a chumail ri riaghaltasan ann an Ranntairean Bhreatainn Thall Thairis airson beachdachadh air calpa nàdarra nan cuid cho-dhùnaidhean.
- Chùm sinn taic ri riaghaltasan le stèidheachadh lìonra nàdair ciallach ann an raointean dìon mara le bhith a' cumail comhairle air an treas sreath de Raointean Dìon Mara ann an Sasainn agus a' cur mholaidhean ùra air adhart air Raointean Dìon Sònraichte airson pheileagan ann an cuantan Bhreatainn an dèidh co-chomhairleachadh poblach.
- Dh'àrdaich sinn an teachd a-steach againn le còrr is 20% an coimeas ri 2016/2017 airson cur ris an tabhartas mhaoineachaidh againn.

Tha libhrigeadh soirbheachail de phrògram obrach farsaing mar thoradh air oidhirpean luchd-obrach JNCC a bha ri saothair mhòr fad na bliadhna. 'S e an cuid sgilean obrach, eadar saidheans agus poileasaidhean bho ìre ionadail gu ìre eadar-nàiseanta, a tha a' fàgail JNCC air leth bho chàch. Tha sinn taingeil cuideachd airson na chuir na com-pàirtichean againn ri ar cuid obrach anns na roinnean poblach, priobhaideach agus saor-thoileach.

Chaidh ath-sgrùdadh mionaideach a dhèanamh air JNCC leis na ceithir riaghaltasan ann an 2016. Chaidh an aithisg dheireannach fhoillseachadh anns an t-Samhain 2016. Tha grunn mholaidhean anns na co-dhùnaidhean airson feabhas a thoirt air dòighean-obrach JNCC, a thathar a' cur an sàs an-dràsta. Tha an aithisg a' crìochnachadh leis a' bheachd gu bheil *"luach mòr ga chur air sgilean luchd-obrach JNCC le luchd-cleachdaidh poileasaidh ann an Defra agus na riaghaltasan nàiseanta, com-pàirtichean JNCC agus luchd-ùidh eile. Tha iad ag aontachadh mun èifeachdas an lùib glèidheadh goireas co-roinnte de dh'eòlaichean aig JNCC a bheir fianais agus comhairle neo-eisimeileach seachad air na prìomhachasan glèidhteachais a tha cumanta do na riaghaltasan anns an RA."*



Tha co-dhùnadh an ath-sgrùdaidh a' fàgail JNCC ann an àite fàbharach is sinn a' coimhead ris an àm ri teachd. Ann an 2017/18 bidh ar cuid obrach stèidhichte air an ro-innleachd ùir againn anns a bheilear ag amas air còig prìomh amasan a thoirt gu buil:

- Fianais aig ìre àrd air bith-iomadachd agus eag-shiostaman airson cho-dhùnaidhean a bheir buaidh air an àrainneachd
- Buannachdan àrainneachdail airson na Rìoghachd Aonaichte tro cheannardas aig ìre eadar-nàiseanta
- Lìbhrigeadh èifeachdach a rèir cosgais de phrìomhachasan àrainneachdail nan riaghaltasan nàiseanta tro fhuasglaidhean co-roinnte agus co-obrachadh
- Fàs eaconamach seasmhach tro àrainneachd fhallainn ann an cuantan na RA
- Deagh sholarachadh stèidhichte air miann an luchd-cleachdaidh

'S e bliadhna dhùbhlanach a bhios romhainn ann an 2017/18 agus sinn ag ullachadh airson Breatainn a bhith a' tarraing a-mach às an Aonadh Eòrpach. Ach leigidh dòigh-obrach shùbailte is cho-obrachail JNCC leinn, às am faighear luach an airgid, seirbheis luachmhor a lìbhrigeadh do na ceithir riaghaltasan san RA agus don luchd-cleachdaidh eile.

An t-Àrd-ollamh CA Gilligan (Cathraiche)

Mgr. MJM Yeo (Àrd-oifigear)

## Rhagair y Cadeirydd a'r Prif Weithredwr

Fel awdurdod gwyddonol ar warchod natur ym Mhrydain ac yn rhyngwladol, mae JNCC yn cynnig tystiolaeth a chyngor yn ymwneud â bioamrywiaeth a systemau eco. Mae ein gwaith yn cefnogi Llywodraeth Prydain a'r gweinyddiaethau datganoledig i fodloni eu nod o sicrhau amgylchedd iach a naturiol. Mae hyn yn sicrhau sylfaen ar gyfer twf economaidd cynaliadwy, cymunedau ffyniannus a lles personol.

Roedd 2016/17 yn flwyddyn andros o brysur i JNCC. Mae tystiolaeth o ehangder ein gwaith yn ystod y 12 mis diwethaf yn amlwg o edrych ar yr uchafbwyntiau canlynol:

- Drwy bartneriaethau tymor hir gyda mudiadau anllywodraethol bu inni gynnig statws uwch a gwybodaeth tueddiadau am ystod eang o adar daearol, pili palaod, mamaliaid a phlanhigion ym Mhrydain.
- Bu inni ddatblygu strategaeth bioamrywiaeth forol ar gyfer dyfroedd Prydain gydag opsiynau ar gyfer cynefinoedd dyfnforol, adar môr a morfilod.
- Bu inni ddatblygu plattform yn cynnig data lloeren barod i'w ddadansoddi er mwyn cefnogi sawl rhaglen amgylcheddol ledled Prydain. Wrth gydweithio gyda phartneriaid bu inni ddangos dichonolrwydd data lloeren i drawsnewid dulliau monitro ansawdd dŵr a manteisio ar daliadau cefn gwlad.
- Bu inni gynnig arbenigedd gwyddonol i ddirprwyaeth Prydain yng Nghynhadledd y Partïon i'r Gynhadledd ar Fasnach Ryngwladol mewn Rhywogaethau Mewn Peryg gan arwain at ddeilliannau llwyddiannus ynghylch ifori, llewod Affricanaidd a materion masnach eraill yn ymwneud gyda bywyd gwyllt.
- Bu inni gyhoeddi adolygiad trylwyr ar Ardaloedd Cadwraeth Arbennig ddaearol ym Mhrydain gan gadarnhau pwysigrwydd rhyngwladol o'r rhwydwaith safle ar gyfer gwarchod adar.
- Bu inni gychwyn ar brosiect (wedi ei ariannu gan y Swyddfa Dramor a'r Gymanwlad) i gynghori llywodraethau yn Nhiriogaethau tramor Prydain ynghylch ymgorffori cyfalaf naturiol wrth wneud penderfyniadau.
- Bu inni gefnogi llywodraethau i sefydlu rhwydwaith ecolegol cydlynol o ardaloedd gwarchod morol gan gynghori ar drydedd gyfran o Gylchfâu Cadwraeth mewn dyfroedd Saesneg alltraeth. Yn ogystal â chyflwyno cynigion diwygiedig ar gyfer Ardaloedd Cadwraeth Arbennig ar gyfer llamidyddion harbwr yn nyfroedd alltraeth Prydain yn dilyn ymgynghoriad cyhoeddus.
- Er mwyn atodi ein grant cynnal craidd bu inni gynyddu ein hincwm o dros 20% o gymharu â 2016/17.

Mae cynnal gwaith o ystod mor eang yn llwyddiannus yn brawf o ymdrech staff JNCC a fu'n gweithio'n ddi-baid yn ystod y flwyddyn. Mae eu sgiliau mewn gweithredu ar y rhyngwyneb rhwng gwyddoniaeth a pholisi ac ar draws graddfeydd lleol a rhyngwladol yn gofalu fod JNCC yn unigryw. Rydym hefyd yn ddiolchgar am y cyfraniadau hanfodol gan ein amryw bartneriaid yn y sector cyhoeddus, preifat a gwirfoddol.

Bu i'n bedwar gweinyddiaeth nawdd gynnal adolygiad sylfaenol o JNCC yn ystod 2016. Cyhoeddwyd yr adroddiad terfynol ym mis Tachwedd 2016. Mae'r casgliadau yn cynnwys sawl argymhelliad ynghylch gwelliannau i waith JNCC, sydd ar waith ar hyn o bryd. Ar y cyfan, bu i'r adroddiad ddod i'r casgliad caiff "*sgiliau staff JNCC eu gwerthfawrogi'n fawr gan gwsmeriaid polisi yn Defra a'r gweinyddiaethau datganoledig, partneriaid JNCC a rhanddeiliaid eraill. Mae noddwyr yn cytuno ar effeithlonrwydd cadw adnodd cyfrannol o arbenigwyr medrus yn JNCC i gynnig tystiolaeth a chyngor annibynnol ar flaenoriaethau cadwraethau natur cyfrannol y llywodraethau ym Mhrydain.*"

Mae casgliad adolygiad y llywodraeth yn fuddiol i JNCC wrth inni fwrw golwg ar y dyfodol. Gan symud ymlaen at 2017/18, byddwn yn mynd ati gyda'n gwaith gan gydymffurfio gyda'n strategaeth newydd, sy'n ymdrin â phum deilliant o safon uchel:

- Tystiolaeth o safon ar fioamrywiaeth ac ecosystemau er mwyn dylanwadu ar benderfyniadau sy'n effeithio ar yr amgylchedd.
- Deilliannau amgylcheddol manteisiol ar gyfer Prydain drwy arweinyddiaeth ryngwladol
- Cynnig blaenoriaethau amgylcheddol datganoledig cost effeithiol drwy ddatrysiadau cyfrannol a chydweithio
- Twf economaidd cynaliadwy drwy amgylchedd iach yn nyfroedd morol alltraeth Prydain.
- Gwaith rhagorol lle mae'r cwsmeriaid yn ganolog iddo

Bydd 2017/18 yn flwyddyn heriol eto a dim yn unig oherwydd y paratodau ar gyfer ymadawiad Prydain o'r Undeb Ewropeaidd. Fodd bynnag, diolch i ddiwylliant hyblyg, cydweithrediadol ac sy'n canolbwyntio ar ddatrysiadau JNCC ac ein trefniadau gwaith hynod gost effeithiol, bydd yn sicrhau fod modd inni barhau i gynnig gwasanaeth o fudd i bedwar gweinyddiaeth Prydain a chwsmeriaid eraill.

Yr Athro CA Gilligan (Cadeirydd)

Mr MJM Yeo (Prif Weithredwr)

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2017**

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

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

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

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

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

### **JNCC Support Co information**

***Company number: 05380206 (England and Wales)***

#### ***Peterborough office and registered office***

Joint Nature Conservation Committee  
Monkstone House, City Road, Peterborough, PE1 1JY  
Tel: +44 (0)1733 562626  
Email: [feedback@jncc.gov.uk](mailto:feedback@jncc.gov.uk)  
Web: [www.jncc.defra.gov.uk](http://www.jncc.defra.gov.uk)

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

Joint Nature Conservation Committee  
Inverdee House, Baxter Street, Aberdeen, AB11 9QA  
Tel: +44 (0)1224 266564  
Email: [feedback@jncc.gov.uk](mailto:feedback@jncc.gov.uk)

### **Senior JNCC staff in 2016/17**

Chief Executive	Mr MJM Yeo
Director of Standards and Advice	Mr PM Rose
Director of Corporate Services	Mrs SE McQueen
Director of Marine Operations	Dr JC Goold
Director of Evidence	Dr SD Gibson

### **Company directors in 2016/17**

Professor IJ Bateman  
Dr R Brown  
Mr GRJ Duke  
Professor CA Galbraith  
Professor CA Gilligan  
Dr M Havard  
Professor DA Hill (until 30 April 2016)  
Dr J Horwood  
Professor MJ Kaiser (until 31 March 2017)  
Dr HA Kirkpatrick  
Ms D McCrea  
Professor H Platt  
Mr WJ Ross (until 31 March 2017)  
Dr S Walker  
Mr MJM Yeo

### **Company secretary**

Mrs SE McQueen

### **Donations**

There were no political or charitable donations made in the financial year ending 31 March 2017.

