



Marine  
Management  
Organisation

## **Annual Report and Accounts**

**1 April 2018 to 31 March 2019**

HC 2454

# **Marine Management Organisation**

**Annual Report and Accounts for the financial year  
ended 31 March 2019**

Presented to Parliament pursuant to Schedule 1,  
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More information on our work can be found on our website at <https://www.gov.uk/government/organisations/marine-management-organisation>.



## 1. Performance Report

# 1.1 Overview

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

## 1.1.1 Chair and Chief Executive Officer's Statement

Last year was a transformational year for the Marine Management Organisation (MMO). Together with our duties as England's principal marine regulator we continued to support the Government as we prepare for leaving the European Union (EU), and to ensure the MMO is ready to accept the new responsibilities of an independent coastal state.

Our work for EU Exit has been significant but in addition to the challenges there have been many opportunities. These have enabled us to build and develop relationships with our partners, customers and stakeholders and to successfully deliver a number of high priority projects for Government.

As the Government's experts in marine management, we have also focussed on developing and delivering in three key areas – marine planning, fisheries management and marine licensing.

In marine planning we celebrated the publication of the South Marine Plan – the second marine plan for English waters. Developed with our stakeholders the South Plan provides a clear vision and guidance for sustainable development from Folkstone in Kent to the River Dart in Devon. We have also made great progress with the remaining four marine plans, through a comprehensive programme of engagement, and launched a new digital project to explore how we can use technology to create more intuitive and interactive plans.

In marine licensing we continued to realise a balance of new opportunities for economic growth whilst protecting important marine species and habitats to the benefit of our coastal and national economies and contributing to £10.6bn of investment to the marine economy since 2010. A significant part of our work in 2018 was working with partners and customers to understand and interpret the new habitats case law, embedding it into our marine licensing process, to ensure compliance across marine industries. We strive to meet our targets, ensuring we are providing the best service to our customers. We determined 89% of licence applications within 13 weeks this year.

In fisheries management we continued to work with industry to educate and enforce the Demersal Landing Obligations which came into effect in January 2019. Fishing quota allocations were competently managed to enable the sustainable management of fish stocks, helping over 1,500 inshore fishers generate £12.6 million of income from quota species. Through our EU Exit projects, we increased our surveillance presence across English waters including new aerial and surface surveillance, and we recruited a new cohort of marine officers, providing increased reassurance of sustainable fishing. We have also worked closely with industry to develop a new system for catch recording which will enable fishers to prove provenance of catch and enable trade in a post EU Exit environment.

Significant progress has also been made to improve our fisheries management systems through the £11.2m Control and Capability Programme, which will enhance and increase fisheries data, and help improve our services. Building on our strong relationships with Defra and the Inshore Fisheries and Conservation Authorities, our work in marine conservation continues to contribute to the development and management of marine protected areas within English waters. This includes the introduction of a new byelaw for the West Walney Marine Conservation Zone (MCZ).

As the UK Managing Authority and England's delivery body for the European Maritime and Fisheries Fund, the MMO has awarded over £15 million in grant funding to over 500 projects in the last year with 70% of the UK monies now committed. This means that 1,285 projects have been supported with a total of £43 million since the scheme began in 2016. The scheme's success has received recognition by the House of Lords' EU Energy and Environment Sub-Committee.

In December 2018, the Secretary of State announced £37.2million of extra funding for the UK Fishing Industry to support innovation, improve port infrastructure and help the sector adjust to new arrangements on access and fishing as a result of EU Exit, whilst exploiting new export opportunities and markets. Working with Defra, we have developed plans regarding how the additional funding will be managed and awarded, aligning the new monies to the current scheme as much as possible, to ensure the same funding opportunities are available to industry. We expect the funding to be available in summer 2019.

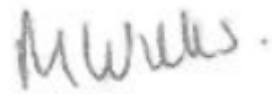
During 2018/19 we continued to deliver on two key programmes of work which directly contribute to the delivery of Government's 25 Year Environment Plan and its ambition to leave the environment in a better state than we found it. These are the Foreign and Commonwealth Office and Defra led Conflict, Stability and Security Fund (CSSF) International Blue Belt Programme and the Marine Pioneer Programme. Working with our partners, the Centre for Environment, Fisheries and Aquaculture (Cefas) on the CSSF Blue Belt programme, we are on track to deliver the UK Government's commitment to protect over four million square kilometres of ocean around the British Overseas Territories by 2020. This is being achieved through working in partnership with the UK Overseas Territories to develop and introduce new and innovative ways to manage the different territories unique marine environments. The marine pioneer programme also continues to explore through its partnerships in Devon and Suffolk, new ways to manage our marine environment, including developing England's first marine natural capital plan.

The impact of the 2015 Spending Review continues to place burden and pressure on our finances as our Grant in Aid continues to reduce. This has meant achieving our successes in 2018/19 has not been straightforward and has had to be balanced and managed alongside a temporary but significant uplift in funds to develop and deliver essential programmes of work for EU Exit and the International Blue Belt Programme.

This year has also been a challenging year for our staff with the new and changing requirements of EU Exit in particular, requiring them to work in different ways, building new, and developing existing partnerships. They have risen to each challenge with professionalism and enthusiasm, providing expert advice and driving forward change and their achievements continue to be central to the organisation's success. We have also seen a change in our senior leadership with six new Board members joining in 2018/19, and in July 2019 our Chief Executive and Accounting Officer John Tuckett stood down after four and a half years of leading the MMO. Michelle Willis, Director of Finance and EU was appointed Accounting Officer in July 2019 in the interim period to oversee the organisation until the new CEO is appointed.

During 2019 the UK will take on a new role with new responsibilities as an independent coastal state. In addition, how we protect and improve our environment, including marine, is gaining focus

through the 25 year Environment Plan and new Environment Bill. As part of this the MMO can develop its role within this changing space, maximising each opportunity including those arising from the new Fisheries Bill and its International work of the Blue Belt Programme, to help develop and deliver a vision for the Marine Management Organisation into the 2020s.