### **Losses and special payments**

JNCC reported no losses or special payments during the year to 31 March 2017 (none reported in the year to 31 March 2016). Twenty-four fruitless payments were recorded in 2016/17 with a total value of £6,087 (eight fruitless payments totalling £1,588 were reported in 2015/16).

## **Personal data**

There were no losses of personal data in the financial year ending 31 March 2017.

## **Financial instruments**

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

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

There are no events that have happened since the end of the financial year to materially affect the contents of these financial statements. The Annual Report and Accounts were authorised for issue on the date that the Comptroller and Auditor General signed his certificate and audit report.

## **Results and dividends**

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

## **Directors' interests**

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

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

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

## **Sickness absence**

In 2016/17 the average sickness absence per full-time employee was 4.1 days (4.0 days in 2015/16).

## **Pension liabilities**

Full details of pension liabilities and their accounting treatment is given in the accounting policies note, on page 44 of this report.

## **Responsibilities of the Chief Executive**

The Chief Executive of JNCC (Mr MJM Yeo) is the Accounting Officer for JNCC, appointed by the Permanent Secretary of the Department for Environment, Food and Rural Affairs.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records, and for safekeeping JNCC Support Co's assets, are set out in *Managing Public Money* published by the Treasury.

## **Auditors**

Following the passing of the Government Resources and Accounts Act 2000 (Audit of Non-profit-making Companies) Order 2009 the Comptroller and Auditor General (C&AG) is empowered to audit JNCC Support Co's financial statements. The C&AG's certificate and report commence on page 36. The audit fee charged in the Profit and Loss Account was £18,500 (£19,950 in 2015/16). The auditor received no fees for non-audit services.

The Directors confirm that:

- ◆ there is no relevant audit information of which the auditor is unaware; and
- ◆ they have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the JNCC's auditor is aware of that information.

Mr MJM Yeo  
Chief Executive  
On behalf of the board of directors  
6 July 2017

## **STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2017**

The directors present their report and the financial statements for the year ending 31 March 2017. This report should be read in conjunction with the Governance Statement commencing on pages 17 to 28 and the Directors' report commencing on page 7.

### **JNCC Support Co – history and objectives**

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

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

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

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

### **Business model**

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

JNCC Support Co is funded primarily by grant-in-aid.

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

The budget for 2016/17 comprised four parts:

- ◆ UK co-ordination work funded through Natural England, Scottish Natural Heritage and Natural Resources Wales (the GB conservation bodies) and the Department of the Environment in Northern Ireland, for work which applies across the UK as a whole, including UK marine waters, e.g. development of common guidelines, standards and tools and UK-level co-ordination;
- ◆ funding provided by Defra for work relating to territories outside Great Britain and Northern Ireland and work in support of, or on behalf of, UK Government in contributing to international, European or regional fora;
- ◆ funding provided by Defra for operational work in offshore waters (beyond 12 nautical miles); and



- ◆ governance and corporate services, funded by all funding bodies, in proportion to their contributions to the other three funding streams.

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

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

## **Risks**

Any significant risks identified by management considered likely to affect the performance of the business have been reported as part of the Governance Statement commencing on page 17 of this report.

## **Review of business**

During the financial year ending 31 March 2017 the company made a significant contribution to nature conservation on both the national and international level through an extensive and varied programme of work. Thirty-two of the thirty-three success measures were either achieved or made substantial progress in the year, with completion expected in early 2017/18. Further details of performance against success measures are given on pages 56 to 62.

For the year-ending 31 March 2017 the company made an operating gain of £276,000 (operating gain of £52,000 in 2015/16). The surplus contributed towards an increase in total reserves which stand at £717,000 as at 31 March 2017 (£327,000 as at 31 March 2016).

The surplus represents approximately 2.5% of the overall income for the year and relates partly to contracts slipping towards the end of the year and completing in early 2017/18 and partly to JNCC's success in attracting additional income, particularly in the final quarter of 2016/17. Plans to reinvest the surplus to support nature conservation goals and to ensure systems are fit to support JNCC's strategy are already underway. The announcement in February 2017 of a new Efficiency Review by Treasury makes it more important that funds are available to support plans if grant-in-aid decreases further.

Through Defra, JNCC were successful in securing grant funding during 2016/17 from the CSSF (the Conflict, Stability and Security Fund). This project, amounting to £2m over two years, will be used to support work in the Overseas Territories.

The company continues to receive contributions to projects from other organisations in addition to its grant-in-aid. JNCC has placed increased emphasis on exploiting additional sources of funding and the year ending 31 March 2017 shows an increase in contributions from £297,000 to £508,000.

## Comparison of outturn against budget

The company continues to demonstrate a high level of control over the management of public monies for which it has stewardship responsibilities, and this is shown when the actual spend is compared to the budget for the year.

All figures in £,000	Original budget*	Outturn	Variance between outturn and original budget	Revised budget*
Revenue expenditure**	11,008	10,978	-30	11,583
Capital expenditure	0	21	21	21
Total expenditure	11,008	10,999	-9	11,604
Less: Non-grant-in-aid income	-1,254	-935	319	-1,254
Grant-in-aid receivable *** (excluding capital adjustments)	-9,754	-10,340	-586	-10,350
(Surplus)/Deficit	0	-276	-276	0
Transfer from deferred income re fixed asset depreciation	0	-114	-114	0
(Surplus)/Deficit	0	-390	-390	0

\* The original budget is based on the JNCC business plan for 2016/17. The revised budget is a final variation of the original budget, adjusted over the course of the year, which is reported to Defra.

\*\* The revenue budget shown excludes £421k transferred directly to Cefas by Defra on behalf of JNCC.

\*\*\* GIA received includes adjustments for Conflict, Stability and Security Fund income, LIFE National Contact Point funding and adjustments to ensure that GIA was not drawn down in advance of need.

## Future developments

A work programme for 2017/18 has been prepared, taking into account the views of Defra and the devolved administrations on priorities. In developing the plan the following factors have been taken into account:

- i. the need to meet the priorities of Defra and the devolved administrations for evidence and advice on UK and international nature conservation;
- ii. the need to reduce GIA spend by 3.6% overall in 2017/18 and to prepare for further reductions in the following years;
- iii. the need to be able to respond flexibly to any changes stemming from EU exit, increased devolution and any other political drivers;
- iv. the need to invest in transforming the organisation to meet new strategic priorities.

In 2017/18, our performance will be measured primarily in terms of delivering outputs of advice, evidence and services, described in terms of success measures set out in JNCC's business plan. Following final consultation with Defra and the devolved administrations, the plan will be submitted to ministers for approval, taking into account the restrictions around the General Election in June 2017.

The work described in the business plan for 2017/18 will contribute to the achievement of the national and international obligations of the UK Government, the Scottish Government, the Welsh Government and the Northern Ireland Executive.

JNCC's strategy will deliver five high-level outcomes:

1. High-quality evidence on biodiversity and ecosystems to inform decisions affecting the environment
2. Beneficial environmental outcomes for the UK through international leadership
3. Cost-effective delivery of devolved environmental priorities through shared solutions and joint working
4. Sustainable economic growth through a healthy environment in the UK's offshore marine waters
5. Excellent, customer-focused delivery

To achieve our strategy, we will build on these strengths and adapt the way we operate by:

- paying increasing attention to the economic and social dimensions of our work;
- responding to changing policy requirements in the four countries of the UK, driven by devolution and the UK's exit from the EU;
- diversifying our funding and increasing income from non-government sources;
- enhancing our scientific standing;
- growing our skills and investing in our people;
- raising our profile; and
- embracing innovation, for example by testing and applying cutting edge technologies and data approaches.

### **Going concern**

The balance sheet at 31 March 2017 shows the reserves of the company as £717,000 (2015/16: £327,000). The future financing of the JNCC is to be met by grant-in-aid from Defra and the devolved administrations. Grant-in-aid for the year ending 31 March 2018, taking into account the amounts required to meet JNCC's liabilities falling due in that year, has already been included in Defra's and the devolved administrations' estimates for that year. It has accordingly been considered appropriate to adopt the going concern basis for the preparation of these financial statements.

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

## Our staff

During the year ending 31 March 2017 JNCC Support Co employed, on average, 163 full-time equivalent staff, based primarily in offices in Peterborough and Aberdeen. Our staff bring together scientific and technical expertise, extensive knowledge of policy at global, European and national levels, and skills in working with other organisations.

Appointments are made in line with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition. We promote equality of opportunity for all staff, irrespective of their gender, sexual orientation, marital status, age, disability, race, religion or belief. We seek to provide learning and development opportunities for all staff to maximise effectiveness, increase performance and develop staff for the future. A Continuous Professional Development (CPD) scheme has been developed during 2016/17 and will be implemented in 2017/18 Further details regarding JNCC's remuneration policies can be found in the remuneration report commencing on page 29.

Conditions of employment, policies and procedures are available on the JNCC website, [www.jncc.defra.gov.uk](http://www.jncc.defra.gov.uk). A performance management system was in operation throughout the year ending 31 March 2017.

We set out to be a socially responsible organisation, providing flexibility to enable our staff to combine work with family responsibilities and to contribute to the communities they live in. JNCC employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). Details of the scheme and the company's liabilities in this regard can be found in the remuneration report and account policies note.

The breakdown of staffing by gender at the year-end was as follows:

	Male	Female
Directors of the company (Joint Committee members and Chief Executive)	7	4
Executive directors	3	1
Remaining staff	51	112

## Sustainability

JNCC is exempt from the requirement to provide a Sustainability Report under the government's Greening Government Commitments, having fewer than 250 employees. However, JNCC is committed to minimising the impact of its activities on the environment.

The key points of its strategy to achieve this are:

- actively promote recycling both internally and amongst its customers and suppliers;
- at all times to balance value for money against environmental requirements when making procurement decisions;
- comply with all relevant environmental legislative and regulatory requirements;
- encourage staff to travel only when necessary and to use public transport where available;
- invest in technology that will reduce the requirement to travel; and

- raise awareness of environmental considerations amongst staff and suppliers.

Mr MJM Yeo  
Chief Executive  
On behalf of the board of directors  
6 July 2017

# Annual Governance Statement for the Joint Nature Conservation Committee for the year ending 31 March 2017

## 1. Introduction

As Chief Executive and Accounting Officer I am responsible for maintaining a sound system of internal control that supports the achievement of the policies, aims and objectives of JNCC, whilst safeguarding the public funds and the assets for which I am personally responsible, in accordance with the responsibilities assigned to me in *Managing Public Money*. I am required to provide assurances of operating sound systems of internal control and to set out how these duties have been discharged.

As Chief Executive I am responsible for all executive matters carried out by the JNCC Support Co. In my Accounting Officer role, I have responsibilities (and associated powers) to advise the Joint Committee and to take action if I feel that the Committee makes any decisions that would infringe their governance or statutory responsibilities.

This governance statement sets out how JNCC has managed and controlled resources during the year. It provides assurance on how corporate governance has been carried out and how JNCC has managed significant organisational risks and addressed control issues.

The system of internal control has been in place in JNCC for the year ended 31 March 2017, up to the approval of the Annual Report and Accounts, and accords with HM Treasury guidance.

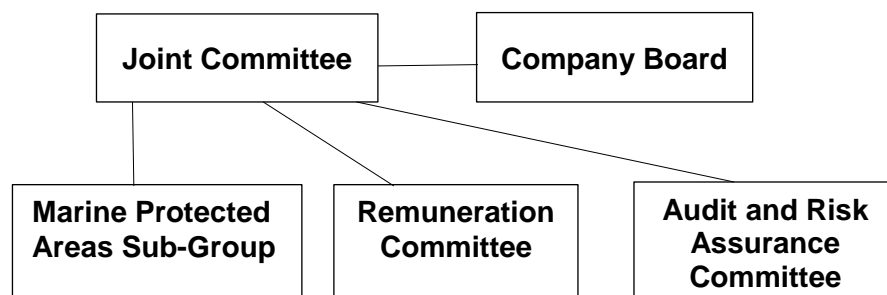
## 2. Effectiveness of governance arrangements

### The governance framework

JNCC is a non-departmental public body that advises the UK Government and devolved administrations on UK-wide and international nature conservation.

JNCC is led by the Joint Committee, which brings together members from the nature conservation bodies for England, Scotland, Wales and Northern Ireland and independent members appointed by the Secretary of State for Environment, Food and Rural Affairs under an independent Chair.

Governance arrangements for JNCC, and the relationship between JNCC, UK government departments, devolved administrations and the country nature conservation bodies, are described in an Accountability Framework, Management Statement and Financial Memorandum. These are available to download from [jncc.defra.gov.uk](http://jncc.defra.gov.uk). JNCC's governance documents were last revised in April 2011 and are currently being reviewed and updated as part of a Defra-wide initiative. A diagram of the governance structure is presented below.



JNCC operates to a Corporate Governance Framework that is based on the seven core principles ('the Nolan Principles') of good governance for public services. Through this Framework, JNCC complies with the 'Principles of Good Governance in Executive NDPBs' as they apply to JNCC.

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control and this is informed by the work of the internal auditors and the senior managers responsible for the development and maintenance of the internal control framework.

### 3. Joint Committee

The Joint Committee has overall responsibility for fulfilling the statutory functions of JNCC, maintaining an effective framework of corporate governance, and promoting the efficient and effective use of resources. The Joint Committee is responsible for setting the strategic direction of the organisation and for ensuring that JNCC has appropriate policies and procedures in place to fulfil its statutory and administrative obligations with regard to the use of public funds. The Joint Committee meets four times a year, and additionally when necessary, to consider all matters relating to the overall control, business performance and strategy of JNCC.

The Joint Committee consists of 14 non-executive members and is chaired by Professor Chris Gilligan. The membership of the Committee is defined in Schedule 4 of the Natural Environment and Rural Communities Act 2006. Membership provides an appropriate balance of skills, experience, independence and knowledge to discharge duties effectively.

Conflicts of interests declared by Joint Committee members are managed by the Chair to ensure any necessary separation of the topic and the individual. During the year no material conflicts of interest have been reported.

Attendance at meetings of the Joint Committee, Company Board and sub-committees has ensured quoracy requirements have been met throughout 2016/17, with the exception of the Audit and Risk Assurance Committee meeting in June 2016. Arrangements were made following the meeting to ensure decisions were endorsed and recorded.

The table below details attendance at Joint Committee meetings during the year:

Joint Committee Member	Possible Joint Committee meetings	Attended
Professor Chris Gilligan (Independent, Chair)	4	4
Guy Duke (Independent, Deputy Chair)	4	3
Professor Ian Bateman (Independent)	4	2
Dr Bob Brown (Independent)	4	4
Professor Colin Galbraith (Independent)	4	3
Dr Madeleine Havard (NRW)	4	4
Professor David Hill <sup>1</sup>	0	0
Dr Joe Horwood (NE)	4	4
Professor Michel Kaiser (Independent)	4	3

<sup>1</sup> Professor David Hill's tenure ended on 1 May 2016. Natural England has been represented on the Joint Committee by only one member (Dr Joe Horwood) since 2 May 2016.

Joint Committee Member	Possible Joint Committee meetings	Attended
Dr Hilary Kirkpatrick (CNCC)	4	4
Ms Diane McCrea (NRW)	4	2
Professor Howard Platt (CNCC)	4	4
Mr Ian Ross (SNH)	4	2
Dr Susan Walker (SNH)	4	4

Standing agenda items for the Joint Committee include a regular report from the Chief Executive covering strategic issues and business updates, the Committee's forward programme, reports from the Audit and Risk Assurance Committee and the Marine Protected Areas Sub-Group, and in the latter part of 2016/17 the UK's exit from the EU.

In 2016/17 key items of business included:

- ◆ overseeing delivery of the 2016/17 business plan through the scrutiny of quarterly performance reports, and endorsing a draft business plan for 2017/18;
- ◆ agreeing a revised strategy for JNCC;
- ◆ undertaking a quarterly review of significant risks and an annual review of risk management in JNCC;
- ◆ providing direction for areas of JNCC's work, such as open data and fisheries management measures for offshore marine protected areas;
- ◆ endorsing advice to governments on protected areas, including identification of harbour porpoise Special Areas of Conservation and the conclusions of the third review of the UK network of Special Protection Areas;
- ◆ considering matters relating to the government review of JNCC;
- ◆ discussing results from the 2016 JNCC people survey.

The Joint Committee undertakes an assessment of its performance every three years. The most recent assessment was undertaken in October 2015. The results of the assessment indicated that the Committee worked well, with good dynamics and complementary skill sets as well as providing appropriate challenges to JNCC's management. Regular updates on actions arising from the assessment have been presented to the Committee through 2016/17. One action was to develop working objectives specifically for the Joint Committee (as distinct from those shared with the company), to allow realistic assessment of the Committee's performance. These form the basis of the annual appraisal for independent members of the Joint Committee, undertaken by the Chair.

Support is provided to the Joint Committee by a company limited by guarantee, JNCC Support Co, which was incorporated on 2 March 2005.

The Joint Committee is supported by three sub-committees which are responsible to the Committee for key functions.

The *Audit and Risk Assurance Committee* (ARAC) supports me, as the Chief Executive, and the Joint Committee in our responsibilities for issues of risk management, control and governance. Its role is to advise the Committee and me, as Accounting Officer, on the external auditor's report and on the scope and effectiveness of the internal auditor's work. It is also responsible for reviewing



the financial statements and annual report, monitoring the adequacy and efficacy of JNCC's approach to corporate risk management, and reviewing procedures for the detection of fraud and handling of allegations from whistleblowers.

In 2016/17 ARAC met four times. Its meetings are generally attended by representatives from Defra's internal audit and assurance team, the National Audit Office and JNCC's internal audit providers (KPMG). ARAC's membership consisted of three Joint Committee members and two independent members in 2016/17. ARAC was chaired by Professor Colin Galbraith.

Topics considered by ARAC during 2016/17 included:

- ◆ internal and external audit activities;
- ◆ risk management and a revised risk appetite;
- ◆ conflict of interest policy;
- ◆ risks and opportunities arising from EU exit; and
- ◆ whistleblowing and cyber security.

ARAC undertakes assessments of its performance annually. The most recent review took place in February 2016, with a report on findings in June 2016. The results of this exercise indicated that ARAC is an effective committee which has provided an appropriate level of challenge and oversight, ensuring that sufficient and relevant assurance was provided to the Joint Committee and the Accounting Officer.

The *Remuneration Committee* sets the overall pay remit for staff employed by the company on the Joint Committee's behalf (with the approval of Defra and Treasury as required) and sets and reviews the terms and conditions and performance objectives for the Chief Executive. The Committee meets once a year in June. It is chaired by Professor Chris Gilligan.

The *Marine Protected Areas Sub-Group* advises the Joint Committee, and in some cases makes decisions on the Joint Committee's behalf, on matters relating to the identification, designation, management and consultation of the various types of Marine Protected Area (primarily in offshore waters) and the achievement of an ecologically coherent site network in UK waters. In 2016/17, the Sub-Group met four times and items of business included:

- ◆ Skomer proposed Special Protection Area (SPA);
- ◆ Harbour Porpoise Special Areas of Conservation (SACs) and post-consultation report;
- ◆ Pembrokeshire SPA post-consultation report;
- ◆ process of fisheries management for offshore Marine Protected Areas (MPAs);
- ◆ MPAs and mobile species; and
- ◆ Marine Conservation Zone (MCZ) Tranche 3 advice and quality of process.

The Sub-Group is composed of members of the Joint Committee (including independent members and representatives from the country nature conservation bodies). Scottish Natural Heritage is represented by a member of their non-executive board who is not a member of the Joint Committee. In 2016/17, Natural Resources Wales was not represented on the sub-group.

In addition to the above, two time-limited sub-groups of the Joint Committee were established during 2016/17 to keep Committee informed regarding progress with the government review of JNCC and to obtain input and advice. One group comprised representatives from the country nature conservation bodies and one comprised independent Committee members. The two sub-

groups were retained following conclusion of the review as a mechanism for keeping Committee members updated on JNCC's business.

#### **4. Company Board**

The Joint Committee has delegated the operational delivery of JNCC's functions and duties to the Company through me as Chief Executive. The Company Board comprises Joint Committee members and me as Chief Executive.

The Company Board meets annually in June to approve the Annual Report and Accounts.

#### **5. Executive governance**

The Executive Management Board (EMB) is a corporate decision-making group, chaired by me as Chief Executive, supported by four executive directors. It agrees issues pertaining to the management of JNCC, in relation to the authority delegated by the Company Board, and supports me in my role as Accounting Officer.

EMB meetings changed from six-weekly to monthly meetings in 2016 to provide greater management and governance capacity. Membership of EMB consisted of:

- ◆ Chief Executive (Chair), Marcus Yeo;
- ◆ Director of Marine Operations, John Goold;
- ◆ Director of Corporate Services, Sue McQueen;
- ◆ Director of Standards and Advice, Paul Rose;
- ◆ Director of Evidence, Steve Gibson;
- ◆ Head of Business Development and Marketing, Jason Weeks<sup>2</sup>.

During 2016/17, EMB:

- ◆ held formal business meetings every four weeks to oversee corporate performance, agree policies and approaches, and undertake forward planning. Attendance at meetings was good with seven apologies during the year;
- ◆ held strategy meetings every six weeks to discuss issues of strategic importance;
- ◆ held weekly update meetings to allow members to keep abreast of 'live' issues and make decisions when required.

EMB is supported by internal management groups and comprehensive schedules of delegation are in place. The schedule of delegations is subject to a light-touch annual review.

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

In 2016/17, internal audit of JNCC and JNCC Support Co was carried out by KPMG, under the provisions of their framework agreement with Defra. The Head of Internal Audit role was undertaken by a director of KPMG. KPMG submitted regular reports in accordance with the requirements of Government Internal Audit Standards. Internal audit activity is targeted at assessing the adequacy and effectiveness of the systems of internal control and governance in the areas reviewed. The areas for review were determined by reference to the levels of risk in JNCC's

<sup>2</sup> Jason Weeks was appointed to EMB in April 2016 to help ensure JNCC was successful in achieving its aspirations for business development. This was a temporary appointment which ended in March 2017.

risk registers and through discussion with executive directors, senior managers and members of ARAC.