**Hilary Florek**  
Chair  
Marine Management Organisation

**Michelle Willis**  
Accounting Officer  
Marine Management Organisation



## 1.1.2 Purpose and activities of the Organisation

### About the Marine Management Organisation (MMO)

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

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

The MMO fulfils its statutory duties that contribute to the broader Defra strategy; which includes a shared vision to Create a Great Place for Living; supported by a set of strategic objectives to 2020. Actions to achieve the strategic objectives are described in more detail in Defra's Single Departmental Plan.

The MMO Action Plan for 2018/19, which is an internal document, set out how the MMO planned to contribute to the achievements of the Defra strategic objectives, delivering the MMO strategic purpose of enabling sustainable growth in the marine area and supporting coastal communities, whilst protecting and enhancing the marine environment for current and future generations.

### The MMO's role

The MMO is tasked with delivering the Government's vision for clean, healthy, safe, productive and biologically diverse oceans and seas. This is achieved through:

Marine planning
Licensing activities in the marine area
Fisheries management
A regulator of marine industries
Protecting and enhancing the marine environment
Making European funding available to the fisheries and aquaculture sector
Providing UK statistical information to support data analysis
Preventing worldwide illegal, unregulated and unreported fishing
Promoting biodiversity
Co-managing the Conflict Stability and Security Fund (CSSF) Blue Belt Programme

### How the MMO fulfils its role

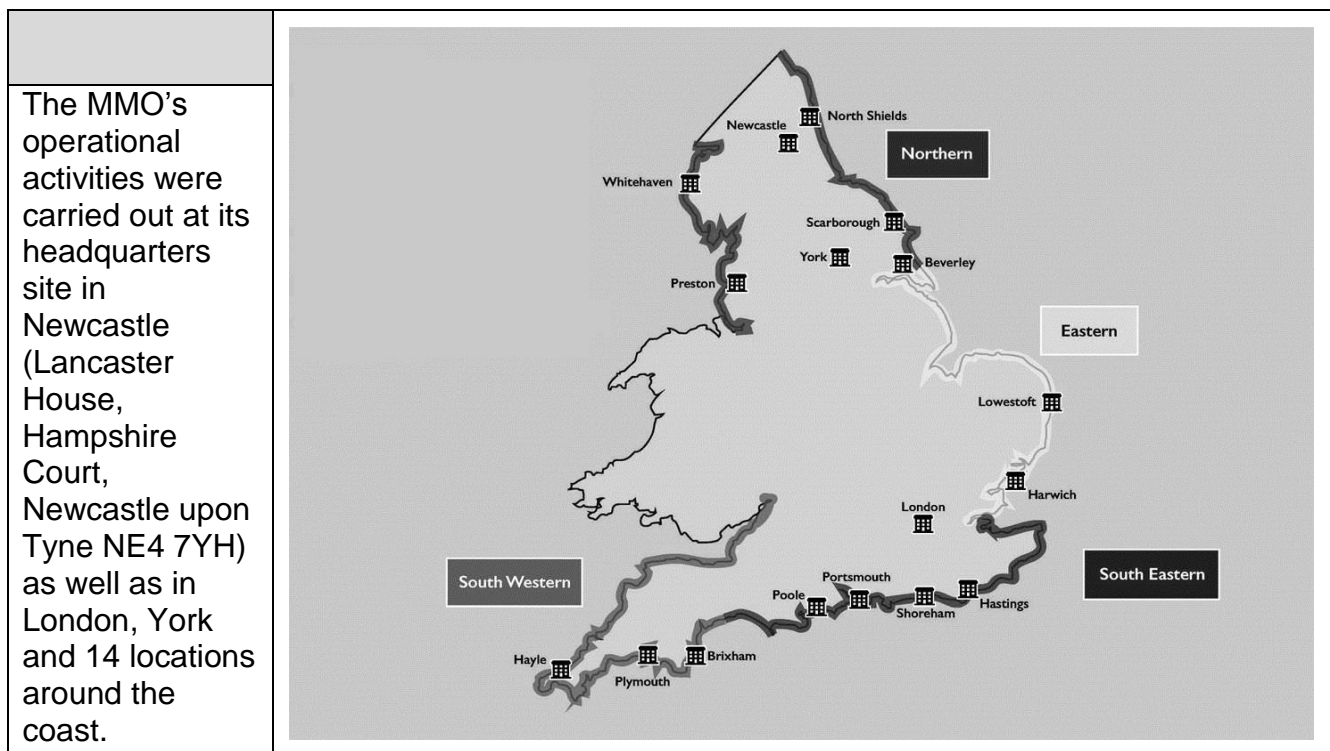
The UK Marine Policy Statement (2011) provides a framework for MMO's activities in the marine area. This key piece of national policy sits alongside important European legislation, such as the Marine Strategy Framework Directive, the Water Framework Directive, the Common Fisheries Policy, the Habitats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

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

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

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

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



## The MMO's people

At 31 March 2019, the MMO employed an average full time equivalent of 355 people (31 March 2018: 314); delivering the front line operations of implementing plan-led marine management, licensing marine works, administering European funding, fisheries compliance and enforcement, managing UK fishing fleet capacity and quotas and co-managing the CSSF Blue Belt programme on behalf of the Foreign and Commonwealth Office (FCO) and Defra.

## The MMO's customers

The MMO serves a wide range of customers from a variety of sectors including the fishing industry, licence applicants such as developers, those seeking funding from the European Maritime and Fisheries Fund (EMFF) and coastal communities, amongst others. The MMO is committed to being a transparent and accountable organisation, dedicated to providing a high level of customer service, as well as using customer feedback to improve services.

### 1.1.3 Key issues and risks

The MMO operates a structured risk and control framework which enables the identification, prioritisation and escalation of strategic and operational risks and issues. During 2018/19, three risks (see table below) were identified as having the potential to affect the MMO's business success in delivering its Strategic Objectives, credibility and relationships with delivery partners.