The Internal Audit Strategy and Plan are approved by the Audit and Risk Assurance Committee and the auditors provide ARAC with regular updates on progress against the annual operational plan. Any changes to the internal plan require authorisation by ARAC and EMB.

For 2016/17, the opinion of the Head of Internal Audit from KPMG was to give a substantial assurance rating over the framework of governance, risk management and control.

## **6. Government review of JNCC**

Defra and the devolved administrations announced a joint review of JNCC on 17 December 2015. The objective of the review was to establish the most effective and efficient delivery model, across the UK, for the functions performed by JNCC now and in the future.

The report from the review was published in November 2016 with five key conclusions supported by a set of ten operational changes. These included improvements to the size and focus of the Joint Committee and to wider management and ways of working of the JNCC to significantly improve JNCC's delivery focus and increase the overall value for money to the UK public purse. Some minor changes to functions were proposed, including the delegation of JNCC's offshore marine renewables advice in Scottish waters to Scottish Natural Heritage (SNH). Implementation of recommendations began immediately and will conclude during 2017/18.

## **7. JNCC strategy**

In 2016/17 work continued on developing a new strategy for JNCC and a strategic plan covering the period 2017-2020. The two documents were revised to take account of developments over the past year, including the conclusions of the JNCC review, views expressed by sponsor administrations, and political changes.

Developing a new strategy has enabled JNCC to articulate a new set of priorities for the organisation that will help deliver our revised mission *'to be a world-leading provider of innovative solutions, placing nature at the heart of sustainable wealth and wellbeing.'* The three-year strategic plan has been developed as an action plan to realise the ambition of the strategy.

In September 2016, the Joint Committee reaffirmed its broad support for the strategy in principle. The strategy was finalised in April 2017.

## **8. Income diversification**

Commercial work helps us to invest in our people and systems, ensuring resilience for the future and better value for money for government. In 2016/17 we began a programme of work to diversify our income and optimise use of JNCC's evidence and expertise, providing services to, and partnering with, organisations in both the private and public sectors in the UK and overseas on a commercial basis. In 2016/17, JNCC provided services around environmental data, evidence, standards and methods.

In 2017/18, JNCC will continue to pursue suitable opportunities to diversify income to increase its long-term resilience, where this is consistent with HM Treasury's Managing Public Money and does not impact on its delivery for Government customers.

## **9. Information management and cyber security**

JNCC is an information-rich organisation. During 2016/17 we published more than 1,000 datasets on Data.Gov as part of Defra's open data initiative. JNCC maintains an information management policy which details processes and procedures to be used by staff when handling both scientific data and personal information. This policy is due to be reviewed in 2017/18 to ensure that it remains fit for purpose.

Evidence quality assurance processes ensure that the quality of JNCC's scientific advice and evidence is fit for purpose and complies with government requirements. In addition, all papers and data submitted to the Joint Committee and Company Board are subject to a rigorous quality review process that includes executive director and Chief Executive sign-off.

JNCC takes the management of the information it holds very seriously and is not aware of any losses of sensitive data in 2016/17 that would require notification to the Information Commissioners Office. During the year JNCC recorded one incident and two 'near-misses' with respect to information management. These were classified as non-serious and reported to the Audit and Risk Assurance Committee. The rise in recorded issues in information management in the past financial year is due to a rise in awareness of data issues within JNCC. It represents better recording and handling of data rather than a deterioration in security.

All employees are mandated to undertake the Civil Service Learning 'Responsible for Information' course and compliance with this requirement is monitored by the Human Resources Team.

## **10. Performance management**

JNCC maintains a comprehensive performance management system. In 2016/17, a new dashboard style quarterly reporting format was adopted to provide information in a more concise and accessible form, enabling readers to quickly pick out important information. This new style of reporting was welcomed both internally and externally.

Corporate success measures are set annually through JNCC's business planning process and are endorsed by the Joint Committee and the ministers of the UK and devolved governments. The success measures are used to assess performance in-year. During the year, EMB and the Joint Committee undertake quarterly reviews of the JNCC's performance against its success measures and its financial position. JNCC submits quarterly performance reports to its government sponsors.

The JNCC Chair and I have a performance review every six months with the Defra minister responsible for JNCC. The Chair and I meet environment ministers from each of the devolved administrations as appropriate.

## **11. Compliance with the NDPB Corporate Governance Code**

In 2016/17 JNCC complied with the NDPB Corporate Governance Code in so far as it applies to the organisation with the following exceptions.

- ◆ JNCC does not currently undertake an annual evaluation of Committee and Board performance. The Joint Committee evaluates its performance at least once every three years; this is commensurate with the size of the Committee and number of meetings each year. The Chair undertakes an annual performance review for each of the independent members of the Joint Committee.
- ◆ JNCC monitors performance in handling Freedom of Information and Environmental Information Regulations requests and reports this information on the JNCC website. Significant resources would be required to develop and implement systems to monitor and

report on other correspondence, and there are currently no plans to do this. JNCC has a complaints procedure documented on its website which explains who is responsible for investigating and adjudicating on any complaints. All correspondence is handled on a need to know basis and held in a confidential file with restricted access.

## **12. Evidence quality**

JNCC has a robust evidence quality assurance process in place. Policies and associated guidance notes provide a standard for JNCC staff to follow to ensure that the quality of JNCC scientific advice and evidence is fit for purpose. A key principle is that quality assurance should be proportionate to the intended use of the advice or evidence. The policy is compliant with *The Government Chief Scientific Adviser's Guidelines on the Use of Scientific and Engineering Advice in Policy Making* (2010).

JNCC does not own any business-critical models.

## **13. Risk management**

Overall responsibility for risk ultimately lies with the Joint Committee. Responsibility for the effective management of risk within JNCC rests with EMB, with leadership of the risk management process provided by me as Chief Executive and Accounting Officer. Effective risk management and governance is critical to the ability of JNCC to achieve its objectives and manage the risks it faces.

The risk management system is based on a hierarchical structure, with risk escalation processes in place through directorates and up to corporate levels. This structure allows and promotes the escalation of risks that cannot be controlled at lower levels or which may have an impact on other teams, directorates or the organisation as a whole. JNCC's risk management process comprises:

- ◆ a high-level corporate risk register, which includes the principal long-term/standing risks affecting JNCC;
- ◆ an annual significant risks register capturing a small number of significant risks which are 'live' and require active management during the year; and
- ◆ quarterly reporting on significant risks to EMB, the Joint Committee and Audit and Risk Assurance Committee.

In addition to quarterly risk reporting, regular consideration and reporting of new or fast-evolving risks is undertaken by EMB and ARAC. A review of the corporate risk register is undertaken annually by EMB and the Joint Committee, which results in changes to ensure that risk is managed effectively and consistently across the organisation.

The ARAC Chair refers to the Joint Committee all issues that pose a major risk to the business integrity of JNCC, and those that in his judgement require disclosure to the full Committee or need immediate action. In addition, the Chair of ARAC informs the Joint Committee of any fraud, misappropriation or malpractice immediately that it is discovered or suspected. In 2016/17, the Audit and Risk Assurance Committee noted the continued development and improvement of strategic risk management in JNCC.

During the year one significant issue was escalated to the Joint Committee. This related to the UNICORN IT system provided by the Animal and Plant Health Agency (APHA), which supports the issue of licences under the Convention on International Trade in Endangered Species (CITES). Work to develop an improved IT system has been repeatedly delayed due to resourcing issues. The age of the system and the number of applications which it now handles means it is no longer

fit for purpose and therefore poses a business continuity risk to JNCC's licensing advisory service. Following discussions with APHA, a joint resolution is now being sought.

JNCC's significant risks in 2016/17 can be found in section 16.

### ***Risk appetite***

JNCC focuses its efforts on addressing significant risks affecting its ability to achieve the success measures set out in the business plan, and to meet longer-term strategic goals, but accepts that exposure to some risk is necessary to enable the effective delivery of objectives and in the pursuit of new opportunities and additional funding sources. Acceptance of greater risk is often necessary to foster innovation. Budget pressures are driving the need to reassess priorities and how they are delivered. JNCC's approach is to minimise its exposure to reputational, relationship, compliance and financial risks, whilst accepting and encouraging an increased degree of risk in pursuit of its strategic aims.

In 2016/17, the risk appetite statement was revised and segmented into different work areas, to clarify the degree of risk JNCC is willing to accept in each area of its work. JNCC accepts the need for greater risk in relation to potential opportunities to increase funding and enhance the reach and utility of work under the new strategy. Where greater risk exposure is necessary, senior managers ensure that decisions are taken with a full and clear understanding of the risks involved and that these risks are communicated and agreed with directors and other appropriate staff.

### ***Ministerial directions***

In 2016/17 JNCC received no ministerial directions.

## **14. Anti-fraud policy**

JNCC is committed to ensuring that the risk of fraud in all its forms is minimised. An important part of this approach is the anti-fraud policy, which informs staff of JNCC's approach to the serious issue of fraud and incorporates a fraud response plan. The policy is subject to a biennial review. The next review is due in November 2017. JNCC continues to be represented on the Defra Network Counter-Fraud and Error Forum. An online training module on the Bribery Act and Anti-fraud legislation is completed annually by all staff. In 2016/17 no cases of fraud or presumptive fraud were reported.

## **15. Whistleblowing**

JNCC has a Public Interest Disclosure Policy (Whistleblowers Charter) in place. The policy promotes openness in dealing responsibly with wrongdoing in the workplace and if staff have concerns they can raise them as a 'qualifying disclosure'. In 2016/17 the Audit and Risk Assurance Committee considered and agreed their role in monitoring compliance with whistleblowing and cyber security policies. In 2016/17, there were no instances of whistleblowing reported.

## **16. Highlights and challenges during 2016/17**

During 2016/17 JNCC undertook a full and wide-ranging programme of work to provide evidence and advice to Defra and devolved administrations on UK and international nature conservation. Our work was undertaken against a backdrop of considerable change.

Significant achievements include:

- Through longstanding partnerships with non-governmental organisations, we provided updated status and trend information for a wide range of terrestrial birds, butterflies, mammals and plants in the UK.
- We produced a marine biodiversity monitoring strategy for UK waters with options for deep-sea habitats, seabirds and cetaceans.
- We developed a platform providing analysis-ready satellite data to support multiple environmental applications across the UK. Working with partners we demonstrated the potential for satellite data to transform approaches to monitoring water quality and assessing rural payments.
- We provided scientific expertise to the UK delegation to the Conference of the Parties to the Convention on International Trade in Endangered Species, leading to successful outcomes on ivory, African lions and other wildlife trade issues.
- We published a comprehensive review of terrestrial Special Protection Areas in the UK, confirming the international importance of the site network for bird conservation.
- We initiated a project (funded through Defra's CSSF allocation) to advise governments in the UK's Overseas Territories on incorporating natural capital in their decision making.
- We supported governments in establishing an ecologically coherent network of marine protected areas by advising on a third tranche of Marine Conservation Zones in English offshore waters and submitting revised proposals for Special Areas of Conservation for harbour porpoise in UK offshore waters following public consultation.
- To supplement our core grant in aid we increased income by over 20% compared with 2016/17.

The most significant risks facing JNCC in 2016/17 are summarised in the table on the facing page, together with management action.