There is a risk that the MMO's business IT systems may become unavailable due to exploitation of cyber security vulnerabilities or permanent irrecoverable failure of legacy IT for which application and/or platform are no longer supported or manufactured by the technology vendor(s).
--

There is a risk that failure to implement the entirety of the Control Regulation may lead to infraction.
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There is a risk that the MMO is not operationally ready to meet the obligations conferred by EU Exit.
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To mitigate and manage these risks, action plans are in place, with responsible Executive Directors as named leads. See page 38 (Governance Statement) for more information.

### 1.1.4 Going concern statement

The MMO's accounts have been prepared on a going concern basis. In common with other Non-Departmental Public Bodies (NDPBs) within the Defra Group, the future financing of the MMO's liabilities is to be met by future supplies of Grant in Aid and the application of future income, both to be approved annually by Parliament. Approval for amounts required for 2019/20 has already been given and there is no reason to believe that future approvals will not be forthcoming. As part of Government's commitment to increase transparency and accountability of public services, Defra completed its Triennial Review of the MMO in 2013, which confirmed that the MMO's functions are necessary and should continue to be delivered by a NDPB, and that the MMO is best placed to carry out these functions.

## 1.1.5 Performance summary

The MMO's contribution to Government's vision for clean, healthy, safe, productive and biologically diverse oceans and seas is set out through its contribution to the Defra Single Departmental Plan, specifically the strategic objective of 'Protecting and improving the environment: Pass on to the next generation a natural environment protected and enhanced for the future'. The MMO supports the delivery of this strategic objective by contributing to relevant underpinning aims, along with a supplementary organisational strategic objective of Excellent Delivery: Excellent quality delivery for customers, on time and to budget and with outstanding value for money. The Defra Group Single Departmental Plan strategic objectives for 2018/19 are modelled below:

### The Defra Group Strategy and Single Departmental Plan

#### Four strategic Objectives for 2018/19

<b>SO1. EU Exit</b> Deliver a smooth transition to new regulatory and delivery frameworks after we leave the EU	<b>SO2. Protecting and improving the environment</b> Pass on to the next generation a natural environment protected and enhanced for the future
<b>SO3. Food, farming and rural affairs</b> Be one of the world's leading food and farming nations, with a thriving rural economy	<b>SO4. Outstanding organisation</b> Be the most effective and efficient department in government

The MMO contributes to the following aims from SO2:

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

Detailed analysis of the MMO's performance in supporting the delivery of the SO2 aims and the supplementary organisational strategic objective of Excellent Delivery is provided in the following section (1.2 Performance Analysis).

#### Ensuring delivery of the MMO Action Plan for 2018/19

For the year ending the 31 March 2019, the MMO established and described a range of measures to track delivery of the Action Plan. These measures are categorised as key performance indicators which enable the MMO to monitor and measure performance in support of the strategic objectives. During 2018/19, performance of the Action Plan was regularly assessed through the MMO's Delivery Review Group (DRG). The MMO Board considered performance at each meeting along with finance, general conduct and propriety of affairs of MMO to ensure that it is an economic, efficient and effective organisation.

# 1.2 Performance Analysis

## Performance Analysis

### 1.2.1 Detailed Performance Analysis

Aim: 2.3 Thriving plants and wildlife (at sea)

#### Marine Planning

##### Key Outcomes:

- South Marine Plan Adoption
- Increased engagement with developing marine plans

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

This work will lead to England being one of the first countries in the world to introduce a comprehensive and integrated approach to the management of its marine area. By 2021, there will be eleven marine plans that will guide users to make informed choices for activities or development in England's marine area. By setting a vision and objectives for the marine area, marine plans will address key issues through policies to guide decision-making.

In 2014, a key milestone in marine planning was achieved through the adoption of England's first marine plans for the East marine area. This was followed by publication of the first three year report on progress towards achieving the objectives set out in the East Marine Plans. During 2018/19, the next key milestone has been achieved with the adoption of the South Marine Plan on 17 July 2018. Marine plans for the North East, North West, South East and South West marine

areas are also in development, focussing on refining draft policies for these evolving marine plans, informed by information gathering and peer review as well as engagement with stakeholders. For the marine plans that are in development, the engagement on the third iteration of marine planning products which closed at the end of Q4 has generated a significant and welcome number of responses – more than in previous engagements – with overwhelmingly positive feedback on the series of workshops organised to support the engagement.

During 2018/19 activities have continued to support implementation and monitoring of the East and now also the South Marine Plans. This includes a programme of well received workshops and training events for local authorities and other decision-makers.

The approach to monitoring continues to be refined, informed by data and evidence and commissioned work. Monitoring surveys for the East and South launched in late 2018 have closed with more returns received than last year's survey. We also had a positive uptake of verification interviews which have now been completed. Experience from these activities is being taken account of in the development of the remaining plans.

Underpinning the development and success of all marine plans is prioritisation of active and regular engagement with a broad range of

sectors, and the ability to foster strong stakeholder relationships achieved by working in close partnership with local and national stakeholders. This, alongside learning from developing the East and South Marine Plans and the 12 stage marine planning process, will help ensure that the marine plans are robust, evidence based and local. This has included:

- Increased engagement of hard to reach stakeholders, working with coastal partnerships
- Understanding and integrating user needs in the development of a digital marine planning service

- Targeted summer engagement to develop spatially specific policies
- Leading several commissioned evidence projects
- Improved national engagement from Government Departments through the governance structures for the programme.

## Marine Licensing

### Key Outcomes:

- 89% marine licence applications determined within timeline
- 91% marine licence variations determined within timeline
- 100% development consent orders determined within timeline
- 67% customer satisfaction rating

The MMO has a key role in supporting sustainable development; since 2010, marine licensing applications approved by the MMO will contribute to the £10.6 billion of economic activity of the marine economy. During 2018/19, 89 per cent of marine licence applications were successfully determined within 13 weeks together with 91 per cent of variations to marine licences. This was against a challenging backdrop of new case law requiring a revised approach across all Defra bodies to assessing developments within marine protected areas, without which we would have exceeded the 90 per cent target.

In this period 100 per cent of Development Consent Orders were completed within the target timeline.

The table overleaf (Table 1) sets out licence determination performance.

The self-service licensing system introduced in 2017 continues to speed up the process of applying for eligible licenses with 203 licenses

processed through this system in 2018/19 – an increase of 36 per cent on the previous year. The self-service system has continued to receive positive feedback and is monitored to ensure that the quality of system generated licences remains at a high standard and to ensure compliance with conditions placed on licenses.

Recognising the importance of efficiencies, the Licensing team has a dedicated Business Improvement team. During 18/19 the team have been working on projects to enhance self-service licence to automate the exemption process for customers, introducing better transparency through case tracking tools for applicants and streamline the administrative processes reducing effort for staff and applicants. For the first time we have also undertaken a comprehensive customer satisfaction survey to better understand our customer requirements and to help baseline a qualitative performance measure. Overall satisfaction was rated as 67 per cent, with 17 per cent dissatisfied and 16 per cent neutral. This is a strong base from which we will be able to monitor further future improvements.

As part of our drive for continuous improvement, engagement with key stakeholders has continued at a similar level to 2017/18. As part of our outreach programme, the MMO hosted the 3rd Annual Marine Industry Conference and Exchange with the

Seabed Users and Developer Group (<http://www.sudg.org.uk/the-green-blue/>) in 2018. The conference offers an ideal opportunity for the Licensing Team to engage with a wide range of stakeholders from various marine industry sectors, the conference provides a forum for networking and identify best practice, share and understand the pressures faced by industry and regulators, and identify opportunities to enhance and streamline licensing of various marine activities that contribute to the Blue economy.

The Strategic Team held a two day UK Marine Regulators Forum workshop with senior licensing management and policy teams from NI, Scotland and Wales. A number of issues were discussed on policy and legislative matters such as Habitats Regulations Assessment (HRA) case law, Environmental Impact Assessment (EIA) and Exemptions as well as operational licensing issues on offshore wind, cables and seaweed cultivation.

**Table 1 - Licensing decision making**

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

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

			Band 1	Band 2	Band 3	Refused	Total	
<b>2016/17</b>	Determined within 13 weeks	Marine Licence Applications	116	152	89	20	<b>377</b>	
	Total Determined		116	159	122	20	<b>417</b>	
	% Determined within 13 weeks		100%	96%	73%	100%	<b>90%</b>	

**Table 2 - Band overview**

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



## Marine Conservation

### Key Outcomes:

- West Walney MCZ byelaw package submitted to SoS
- 100% designated inshore sites assessed (MPAs)

The MMO has maintained its good relationship with Defra and the Inshore Fisheries and Conservation Authorities (IFCAs) to deliver a well-managed network of Marine Protected Areas (MPAs). Where the MMO is the lead regulator, 100 per cent of designated inshore sites have been assessed, with management measures in place or identified within two years.

Building on work in the previous year, the West Walney Marine Conservation Zone byelaw package which prohibits the use of bottom towed fishing gear in the designated site area has been submitted to the Secretary of State for review following public consultation. The strong relationship that the MMO maintains with Defra and the IFCAs to implement improvements to monitoring through new technologies (IVMS) continues to generate good results. Additionally a review of the IFCA

byelaw quality assurance is in progress. The benefit will be a further streamlining of resource requirement across decision makers.

The quality assurance role the MMO provides for IFCA byelaws has resulted in the processing of 100 per cent of submitted byelaws within the mandated timescale enabling eleven byelaws to be formally approved by Ministers and become law.

The MMO's streamlined wildlife licence process has allowed 18 licences to be approved this year within 10 working days of receipt of all information. The approach continues to identify potential threats as early as possible and protect sensitive and threatened marine species in English waters.

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

## Contribution to broader environment objectives

### Marine Pioneer Programme

#### Key Outcomes:

- Funding approved for first marine Natural Capital Plan
- Conference and variety of workshops delivered sharing knowledge and expertise

Domestically, the Marine Pioneer Programme was created to inform delivery of the Government's 25 Year Environment Plan (25YEP). It is focused on how to manage use of the marine environment so it is in a better state for the next generation. During 2018/19, the MMO was focused on running four Marine Pioneer work streams in Suffolk and North Devon; 1) natural capital information collation

and methods development, 2) developing a natural capital approach local delivery framework, 3) carrying out natural capital demonstration projects and 4) sharing lessons from the programme.

The work streams benefitted substantially from partnership working across government and non-government, public and private organisations and leveraging of non-government investment to augment government funding.

### ***Natural Capital Information Collation and Methods Development***

For the first time Marine Natural Capital Asset and Risk Registers have been developed for North Devon and Suffolk saltmarshes.

Stakeholder participatory mapping workshops have been held to include the values of people living and working in the two areas. A workshop sponsored by the Gulbenkian Foundation brought UK experts and practitioners together to discuss key aspects of including Ocean Value in decision making. Work was completed on options sustainable funding that could be applied to marine areas.

### ***Developing a Natural Capital Approach Local Delivery Framework***

Preliminary research into governance was conducted and will form the basis of focus groups and interviews to develop options in 2019/20. A large funding application was submitted and approved in December 2018 to develop the first Marine Natural Capital Plan. Work began in 2018/19 and will progress until June 2020. A Natural Capital Trust for North Devon was identified.

### ***Carrying out Natural Capital Demonstration Projects***

The Marine Pioneer is applying its natural capital knowledge to MPA, fisheries, coastal habitat, coastal community and offshore wind management in a series of demonstration projects. In 2018/19 a project on MPA management effectiveness was carried out, a North Devon Fisheries, Science and Management partnership was set up, and projects to create saltmarsh habitat on grazing land, involve a coastal community in documenting the value of their natural environment and test a net gain approach in offshore wind were begun.