Risk	Management action
Reduced funding affects JNCC's ability to discharge essential functions for sponsors.	Defra and devolved administrations have agreed JNCC's GIA allocation for 2017/18 – a 3.6% decrease compared to 2016/17. Priorities have been agreed with sponsors and incorporated in a business plan for 2017/18. Early discussions have been held with Defra about potential funding reductions from 2018/19 onwards.  Good progress is being made to secure additional income.
Changes to JNCC's role, functions or governance affect JNCC's ability to deliver essential functions to sponsors.	The government review of JNCC was published in November. The recommendations are mainly concerned with how JNCC operates; changes to JNCC's role and functions are relatively small-scale. An implementation plan has been agreed. JNCC has engaged with Defra's transformation programme throughout the year.  EU exit may lead to significant changes to JNCC but not in the short to medium term.
Increasing divergence between sponsor administrations (e.g. priorities, policies, institutional arrangements) erodes JNCC's ability to provide cost-effective services at UK level.	Working relationships with sponsor administrations and country conservation bodies are generally satisfactory. Improvements (for example, to sponsor engagement in planning JNCC's work) will be made following the JNCC review.  In the longer term EU exit may lead to greater divergence between administrations in the UK.
Poor staff engagement and morale undermine JNCC's ability to discharge essential functions for sponsors.	Staff have welcomed involvement in task and finish groups. A staff survey took place during 2016/17 and an action plan has been prepared to address the concerns raised.  Staff turnover has not been clustered around any particular teams.
Limited flexibility leaves JNCC unable to respond to change sufficiently quickly.	Ideas have been generated on how we can better mobilise resources by a task and finish group and others, some of which are being taken forward. The risk appetite has been refined and was agreed by ARAC and the Joint Committee in March 2017. Resources continue to be very stretched and more active management will be needed in 2017/18 to increase flexibility and ensure essential changes can be progressed.
Quality of evidence and science declines putting quality of advice to sponsors at risk.	Challenges to JNCC's evidence and advice have increased. However, evidence quality assurance processes have been updated, which makes defence of these challenges less time consuming and more successful.  A plan for engagement with the science sector and for coordinating delivery of nature conservation research requirements is in development.



## **17. Plans and challenges for future years**

During 2017/18, we anticipate delivering another ambitious and diverse programme of work in support of Defra and devolved administrations.

The key risks facing JNCC in 2017/18 are considered to be:

- ◆ limited flexibility and lack of control over external factors leave JNCC unable to change in an appropriate timeframe;
- ◆ reduced ability to cost-effectively and equitably meet the needs of all four UK administrations (as GIA decreases and administrations' requirements diverge);
- ◆ major changes to JNCC's business resulting from EU exit (including changes in legislation and inability to recruit/retain EU staff);
- ◆ problems with income generation (e.g. missed opportunities, failure to deliver to requirements) result in damage to JNCC's reputation, potential exposure to financial risk and distraction from core business;
- ◆ poor staff morale undermines JNCC's ability to fulfil its work programme;
- ◆ quality of JNCC's science and evidence is inadequate, leading to poor advice to sponsors and other customers.

The extent to which these risks have been successfully managed will be kept under review during 2017/18 by the Joint Committee, EMB and ARAC.

## **18. Conclusion**

During 2016/17 JNCC's governance arrangements were robust. The governance arrangements set out in this statement enabled JNCC to fulfil its role as a scientific authority on UK and international nature conservation and to deliver a wide-ranging programme of work on behalf of government and other stakeholders.

In 2017/18 JNCC will continue to face a number of significant risks especially in relation to the complex and uncertain environment in which it operates. These risks are detailed in section 17 of this Governance Statement.

Mr M J M Yeo  
Chief Executive  
6 July 2017

## **JNCC Support Co Remuneration Report**

### **Remuneration policy**

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

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

All pay awards for staff other than the Chief Executive have to conform to the annual Civil Service Pay Guidance document issued by Treasury. This guidance document forms part of the pay remit process, and is intended to ensure that pay awards are affordable, offer value for money, and meet the needs of individual businesses. As part of this process the JNCC has to submit its recommended pay award to Defra, who have delegated authority to approve pay remits that conform to Treasury guidance. Pay remits that do not conform to the guidance require Treasury approval.

The JNCC applies a number of reward principles which aim to:

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

### **Contracts of employment**

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

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

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

Independent Committee Member	Term (Years)	Commencement Date
Dr R Brown (re-appointed) *	3	1 December 2012
Mr GRJ Duke (re-appointed) *	3	1 December 2012
Professor CA Gilligan	3	1 June 2014
Professor CA Galbraith	3	19 November 2014
Professor IJ Bateman	3	19 November 2014
Professor MJ Kaiser (re-appointed)	2	1 April 2015

\* Dr R Brown and Mr GRJ Duke have had the term of their contracts extended to 31 May 2017

Further information about the work of the Civil Service Commissioners can be found at <http://civilservicecommission.independent.gov.uk/>

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

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

#### **Salary**

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

#### **Benefits in kind**

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

#### **Bonuses**

Bonuses are based on performance levels and are made as part of the formal staff appraisal process. The bonuses awarded in 2016/17 relate to performance in 2015/16.

## Single total figure of remuneration (subject to audit)

Committee members	Period of appointment	Days service 2016/17	Salary (£,000)	
			2016/17	2015/16
Prof CA Gilligan (Chair)	01.06.2014 to 31.05.2017	104	40 - 45	40 - 45
<b>Independent members</b>				
Dr R Brown	01.12.2009 to 31.05.2017	30	5 - 10	5 - 10
Mr GRJ Duke	01.12.2009 to 31.05.2017	30	5 - 10	10 - 15
Prof MJ Kaiser	01.04.2012 to 31.03.2017	30	5 - 10	5 - 10
Prof CA Galbraith	19.11.2014 to 18.11.2017	42	10 - 15	10 - 15
Prof IJ Bateman	19.11.2014 to 18.11.2017	30	5 - 10	5 - 10

No committee members received bonus payments or pension benefits in either 2015/16 or 2016/17.

Senior staff	Salary (£,000)		Bonus payments (£,000)		Pension Benefits (£,000) <sup>1</sup>		Total (£,000)	
	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16
Mr MJM Yeo (Chief Executive)	85 - 90	85 - 90	5 - 10	5 - 10	18	33	110 - 115	125 - 130
<b>Executive directors</b>								
Dr JC Goold	55 - 60	50 - 55	0	0	22	21	75 - 80	75 - 80
Mrs SE McQueen	50 - 55	50 - 55	0 - 5	0 - 5	35	25	90 - 95	80 - 85
Mr PM Rose	55 - 60	55 - 60	0	0	13	16	70 - 75	70 - 75
Dr SD Gibson	50 - 55	50 - 55	0 - 5	0	34	24	85 - 90	75 - 80

<sup>1</sup> The value of benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increase excludes increase due to inflation or any increase or decreases due to a transfer of pension rights.

## Pay multiples

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

The banded remuneration of the highest-paid director in JNCC Support Co for 2016/17 was £95 - £100,000 (£95 - £100,000 in 2015/16). This was 3.40 times the median remuneration of the workforce (3.48 times in 2015/16), which was £28,619 (£27,998 in 2015/16).

No employees received remuneration in excess of the highest paid director in either 2016/17 or 2015/16.

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

## Pension Benefits (subject to audit)

Senior staff:	Total accrued pension at pension age at 31/03/17 and related lump sum £000s	Real increase in pension and related lump sum at pension age £000s	CETV at 31/03/17 £000s	CETV at 31/03/16 £000s	Real increase in CETV £000s
Mr MJM Yeo (Chief Executive) <sup>1</sup>	35 - 40	0 - 2.5	643	602	12
Dr JC Goold <sup>1</sup>	10 - 15	0 - 2.5	135	117	10
Mrs SE McQueen	20 - 25 plus lump sum of 50 - 55	0 - 2.5 plus lump sum of 0 - 0.25	347	311	21
Mr PM Rose	15 - 20 plus lump sum of 50 - 55	0 - 2.5 plus lump sum of 0 - 2.5	366	338	11
Dr SD Gibson	15 - 20 plus lump sum of 45 - 50	0 - 2.5 plus lump sum of 0 - 2.5	318	283	20

<sup>1</sup> Mr MJM Yeo and Dr JC Goold are members of pension schemes that do not include a lump sum payment.

## Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or **alpha**, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined **alpha**. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (**classic**, **premium** or **classic plus**) with a normal pension age of 60; and one providing benefits on a whole career basis (**nuvos**) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into **alpha** sometime between 1 June 2015 and 1 February 2022. All members who switch to **alpha** have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 3% and 8.05% of pensionable earnings for members of **classic** (and members of **alpha** who were members of **classic** immediately before joining **alpha**) and between 4.6% and 8.05% for members of **premium**, **classic plus**, **nuvos** and all other members of **alpha**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three

years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% up to 30 September 2015 and 8% and 14.75% from 1 October 2015 (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary up to 30 September 2015 and 0.5% of pensionable salary from 1 October 2015 to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus**, 65 for members of **nuvos**, and the higher of 65 or State Pension Age for members of **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages).

Further details about the Civil Service pension arrangements can be found at the website [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)

## Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

## Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any

benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

### **Compensation for loss of office**

No compensation was paid for loss of office to any JNCC employees in the 12 months to 31 March 2017 (£394,000 was paid to 8 employees in 2015/16 under a voluntary exit scheme).

Mr MJM Yeo  
Chief Executive  
6 July 2017

## Statement of Directors' Responsibilities

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

For the purposes of these accounts it should be noted that in referring to the directors, this includes the Chief Executive who also holds the position of Accounting Officer.

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

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

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

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

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

The Accounting Officer confirms that the annual report as a whole is fair, balanced and understandable and that he takes personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.



## **The Certificate and Report of the Comptroller and Auditor General to the Members of the JNCC Support Co**

I certify that I have audited the financial statements of the JNCC Support Co for the year ended 31 March 2017 under the Government Resources and Accounts Act 2000. The financial statements comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, Cash Flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). I have also audited the information in the Remuneration Report that is described in that report as having been audited.

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

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

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

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

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

### **Opinion on regularity**

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

### **Opinion on financial statements**

In my opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2017 and of the gain for the year then ended; and
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

- the financial statements have been prepared in accordance with the Companies Act 2006.

### **Opinion on other matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Government Financial Reporting Manual; and
- the information given in the Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements and these reports have been prepared in accordance with the applicable legal requirements; and
- in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, I have not identified any material misstatements in the Directors' Report or the Strategic Report.

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

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

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

### **Report**

I have no observations to make on these financial statements.

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

**12 July 2017**

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

## Profit and loss account for the year ended 31 March 2017

	Note	2016/17	2015/16
		£ 000s	£ 000s
			<b>(restated)</b>
<b>Turnover</b>	2	11,254	11,138
Cost of activities	2	<u>(8,961)</u>	<u>(9,257)</u>
<b>Gross profit</b>		<b>2,293</b>	<b>1,881</b>
Administrative expenditure	3	<u>(2,017)</u>	<u>(1,829)</u>
<b>Operating gain/(loss)</b>	2	<b>276</b>	<b>52</b>
Transfer from deferred income relating to capital asset depreciation and disposals	15	<u>114</u>	<u>87</u>
<b>Gain/(loss) on ordinary activities before interest</b>		<b>390</b>	<b>139</b>
Other interest receivable and similar income		<u>-</u>	<u>1</u>
Gain/(loss) on ordinary activities before taxation		390	140
Tax on interest receivable		-	-
<b>Gain/(loss) for the financial year</b>		<b><u>390</u></b>	<b><u>140</u></b>

Turnover and cost of activities for 2015/16 have been restated to reflect the effect of recognising receipts for staff secondments as a reduction in staff costs rather than as additional income.