### ***Sharing Lessons from the Programme***

A major national Marine Pioneer Conference sponsored by the WWF and the Crown Estate was held in June. This promoted the Marine Pioneer work to a range of new people and organisations working in England. Six workshops across Suffolk and North Devon have exchanged knowledge and expertise between practitioners and people who live and work in the local areas. The programme lead and deputies have carried out regular speaking engagements. Liaison with Defra via the 25YEP team, policy leads, Marine

Transformation Programme Board and Marine Outcome System Committee has increased knowledge of the pioneer and the lessons from it.

## **Blue Belt Programme**

### **Key Outcomes:**

- Key engagement outputs achieved across programme
- Evidence bases developed for MPA designation

Internationally, the MMO has been working to deliver Government's commitment to protect over four million square kilometres of ocean around the UK Overseas Territories (OTs). In 2016, Government pledged funding from the Conflict Stability and Security Fund (CSSF), a joint project between Defra and the Foreign and Commonwealth Office to create a Blue Belt of marine protection around the UK OTs. During 2018/19 the MMO, working with the Centre for Environment, Fisheries and Aquaculture Science (Cefas), has developed a programme for seven of the OTs and has commenced implementing the various aspects of the Programme. The Programme is set to deliver on Government's commitments by 2020.

Significant progress has been made across all OTs in the 2018/19 year, with a number of key outputs delivered to build the evidence base and inform development of MPA designations and management strategies. The surveillance and technologies work will inform legacy compliance and enforcement strategies to support effective fisheries management. We are on track to deliver the following benefits for the OTs and wider environment:

- The improvement of the scientific understanding of, and sustainable management of, the natural resources within the UKOT waters.
- The identification of key threats to the OTs' marine environment and the development and maintenance of strategies to mitigate their impacts;
- Improvement in the institutional arrangements in the OTs for effective

ecosystem-based management of their marine resources;

- Increased economic and social wellbeing for the OTs coastal communities through effective marine and coastal management and learning from the natural capital work;
- The identification and reduction of Illegal, Unreported and Unregulated

(IUU) fishing within OT waters, enabling prosecution where appropriate;

- The implementation in each OT of appropriate and cost effective environmental monitoring, surveillance and enforcement systems.

## Aim: 2.5 Using resources from nature more sustainably and efficiently (fish)

### Fisheries Management

#### Key Outcomes:

- No closures of major economic stocks
- Maximised quota to allow 1500 inshore fishers in England to generate increased income

The MMO, in partnership with fish Producer Organisations (POs), performs an essential role in supporting a sustainable seafood sector in England. This is achieved through regular review of data and activity to maximise the use of fishing quotas. During 2018/19, for the second year running, the MMO achieved the objective of maintaining fishing opportunities by ensuring no closures of major economic stocks and supporting an active fishing fleet to target fish stocks in line with demand and market opportunity.

The success of maintaining fishing opportunities has been supported by industry engagement to enable inshore fishers to work in collaboration with the MMO on decisions about how and when fishing quotas are released. This has meant that over 1,500 active inshore fishers in England have generated income from quota species only (e.g. many species are not subject to quotas) of £12.6 million in 2018, a small increase from the £12.4 million achieved in 2017.

The MMO has also managed effort schemes (initiatives designed to limit the catching capacity and time at sea of certain fleet elements) so that the sustainability of various fish stocks was maintained. Our approach to fisheries management has ensured fishing effort uptake in the various management schemes continues to be within limits set for both the English and UK fleet for a second year. This enabled the MMO to flex restrictions

in-year when appropriate to reflect activity and uptake levels.

The MMO has prepared industry for the full implementation of the Landing Obligation through industry wide engagement and publication of thorough guidance. The MMO has continued to support Defra in policy development as well as continuing the Fully Documented Fisheries programme using electronic on board monitoring. This work supports the policy of reducing wasteful discarding of fish as well as improving confidence in catch data.

This year, the MMO has maintained focus on ensuring compliance with Common Fisheries Policy, initiating a number of projects designed to assess and implement changes to increase the efficiency and effectiveness of fisheries management and control activities in England. In addition, the MMO has delivered on the commitment to replace and upgrade the electronic catch and sales reporting systems under the 'Proteus' Programme of work to support fishing and trading in fish.

The MMO has continued to work effectively in partnership with other organisations, such as the IFCA, Cefas, Royal Navy, Natural England, and the Devolved Administrations. To support intelligence, compliance and monitoring activities and the traceability of fish, MMO has strengthened its working with other partners such as the UK Border Force and the Food Standards Agency. Additionally, the MMO has continued work with the National Maritime Information Centre (NMIC) and the Joint Maritime Operations Co-ordination Centre (JMOCC) to support opportunities for improved cross Government sea-based operations and closer routine operational collaboration.

Engagement has continued through existing structures; IFCA Chief Officer Group (COG) and National Inshore Marine Enforcement Group (NIMEG) with some progress being made to deliver standardisation and consistency in enforcement approach. The MMO is undertaking shared accommodation at Ramsgate to facilitate increase in officer capability but also to help with closer working

Additional staff have been recruited to enhance existing control and enforcement capability to mitigate risks associated with leaving the EU. An initial tranche of new staff were recruited in January. Further recruitment including a second tranche is also planned later in 2019.

Other successes include:

- Several industry stakeholders have stated the MMO approach to inshore fisheries management has improved by greater quality of engagement of inshore fishers in decisions such as quota catch limits for vessels. As an example of the MMO's quota trading activity in 2018 on behalf of inshore fishers, the initial allocation of 42 tonnes of Western English Channel sole was increased to 100 tonnes, of which 100 per cent has been caught. This has provided an additional income to small scale English inshore fishermen.

- Over 90 per cent uptake has been achieved for both Crab and Scallop effort allocations in Western Waters. The MMO played an important role in resolving conflict between UK and French scallop fishermen in the English Channel, increasing the UK scallop effort allocation as part of the agreement.
- The technical knowledge of the MMO fisheries staff has been made available extensively to projects related to EU exit and business as usual Defra policy decisions. Highlights include the single issuing authority for foreign vessel licences and quota trading.
- The MMO fisheries teams have worked with industry groups, other MMO teams and Defra to lead the production of guidance on avoiding quota choke scenarios under the full landings obligation, which could result in fishery closures. Operational knowledge has been input to Defra to identify high choke risk stocks and to form policies to mitigate the risk.
- The MMO continues to publish the UK Sea fisheries statistics reports. Available at (<https://www.gov.uk/government/collect/ons/uk-sea-fisheries-annual-statistics>).

## European Funding

Key Outcomes:

- £43 million committed in grant support across fisheries and aquaculture sectors
- Entire Data collection Framework budget committed.

In total the European Maritime and Fisheries Fund (EMFF) programme in England has now approved 1285 projects, committing £43 million in grant support with a total project value of almost £80 million for the fisheries and aquaculture sectors.

During 2018/19, over 500 projects were approved, with an EMFF award value of £15 million (total project value of £29 million). A further 248 applications have been submitted to the MMO, with a grant value of £4.6 million if approved, resulting in the scheme being fully subscribed after three years of operation.

The impact of these projects completing successfully will realise economic benefits such as maintaining jobs in these sectors, helping businesses to grow their turnover,

ensure the long term sustainability and viability of operators.

The MMO has allocated £3.6 million of EMFF support to six Fisheries Local Action Groups to take forward their local development strategies to benefit and develop fisheries, coastal communities and the wider supply chain infrastructure. A further £400 000 is being made available during 2019.

The MMO has successfully integrated new elements of the EMFF scheme related to the collection of fisheries data and improving the capability to support control and enforcement activities, applicable to the reformed Common

Fisheries Policy (CFP). MMO's plans for making effective use of control funding will be further developed and implemented over 2018/19. The entire Data Collection Framework budget (over £20m) is committed and project spend is at 90 per cent.

England Intermediate Body has ensured the timely approval of claims from applicants to safeguard against de-commitment of funds, at the same time contributing significantly to UK Performance Framework targets being achieved. The result being 6 per cent of the EMFF budget has been successfully safeguarded.

## SO4: Outstanding Organisation

Be the most effective and efficient department in government

### People

#### Key Outcomes:

- Gender Pay Gap below national average
- Successful roll out of comprehensive training programme to upskill managers

The MMO has continued its efforts throughout 2018/19 to be recognised as a highly effective Public Body. The investment into staff development including delivery of both a Leadership Development Programme and a Management Skills Programme to improve consistency, capability and effectiveness of MMO staff, 28 members of staff have completed and 24 staff are currently undergoing training with 35 to commence in 2019-2020. These programmes have equipped MMO staff to deliver better services and support to colleagues, this has led to more engagement from managers to address staff issues.

To enable flexibility of staff in service delivery, the MMO has revised a number of policies and processes to improve continuity of service.

This has included a refined performance management approach that tailors development to each individual and a more efficient recruitment and selection process to ensure the right behavioural and technical skills base are introduced to the organisation. This has led to a decrease in time to hire from 20+ weeks to 15 weeks. The process has also widened our candidate pool allowing us to engage a wider experience base, and an improved gender balance. This, along with work completed by our LEAD project groups has resulted in a reduction of our gender pay gap by 3.1 per cent in this snap shot period. The national average is approximately 18.1 per cent and the MMO's gender pay gap is 12.9 per cent.

The MMO staff participate in an annual Civil Service Survey, which took place in October 2018. This year there has been marginal improvement overall, with an increasing number of staff feeling engaged with the MMO and its activities and positive in the area of Inclusion and Fair Treatment. The survey has identified some areas in which the MMO need

to continue progress to address, such as the way staff perceive management of change and the extent to which staff feel that have access to appropriate learning and development opportunities. The MMO have improved the benefits package, however the perception of this has not yet fed through to the staff survey results.

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

The MMO is committed to the health, safety and wellbeing of our staff and we support them through;

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

There is also a programme of staff surgeries hosted by the HR team at all MMO locations on an annual basis.

The MMO participated in the Defra wide health kiosk tour in 2018 (enabling employees to measure their personal health statistics). The MMO continue to work closely with Defra on a variety of health, safety and wellbeing campaigns which are aligned to national and Civil Service themes.

## Customers and public engagement

### Key Outcomes:

- Media reach to 27.8 million people
- Online content reach to over 912,000 views
- 25,000 blog readers

The MMO Communications had three main priorities to deliver during 2018/19. Firstly, as preparations were underway to exit the European Union, it was a priority to plan and execute communications and engagement activity to guide our stakeholders through future changes proposed for our seas. Secondly, the MMO's transition to full cost recovery continued so communicating on our fees and charges was a major focus. Lastly, we continued to support business as usual activity throughout the year to help deliver online guidance, changes to marine regulation, and provide information to our diverse sets of marine stakeholders.

Transparency is an integral part of building trust and understanding with our stakeholders so the MMO seek ways to inform and educate

people about marine regulation wherever appropriate. Media coverage mentioning the MMO reached 27.8 million people in 2018 and around 25,000 people read our blog this year to learn more about our important work. The most popular posts were [Snail and the Whale](#) campaign, [how fish quotas are set](#) and [statistics about fishing in the UK and beyond](#). Social media continues to be a popular way people choose to interact with us; our Facebook content was seen over 202,000 times and our Twitter content was seen over 710,000 times. People liked, replied to, shared or clicked our content on Twitter over 12,600 times.

The MMO Communications also received an increase in customer complaints regarding the management of bass authorisations and we have since published information more readily on the rules around seabass fishing. We continued to receive access to information requests where people used freedom of information regulations to gain more detailed information on our work.