The notes on page 42 form part of these accounts.

**Statement of total recognised gains and losses for the year ended 31 March 2017**

	<b>Note</b>	<b>2016/17</b>	<b>2015/16</b>
		£ 000s	£ 000s
Gain/(loss) for the financial year	2	390	140
Capital grant for the purchase of assets	9 & 10	<u>31</u>	<u>24</u>
Total gain relating to and recognised in the year		<b><u>421</u></b>	<b><u>164</u></b>

The notes commencing on page 42 form part of these accounts.

## Balance sheet as at 31 March 2017

	Note	As at 31 March 2017		As at 31 March 2016	
		£ 000s	£ 000s	£ 000s	£ 000s
<b>Fixed assets</b>					
Intangible assets	9		48		66
Tangible assets	10		<u>114</u>		<u>179</u>
			<b>162</b>		<b>245</b>
<b>Current assets</b>					
Cash at bank and in hand	11	1,554		1,202	
Debtors	12a	<u>465</u>		<u>643</u>	
		2,019		1,845	
<b>Creditors</b>					
Amounts falling due within one year	13a	(1,022)		(1,251)	
<b>Net current assets</b>			<u>997</u>		<u>594</u>
<b>Total assets less current liabilities</b>			<b>1,159</b>		<b>839</b>
<b>Provisions for liabilities</b>	16	(395)		(402)	
<b>Deferred income to be utilised after more than 1 year</b>	14	<u>(47)</u>		<u>(110)</u>	
<b>Net assets</b>			<u><b>717</b></u>		<u><b>327</b></u>
<b>Capital and reserves</b>					
Profit and loss account	17	<u>717</u>		<u>327</u>	
<b>Total reserves</b>		<u><b>717</b></u>		<u><b>327</b></u>	

The Financial Statements on page 38 to 41 were approved by the board of directors on 6 July 2017 and signed on its behalf.

Mr MJM Yeo  
Chief Executive

The notes commencing on page 42 form part of these accounts.

## Cash Flow statement for the year ended 31 March 2017

	Note	2016/17		2015/16	
		£ 000s	£ 000s	£ 000s	£ 000s
Gain/(loss) on ordinary activities before interest	2	390		139	
Adjustments for:					
Amortisation of intangible assets	9	28		26	
Depreciation of property, plant and equipment	10	86		89	
Reversal of depreciation arising on extending useful economic life of assets	10	-		(23)	
Reversal of amortisation arising on extending useful economic life of assets	9	-		(5)	
Transfer to deferred income relating to asset purchases	9 & 10	31		24	
(Increase)/decrease in trade and other receivables	12a	178		(266)	
Increase/(decrease) in provisions	16	(7)		(7)	
Increase/(decrease) in trade payables	13a	(229)		333	
Increase/(decrease) in deferred income to be utilised within one year	14	20		-	
<b>Cash from operations</b>			<b>497</b>		<b>310</b>
Interest paid		-		-	
Income taxes paid	2	-		-	
			<b>-</b>		<b>-</b>
<b>Net cash generated from operational activities</b>			<b>497</b>		<b>309</b>
<b>Cash flows from cash and cash equivalents</b>					
Purchase of property, plant and equipment	10	(21)		(7)	
Purchases of intangible assets	9	(10)		(17)	
Transfer from deferred income relating to capital asset depreciation and disposals	9 & 10	(114)		(115)	
Transfer from deferred income relating to extension of useful economic lives of assets	9 & 10	-		28	
Interest received	2	-		1	
<b>Net cash from cash and cash equivalents</b>	11		<b>(145)</b>		<b>(110)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>			<b>352</b>		<b>200</b>
<b>Cash and cash equivalents at beginning of year</b>			<b>1,202</b>		<b>1,002</b>
<b>Cash and cash equivalents at end of year</b>			<b>1,554</b>		<b>1,202</b>

The notes commencing on page 42 form part of these accounts

# **JNCC Support Co notes to the Financial Statements for the year ended 31 March 2017**

## **1. Accounting policies**

### **Statement of accounting policies**

The financial statements are intended, without limiting the information given, to conform to the requirements of the Companies Act 2006 and have been prepared in accordance with the Financial Reporting Standard (FRS) 102. Where the requirements do not conflict with the Government Financial Reporting Manual (FReM) information has been presented utilising the FReM requirements.

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

### **Accounting convention**

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

### **Estimation**

In accordance with paragraph 2.9 of FRS 102, the Executive Management Board is satisfied that prudence has been applied in the exercise of any judgments needed where estimation of the value of assets or liabilities has been required in the production of these accounts.

### **Turnover**

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

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

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

### **Going concern**

Grant-in-aid for the next financial year, taking into account the amounts required to meet JNCC Support Co's budgeted liabilities for 2017/18, has already been included in Defra's and the devolved administrations' estimates for the coming year. It is therefore considered appropriate that these financial statements have been prepared on a going concern basis.

## **Fixed assets**

JNCC has elected to value fixed assets at depreciated historic cost as a proxy for fair value on the basis that the assets are low value and/or have short useful economic lives. This approach is permitted under paragraph 7.1.14 of the 2016/17 FReM and paragraph 17.15 of FRS 102.

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

## **Depreciation**

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

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

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

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

## **Research and development**

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

## **Foreign exchange**

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

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

## **Leases**

Rental costs arising in respect of operating leases are charged to the profit and loss account over the life of each lease. JNCC Support Co has no finance leases.

## **Accrued holiday pay**

In accordance with paragraph 28.6 of FRS 102, JNCC accrues for all short-term compensated absences as holiday entitlement earned, but not taken at the date of the statement of financial position.



## **Pension costs**

Pension benefits are provided through the Civil Service pension arrangements, full details of which are described within the remuneration report.

Although the Civil Service pension arrangements include defined benefit schemes (the Principle Civil Service Pension Scheme (PCSPS) and Alpha), entities such as JNCC Support Co covered by these schemes recognise the cost of the elements on a systematic and rational basis over the period during which it benefits from employees' services, by payment to the PCSPS and Alpha, of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS and Alpha. Note 6 provides details of JNCC Support Co's pension costs.

Previous JNCC Chairs were entitled to accrue pension benefits but were not eligible to join the Principal Civil Service Pension Scheme (PCSPS). Individual "by analogy to the PCSPS" schemes were therefore established to provide pensions for the Chairs, with any ongoing liability arising from these arrangements being borne by JNCC Support Co. The future cumulative cost of these pensions was calculated and based on this valuation a provision was taken for the liability, in line with the requirements of Section 21 of FRS 102 (Provisions and Contingencies). The estimated liability is reviewed each year and the current value of this provision is disclosed in note 16 to these accounts.

Remuneration for the post of JNCC Chair no longer includes entitlement to membership of a pension scheme.

## **Early departure costs**

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

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

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

## **Grants received**

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

Grant-in-aid received for the purchase of capital assets is treated as deferred income and released to the profit and loss account over the useful life of the asset concerned.

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

## **Financial instruments**

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

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

## **Taxation**

### **Corporation Tax**

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

### **Value Added Tax**

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

The amount of reclaimable input tax is small and is therefore shown as a credit to the profit and loss account. During 2016/17 the amount of reclaimed input tax was £8,433 (£1,596 in 2015/16).

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

## **Provisions**

In accordance with section 21 of FRS 102, JNCC provides for obligations arising from past events where it is probable that it will be required to settle the obligation and a reliable estimate of it can be made. Future costs are not discounted unless this would significantly affect the valuation of an obligation.

## 2 Detailed trading profit and loss account for the year ended 31 March 2017

	2016/17		2015/16 (restated)	
	£ 000s	£ 000s	£ 000s	£ 000s
<b>Turnover</b>				
JNCC grant-in-aid		10,319		10,436
Notional income relating to corporate overheads		3		3
European Union funding		110		195
Contributions to projects		508		297
Royalties		3		5
Scientific advice and information		289		143
Other receipts		22		59
		<b>11,254</b>		<b>11,138</b>
<b>Cost of activities</b>				
Conservation support	2,442		2,392	
Publicity and information	82		81	
Direct staff costs	6,437		6,784	
		<b>(8,961)</b>		<b>(9,257)</b>
<b>Gross profit</b>		<b>2,293</b>		<b>1,881</b>
<b>Administrative expenditure</b>				
Directors' emoluments	485		483	
Other administrative costs	1,532		1,346	
		<b>(2,017)</b>		<b>(1,829)</b>
<b>Operating gain/(loss)</b>		<b>276</b>		<b>52</b>
Transfer from deferred income		114		87
<b>Gain/(loss) on ordinary activities before interest</b>		<b>390</b>		<b>139</b>
Other interest receivable and similar income		-		1
<b>Gain/(loss) on ordinary activities</b>		<b>390</b>		<b>140</b>
<b>Less tax on profit on investment activities</b>		-		-
<b>Gain/(loss) after tax</b>		<b>390</b>		<b>140</b>

Other receipts and direct staff costs for 2015/16 have been restated to reflect the effect of recognising receipts for staff secondments as a reduction in staff costs rather than as additional income.

### Operating gain

	2016/17	2015/16
	£ 000s	£ 000s
This is stated after charging		
Total directors emoluments	485	483
Auditors remuneration	19	20
Depreciation and amortisation of owned assets	114	115
Pension costs	1,062	979
Operating lease rentals	255	253

### 3 Schedule of overhead expenses for the year ended 31 March 2017

	2016/17		2015/16	
	£ 000s	£ 000s	£ 000s	£ 000s
<b>Directors' emoluments</b>				
Directors' remuneration	415		414	
Contribution to directors' pensions	<u>70</u>		<u>69</u>	
		<b>485</b>		<b>483</b>
<b>Other administration costs</b>				
<b>Cash items</b>				
Auditors' remuneration	19		20	
Rental costs under operating leases	255		253	
Accommodation costs	261		239	
Information technology	215		141	
Human resources	112		101	
Travel and subsistence	451		370	
Printing, postage, stationery and subscriptions	27		19	
Other expenses	19		15	
Less reclaimed VAT	(8)		(2)	
Legal and professional fees	17		17	
Consultancy	44		79	
Bank charges	1		1	
Exchange rate losses	2		3	
		<b>1,415</b>		<b>1,256</b>
<b>Non-cash items</b>				
Corporate overhead recharge (notional)	3		3	
Depreciation and amortisation for the year	114		115	
Asset life and reinstated asset adjustments	-		(28)	
Additions to provisions	-		-	
(Profit)/loss on disposal of assets	<u>-</u>		<u>-</u>	
		<b>117</b>		<b>90</b>
Administrative expenses		<b><u>2,017</u></b>		<b><u>1,829</u></b>

## 4 Directors' emoluments

	2016/17	2015/16
	£ 000s	£ 000s
Directors' emoluments	415	414
Company contributions to defined benefit schemes in relation to directors' pensions	70	69
	<b>485</b>	<b>483</b>

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

## 5 Staff Costs

The aggregate payroll costs were as follows:

	2016/17	2015/16 (restated)
	£ 000s	£ 000s
Directors' emoluments	415	414
Other wages and salaries	4,877	4,969
Voluntary Exit Scheme (VES) costs	-	394
Accrued holiday pay	38	(16)
Social security costs	537	420
Other pension costs	1,062	1,094
	<b>6,929</b>	<b>7,275</b>

Other wages and salaries for 2015/16 have been restated to reflect the effect of recognising receipts for staff secondments as a reduction in staff costs rather than as additional income.

Other wages and salaries includes an amount of £7,000 for pension payments to retired Chairs (£7,000 in 2015/16). These amounts were not charged to the profit and loss account because they were offset by the partial release of a provision established in 2013/14.

## 6 Pension costs

JNCC's defined benefit pension schemes (the Principle Civil Service Pension Scheme (PCSPS) and Alpha) are unfunded multi-employer schemes for which JNCC is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2012. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation [www.civilservice-pensions.org.uk](http://www.civilservice-pensions.org.uk).

For 2016/17, employers' contributions of £1,040,000 (£1,076,000 in 2015/16) were payable to the PCSPS and Alpha at one of four rates in the range 20.0% to 24.5% of pensionable pay, based on salary bands. The scheme's actuary reviews employer contributions usually every four years following a full scheme valuation. For 2017/18, the rates will remain in the range of 20.0% to 24.5%. The contribution rates are set to meet the cost of the benefits accruing during 2016/17 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 £20,000 (£17,000 in 2015/16) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and ranged between 8% and 14.75%. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £1,000 were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees (£1,000 in 2015/16), this representing 0.5% of pensionable pay.

Contributions due to the partnership pension providers at the balance sheet date were £2,000 (£2,000 at 31 March 2016). There were no prepaid contributions at this date.

## 7 Civil Service compensation schemes – voluntary exit packages

Cost band	Number of departures agreed 2016/17	Number of departures agreed 2015/16
< £ 10,000	0	0
£ 10,000 - £ 25,000	0	0
£ 25,001 - £ 50,000	0	5
£ 50,001 - £ 100,000	0	3
Total number of exit packages	<b>0</b>	<b>8</b>
Total cost (£000)	<b>0</b>	<b>394</b>

Redundancy and other departure costs are paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in the year of departure and there were no compulsory redundancies in 2016/17. The costs of voluntary exits in 2015/16 were partially paid for by additional GIA of £ 294,000 allocated from a centralised Defra Voluntary Exit Scheme fund.

## 8 Staff Numbers

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

Cost band	2016/17	2015/16
	FTEs	FTEs
Chief Executive and executive directors	5	4
Chairman and non-executive directors	1	1
Management	5	7
Operational	123	130
Administration	25	21
IT	4	4
	<b>163</b>	<b>167</b>

## 9 Intangible fixed assets

### 2016/17

Cost	£ 000s
At 1 April 2016 (opening balance)	201
Additions during year	10
Disposals	-
At 31 March 2017 (closing balance)	<b>211</b>

### Amortisation

At 1 April 2016 (opening balance)	135
Charge for the year	28
Amortisation on disposals	-
Asset life adjustments	-
At 31 March 2017 (closing balance)	<b>163</b>

### Net Book Value

At 1 April 2016 (opening balance)	<b>66</b>
At 31 March 2017 (closing balance)	<b>48</b>

### 2015/16

Cost	£ 000s
At 1 April 2015 (opening balance)	184
Additions during year	17
Disposals	-
At 31 March 2016 (closing balance)	<b>201</b>

### Amortisation

At 1 April 2015 (opening balance)	114
Charge for the year	26
Amortisation on disposals	-
Asset life adjustments	(5)
At 31 March 2016 (closing balance)	<b>135</b>

### Net Book Value

At 1 April 2015 (opening balance)	<b>70</b>
At 31 March 2016 (closing balance)	<b>66</b>

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

Asset life adjustments represent the reversal of accumulated depreciation on assets that have had their useful economic lives extended to reflect their continued use by JNCC.

## 10 Tangible fixed assets

### 2016/17

	Leasehold property improvements	Computer equipment	Other equipment	Total
Cost	£ 000s	£ 000s	£ 000s	£ 000s
At 1 April 2016 (opening balance)	5	377	185	567
Additions during year	-	21	-	21
Disposals	-	(4)	-	(4)
At 31 March 2017 (closing balance)	<b>5</b>	<b>394</b>	<b>185</b>	<b>584</b>
<b>Depreciation</b>				
At 1 April 2016 (opening balance)	4	268	116	388
Charge for the year	1	54	31	86
Depreciation on disposals	-	(4)	-	(4)
Asset life adjustments	-	-	-	-
At 31 March 2017 (closing balance)	<b>5</b>	<b>318</b>	<b>147</b>	<b>470</b>
<b>Net Book Value</b>				
At 1 April 2016 (opening balance)	<b>1</b>	<b>109</b>	<b>69</b>	<b>179</b>
At 31 March 2017 (closing balance)	<b>-</b>	<b>76</b>	<b>38</b>	<b>114</b>

### 2015/16

	Leasehold property improvements	Computer equipment	Other equipment	Total
Cost	£ 000s	£ 000s	£ 000s	£ 000s
At 1 April 2015 (opening balance)	5	377	178	560
Additions during year	-	-	7	7
Disposals	-	-	-	-
At 31 March 2016 (closing balance)	<b>5</b>	<b>377</b>	<b>185</b>	<b>567</b>
<b>Depreciation</b>				
At 1 April 2015 (opening balance)	3	228	91	322
Charge for the year	1	56	32	89
Depreciation on disposals	-	-	-	-
Asset life adjustments	-	(16)	(7)	<b>(23)</b>
At 31 March 2016 (closing balance)	<b>4</b>	<b>268</b>	<b>116</b>	<b>388</b>
<b>Net Book Value</b>				
At 1 April 2015 (opening balance)	<b>2</b>	<b>149</b>	<b>87</b>	<b>238</b>
At 31 March 2016 (closing balance)	<b>1</b>	<b>109</b>	<b>69</b>	<b>179</b>

Asset life adjustments represent the reversal of accumulated depreciation on assets that have had their useful economic lives extended to reflect their continued use by JNCC.



## 11 Cash at bank and in hand

	1 April 2016 £ 000s	Cash flows £ 000s	31 March 2017 £ 000s
<b>Analysis of changes in net funds</b>			
Cash at bank	1,202	352	1,554
Cash in hand	-	-	-
<b>Total cash</b>	<b>1,202</b>	<b>352</b>	<b>1,554</b>

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

	2016/17 £ 000s	2015/16 £ 000s
Trade debtors	224	204
Other debtors	3	2
Prepayments and accrued income	238	437
	<b>465</b>	<b>643</b>

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

## 12b Intra-government balances

	2016/17 £ 000s	2015/16 £ 000s
Balances with other central government bodies	299	507
Balances external to government at 31 March	166	136
Total debtors as at 31 March	<b>465</b>	<b>643</b>

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

	2016/17 £ 000s	2015/16 £ 000s
Due within one year:		
Trade creditors	(1)	29
Other creditors	114	117
Taxation and social security	210	154
Accruals	461	716
Deferred income	123	100
Deferred income relating to capital grants to be utilised within one year	115	135
	<b>1,022</b>	<b>1,251</b>

## 13b Intra-government balances

	2016/17 £ 000s	2015/16 £ 000s
Balances with other central government bodies	342	308
Balances external to government at 31 March	680	943
Total creditors as at 31 March	<b>1,022</b>	<b>1,251</b>

#### 14 Deferred income relating to capital assets to be utilised after more than one year

	2016/17 £ 000s	2015/16 £ 000s
Total deferred income relating to capital assets	162	245
Less deferred income relating to capital assets to be utilised within one year	(115)	(135)
Deferred income relating to capital assets to be utilised after more than one year	<b>47</b>	<b>110</b>

#### 15 Movement on deferred income relating to capital assets

	2016/17 £ 000s	2015/16 £ 000s
Capital grant for the purchase of intangible assets	10	17
Capital grant for the purchase of tangible assets	21	7
Transfer to P&L of amortisation for the year	(28)	(26)
Transfer to P&L of depreciation for the year	(86)	(89)
Tangible asset disposals at cost for the year	(4)	-
Depreciation on disposal for the year	4	-
Transfer from P&L of amortisation arising on extending Useful Economic Life of assets	-	5
Transfer from P&L of depreciation arising on extending Useful Economic Life of assets	-	23
Movement in year	<b>(83)</b>	<b>(63)</b>

#### 16 Provisions for liabilities

	Pensions and similar obligations £ 000s	Dilapidations provision £ 000s	Total provisions £ 000s
<b>2016/17</b>			
Balance at 1 April	102	300	402
Provision for year	-	-	-
Utilised in the profit and loss account	-	-	-
Released to the profit and loss account	(7)	-	(7)
<b>Balance at 31 March</b>	<b>95</b>	<b>300</b>	<b>395</b>

	Pensions and similar obligations £ 000s	Dilapidations provision £ 000s	Total provisions £ 000s
<b>2015/16</b>			
Balance at 1 April	109	300	409
Provision for year	-	-	-
Utilised in the profit and loss account	-	-	-
Released to the profit and loss account	(7)	-	(7)
<b>Balance at 31 March</b>	<b>102</b>	<b>300</b>	<b>402</b>

The provision of £300,000 was created in 2011/12 and represents the expected cost of dilapidations that will be required when JNCC ceases to occupy Monkstone House. This is expected to happen either at the end of the Monkstone House lease or on exercise of the lease's break clause. The provision of £109,000 was established in 2013/14 and represents the estimated cost of future pension payments to retired JNCC Chairs entitled to a pension "by analogy to the Principal Civil Service Pension Scheme".

## 17 Profit and Loss account

	2016/17	2015/16
	£ 000s	£ 000s
Balance at 1 April	327	187
Gain/(loss) for the year	390	140
Balance at 31 March	<b>717</b>	<b>327</b>

## 18 Leasing commitments

	Land and buildings	Others	Land and buildings	Others
	2016/17	2016/17	2015/16	2015/16
	£ 000s	£ 000s	£ 000s	£ 000s
<b>Operating leases which expire:</b>				
Within one year	179	-	-	-
Within 2 to 5 years	-	-	179	-
<b>Total</b>	<b>179</b>	<b>-</b>	<b>179</b>	<b>-</b>

## 19 Legal status

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

## 20 Contingent liability

There are no contingent liabilities to declare for the current year.

## 21 Ultimate controlling party

Thirteen of the fourteen directors in post at 31 March 2017 are members of the Joint Nature Conservation Committee. The committee sets the overall direction and priorities for the work of the support company. For these reasons the directors consider the Joint Nature Conservation Committee to be the ultimate controlling party.