## Change

### Key Outcomes:

- Service Design Framework in place
- Change Portfolio ensuring compliance

To ensure that the wide range of change activities happening in the MMO are managed effectively, a number of programmes and projects were established. These have been developed using best practice and in support of appropriate governance and decision making, providing an effective platform for success.

Programmes cover a variety of areas including improving compliance with the Common Fisheries Policy (and therefore compliance with subsequent equivalent legislation),

preparing for EU Exit, and increasing the recovery of costs from industry arising from regulation, improving both efficiency and the end users' experience of interacting with the MMO. This portfolio of change will collectively ensure the MMO remains compliant with our statutory requirements and regulates the marine environment effectively with a minimum burden on the general tax payer.

The MMO has adopted a 'Service Design Framework' that embeds the principles outlined in the Government Digital Service (GDS) standards. This framework ensures an approach that puts the customer at the heart of services by exploring customer needs so that MMO can continue to iteratively improve both services for the customer and efficiency.

## Evidence and Data

### Key Outcomes:

- 100% highest priority evidence requirements addressed
- Collaboration increasing to reduce cost to MMO of data and evidence

The MMO has continued to implement its Evidence Strategy through 2018/19 and this has allowed the MMO to ensure that the decisions made and the policies developed are supported by a robust evidence base. The team has continued to deliver prioritised evidence requirements through engagement with external partners. Extensive collaboration within the Defra Group and academia has enabled the significant realisation of external resources.

Consequently, the MMO is now involved in developing many external partnerships with the academic community. Whilst the exact value of these partnerships has yet to be quantified, £900k of external funds has been obtained to directly deliver the MMO's needs with several million pounds of additional data

and evidence being steered towards the MMO's priorities. This has resulted in all of the highest priority evidence requirements having been met or being in the final stages of being delivered. A list of MMO evidence projects is available at <https://www.gov.uk/government/publications/evidence-and-the-marine-management-organisation-mmo/evidence-projects-register>.

The MMO Evidence Strategy has been scaled up for the entire marine system (more widely than just the MMO), further validating our approach, and this is due for government sign off shortly. The benefit of all of the collaborations is that it has allowed us to increase the evidence available for decision making whilst at the same time reduce the direct cost on the MMO as a result of the leverage of external funds. An indirect benefit of these relationships has been a raising of the MMOs profile in wider government and academic communities. The MMO continues to publish data and evidence on data.gov.uk to ensure wider



accessibility and transparency to support informed choices. The MMO is working partnership with the Defra group's Data Programme on new initiatives like the Data Sharing platform and new Metadata catalogue services. These services are key enablers for sharing Marine Data and Evidence with stakeholders and citizens with interest in the marine environment. The direct benefit being the evidence base is growing in strength and depth, leading to increased transparency, more robust decision-making and increased confidence.

The MMO is fully engaged with government initiatives to adopt innovation and apply new technologies like AI and ML (Artificial Intelligence and Machine Learning). In this regard, the MMO led work on intelligent inspections in the Maritime domain, but focussed on control and enforcement of the

Common Fisheries Policy (CFP) by making better use of the data we hold in line with our statutory obligations. Significant investment is being made on Fisheries Data infrastructure and services to enable new GDS compliant digital services and to enable better use of data to support fisheries management operations.

The MMO has continued to contribute to a central programme which was established to co-ordinate and oversee compliance with the General Data Protection Regulation and Data Protection Act 2018 across the Defra group. This has included joint working with Defra group colleagues to ensure consistency between organisations. Operationally, we have continued to develop the appropriate policies, processes and systems needed to assist the organisation in demonstrating compliance.

## EU Exit

### Key Outcomes:

- Digital catch certificates system online
- Enhanced capability including commercial arrangements in place for control and enforcement

On 23 June 2016, the EU referendum took place and the people of the United Kingdom voted to leave the EU. Until the United Kingdom leaves the EU all the rights and obligations of EU membership remain in force. During this period the Government will continue to negotiate, implement and apply EU legislation. The Government has negotiated with the Union on the terms of its withdrawal, and future relationship with, the Union. The terms on which the UK leaves the EU will determine what arrangements apply in relation to EU legislation in future once the UK has left the EU.

The decision for the UK to leave the EU has driven a need to review and revise the delivery of operational services from the MMO to

makes sure sufficient capability is in place to assure operational readiness after EU exit.

In addition to MMO subject matter expertise to shape the negotiating strategy and legislative change agenda, the MMO is leading on a variety of projects to deliver appropriate operational capability. This will facilitate continued trade in sea fisheries products and to make sure sufficient control can be exerted both at sea and ashore assuring the sustainable exploitation of sea fisheries resources.

Two of the major projects include a digital catch certificate system and a control and enforcement programme. A digital system has been delivered and is ready for deployment when judged necessary to ensure catch certificates are available for industry.

The MMO has put arrangements in place to administer a Single Issuing Authority (SIA) on behalf of all UK Fisheries Administrations to

facilitate permitted access to respective waters.

Regarding the control and enforcement project the commercial arrangements to deliver sea and aircraft to provide control and enforcement solutions alongside provision from other government agencies are in place.

Recruitment of initial staff is complete, training of new enforcement officers is underway, and a robust operational control and enforcement strategy is in place.

All of these activities enable the MMO to control and monitor our fisheries effectively. This ensures that sustainable practices can be assured in English waters supporting the viability of industry and market confidence in English sourced fisheries products. At the point of Exit we will be able to demonstrate compliance with international marine environment and fisheries obligations.