## 22 Related party transactions

In order to ensure accuracy in the consolidation of Whole of Government Accounts, the Clear Line of Sight Initiative requires that Arms Length Bodies (ALBs) such as JNCC receive their grant-in aid funding from a single source. As a result, from 1 April 2011 the JNCC Support Co received its grant-in aid funding solely via the Department for Environment, Food and Rural Affairs (Defra), whereas prior to this date, grant-in aid was received from the GB conservation bodies, the Department of the Environment in Northern Ireland and Defra. The GB Conservation bodies are regarded as Non-Departmental Public Bodies sponsored individually by Defra, the Scottish government and the Welsh government. Because the grant-in aid now received from Defra still originates from the GB conservation bodies, the Department of the Environment in Northern Ireland and Defra, these remain considered to be related parties. During the year the Company has carried out a number of material transactions with these bodies in the normal course of business. The quantum of the transactions between the Company and these bodies was as follows:

	Grant-in-aid		Specific project funding		Services purchased by the company	
	2016/17 £ 000s	2015/16 £ 000s	2016/17 £ 000s	2015/16 £ 000s	2016/17 £ 000s	2015/16 £ 000s
Natural England	-	-	35	36	-	9
Defra	10,350	10,460	436	207	15	7
Scottish Natural Heritage	-	-	16	3	2	-
Natural Resources Wales	-	-	12	30	-	-
Department for the Environment Northern Ireland	-	-	-	-	-	-
<b>Total</b>	<b>10,350</b>	<b>10,460</b>	<b>499</b>	<b>276</b>	<b>17</b>	<b>16</b>

The figures above reflect the cash grant-in-aid received by JNCC. Amounts received and utilised for capital expenditure are transferred to deferred income in accordance with UK GAAP, and for 2016/17 this totalled to £31,000. When adjusted for this figure, the amount reflected in the detailed profit and loss account (note 2) is £10,319,000.

Director	Corporate related body	Paid by JNCC		Paid to JNCC	
		2016/17 £	2015/16 £	2016/17 £	2015/16 £
Mr P Rose (Trustee of NBN Trust)	National Biodiversity Network Trust	25	-	-	-

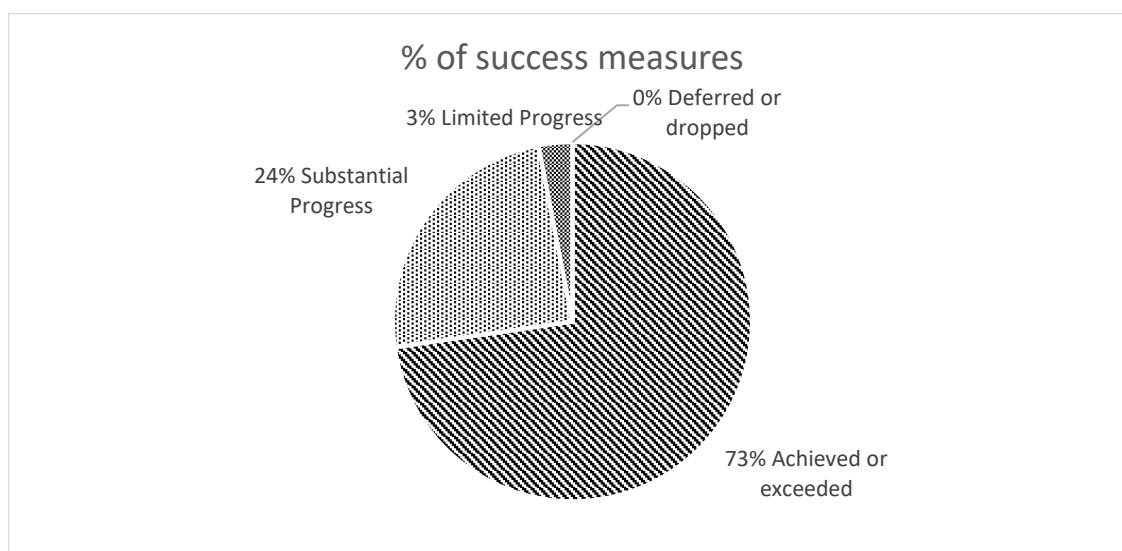
The information for individual directors relates to contracts in excess of £25,000. Any contract for a lesser sum is not considered to be material in the context of these financial statements.

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

## Performance against Success Measures for 2016/17 (not subject to audit)

Success Measure Ratings	Description	Number of success measures reporting in this category at end of year
Green	Achieved or exceeded	24
Amber	Substantial progress made with full achievement anticipated early in 2017/18	8
Red	Limited progress	1
Black	Deferred or dropped	0

### JNCC Summary



	Successes measures reporting			
	Green	Amber	Red	Black
Directorate	Achieved or exceeded	Substantial progress	Limited progress	Deferred or dropped
Corporate Services	1, 3, 5, 6, 9, 10	2, 4, 7, 8		
Standards and Advice	11, 12, 13, 14, 16, 18	15, 17		
Evidence	19, 20, 21, 22, 24, 25	23, 27	26	
Marine Operations	28, 29, 30, 31, 32, 33			

## Corporate Services Directorate

### High Level Targets

Increase JNCC's long-term financial security
Plan a swift and effective response to any changes arising from the Government review of JNCC and other Government initiatives
Provide efficient and effective corporate services and systems of internal controls to support delivery of JNCC's objectives

### Success Measures

Success Measure number	Success Measure	Year end rating
1	20% growth in non-core GIA income	Green
2	Implementation of transition plan to improve long-term financial security	Amber
3	3-5 year strategic change plan and one-year business plan	Green
4	Audit assurance of effectiveness of system of internal control (Health and safety, Environmental, Equality and diversity, fraud and losses, data security, internal audit)	Amber
5	4% efficiency saving in 2016/17 governance and corporate services expenditure and plan for further 12% efficiencies by 2020	Green
6	Maximum of 10% staff turnover	Green
7	Increased staff capacity to strategically important teams	Amber
8	Increased exchange of staff between JNCC and partners	Amber
9	Task and finish groups and innovation teams established	Green
10	Development of a Continuing Professional development approach	Green

### Key Achievements

- Published a revised draft JNCC strategy, following conclusion of the government review of JNCC.
- Successfully secured additional income- the target to gain 20% growth in income in 2016/17 was achieved by the end of Quarter 2.
- Held a successful “big room event” in December, bringing sponsor administrations and country nature conservation bodies together to discuss JNCC's priorities for 2017/18.

## Standards and Advice Directorate

### High Level Targets

Advise UK government and devolved administrations on international and European legislation and obligations
Provide UK coordination to enable the consistent and appropriate implementation of the Marine Strategy Framework Directive, Birds Directive and other relevant European policies and programmes
Provide tools and mechanisms for cost-effective joint working with the country nature conservation bodies and other relevant bodies
Make evidence expertise available to initiatives looking to deliver social and economic benefits from the sustainable use of natural capital/resources in the UK and its Overseas Territories

### Success Measures

Success Measure number	Success Measure	Year end rating
11	Scientific advice to enable UK Government to meet its objectives at: a) Convention on International Trade in Endangered Species (CITES) CoP17 (September-October 2016) b) Convention on Biological Diversity Subsidiary Body on Scientific, Technical and Technological Advice 20 (April 2016) and CoP13 (December 2016)	Green
12	Delivery and coordination of R&D for the development of offshore, national and international marine assessments	Green
13	Provide support and advice through the UK National Contact Point for the EU LIFE programme	Green
14	Build capacity in the UK Overseas Territories to sustainably manage their natural resources	Green
15	Publication of terrestrial SPA review and an assessment of the sufficiency of the UK marine SPA suite	Amber
16	Substantial progress on amendments to the guidance for Common Standards Monitoring of designated sites to give more flexibility commensurate with devolution and a risk-based approach to implementation	Green
17	Define processes for delivering the next rounds of offshore, national, regional and European marine and terrestrial reporting to meet all requirements in an integrated, efficient and cost-effective manner	Amber
18	Process access to evidence and undertake research to support the uptake and improve performance of models and other tools to enable integrated approaches to managing biodiversity, natural capital and ecosystem services in marine and terrestrial environments across the UK	Green

## **Key Achievements**

- Secured funding from FCO for natural capital initiatives in South Atlantic and Caribbean Overseas Territories.
- Contributed scientific expertise to the UK delegation to the Conference of the Parties to the Convention of International Trade in Endangered Species, leading to successful outcomes on ivory, African lions and other wildlife trade issues.
- Made a highly praised contribution to the successful outcomes from the 13<sup>th</sup> Conference of the Parties to the Convention on Biological Diversity.
- Published a review of terrestrial Special Protection Areas for birds in the UK.



## Evidence Directorate

### High Level Targets

Produce robust evidence of the state and change in the terrestrial and marine environments
Provide standards for monitoring, surveillance and quality control in the terrestrial and marine environments that are shared by voluntary, public and private sectors
Provide a mechanism for cost-effective, open and efficient sharing of key data sources for terrestrial and marine environments
Provide integrated products and analytical services that can be rapidly deployed in support of decision-making across a variety of scales

### Success Measures

Success Measure number	Success Measure	Year end rating
19	New partnership contracts for terrestrial evidence that facilitate joint analysis and provide potential for new protocols	Green
20	Strategic offshore biodiversity surveys with partners	Green
21	Support countries to develop metrics for assessing habitat and species condition related to biodiversity and natural capital	Green
22	Participate in country-led initiatives to develop shared marine monitoring strategies and prioritisation processes; and collaborate with the Country Nature Conservation Bodies and Governments to finalise preferred marine biodiversity monitoring options	Green
23	A data infrastructure to allow cross-cutting analysis of key datasets for applications across the environment	Amber
24	A costed set, with market analysis, of service levels for data collation, standardisation and access	Green
25	Prepare for the next generation of seabed maps to inform the Marine Strategy Framework Directive, supported by effective European partnership	Green
26	Demonstrate how spatial data on pressures, sensitivity and biodiversity can be integrated to streamline advice and deliver better regulation (Limited progress was achieved against this success measure due to resourcing issues driven by internal staff movements and changing priorities)	Red
27	Demonstrate detection of changes in land-parcel condition enabled by Earth Observation to streamline habitat management and condition assessment	Amber

## **Key Achievements**

- Provided updated status and trend information for a wide range of terrestrial birds, butterflies, mammals and plants in the UK, utilising input from volunteer recorders through partnerships with non-government organisations.
- Developed and assessed options for the monitoring of deep sea habitats, seabirds and cetaceans (part of the marine monitoring R&D programme).
- Produced a proof of concept platform for delivering analysis-ready Sentinel satellite data to support environmental applications across the UK.
- Provided technical co-ordination for the work programme of the Earth Observation Centre of Excellence for Defra, Welsh Government, Scottish Government and Northern Ireland Executive, supporting innovation in water quality, rural payments, forestry, natural environment.
- Undertook offshore biodiversity surveys in partnership with Cefas and Marine Scotland.

## Marine Operations Directorate

### High Level Targets

Technical support and scientific advice to enable designation of Marine Protected Areas
Technical support and scientific advice on biodiversity to facilitate effective sustainable management/use of MPAs
Scientific advice on biodiversity for the regulators of offshore industries

### Success Measures

Success Measure number	Success Measure	Year end rating
28	Advice to Defra on a third tranche of Marine Conservation Zones	Green
29	Advice to Defra and devolved administrations on offshore Special Protection Areas	Green
30	Re-submit recommendations to ministers on possible harbour porpoise SACs after taking account of public consultation responses	Green
31	Report on progress towards MPA network targets	Green
32	Advice to Defra and devolved administrations on management of fisheries in offshore MPAs under the Common Fisheries Policy	Green
33	Advice on competent authorities, within agreed consultation periods, for the regulation of offshore industry activities	Green

### Key Achievements

- Advised Scottish Government on two new Special Protection Areas in offshore waters.
- Delivered advice on a third tranche of Marine Conservation Zones to Defra's timetable and completed stakeholder engagement on offshore proposals.
- Submitted to ministers revised proposals for Special Areas of Conservation for harbour porpoise in UK offshore waters, following public consultation.
- Participated successfully in Operation Grey Seal, a National Contingency Planning Exercise led by the Maritime and Coastguard Agency.

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