## Financial Review

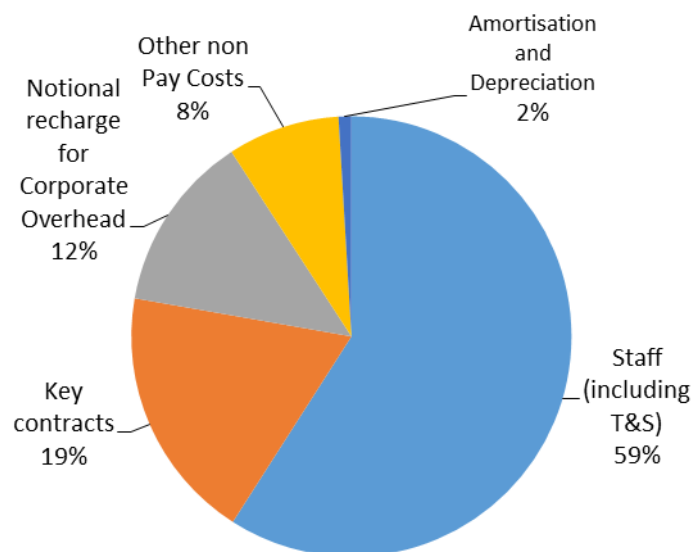
Comprehensive Net Expenditure for 2018/19 of £20.7 million represents an increase of 14 per cent from previous year (2017/18: £18.2 million). For 2018/19 the MMO received additional Grant In Aid funding to support the delivery of the CSSF Blue Belt programme and in support of preparations for the UK's exit from the EU, which increased overall comprehensive net expenditure in comparison to 2017/18.

The MMO's net expenditure in relation to core activities has reduced, in line with our commitment to deliver our obligations as part of Spending Review 2015 (SR15), of which 2016/17 was the first financial year. The broad approach to delivery of the SR15 commitments has been to achieve these savings and efficiencies through:

- Maximising opportunities for cost recovery and access to European funding streams to ensure we can make the best use of available funding.
- Reviewing key contracts and identifying opportunities to drive down cost whilst maintaining service delivery.
- Continued focus on improved governance, procurement and compliance information for all budget holders which will enable all staff to support the delivery of the strategic objectives through better resource planning. This included scrutiny over expenditure through the spending gateway for all procurements over £25,000.
- Better regulation commitments to reform services through the licensing improvement project.
- Investment in digitising of services.

This has created capacity to deliver the reductions required but also created opportunity for investment in the delivery of our frontline services. The recruitment of temporary and seconded staff resource to support delivery of the challenging budget savings in the final years of SR15. This has also facilitated continued investment (supported by EC funding) in the refresh our fisheries systems infrastructure, prioritising those processes that manage fisheries data to reduce costs, reduce burdens on stakeholders, improving quality and accuracy.

The chart below shows how we have allocated our gross resources by area of expenditure.



## **Long term expenditure trends**

Over the nine years since vesting, our Comprehensive Net Expenditure has reduced from £29.0 million (2010/11) to £20.7 million (2018/19) with an obligation to achieve further challenging savings over the remaining year of SR15. The commitments made within SR15 will be achieved through maximising opportunities for cost recovery and through changes to our operating model to incrementally reduce the burden on Grant in Aid whilst ensuring a sustainable and targeted approach to delivery. In practice this means reforming how we deliver our services and the underlying financial structure. This will place greater emphasis on reducing the regulatory burden, greater collaborative partnerships and cost recovery to achieve outcomes.

A key requirement for the MMO during 2019 is to work with Defra group to deliver a sufficient resource settlement for 2020/21 and beyond as part of the imminent Spending Review. This will support the MMO's ambition, in becoming the principal regulator of the English seas after the UK leaves the EU.

## 1.2.2 Sustainability Report

Sustainable development is central to the way MMO delivers its business. The MMO's environmental performance is assessed by measuring its contribution to the targets set out in the Greening Government Commitments (GGC). It has continued to work under the GGC framework during 2018/19 with performance against GGC targets disclosed within this report.

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

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

The table below summarises MMO performance in 2018/19 compared to prior years:

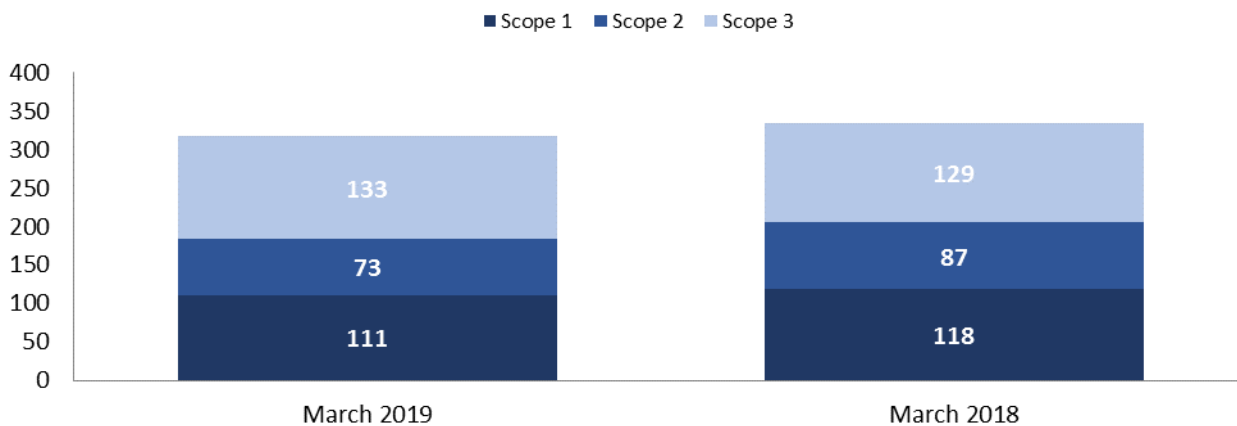
MMO Greenhouse Gas Emissions		2018/19	2017/18 (Restated)	2016/17 (Restated)
<b>Non-financial indicators (tCO<sub>2</sub>e)</b>	<b>Total Gross Emissions for Scope 1,2 &amp; 3</b>	<b>317</b>	<b>334</b>	<b>333</b>
	Total Net Emissions for Scope 1,2 & 3 (i.e. less reductions e.g. green tariffs)	317	334	333
	Gross emissions from Scope 1 (Direct)	111	118	84
	Gross emissions from Scope 2 (Energy indirect)	73	87	136
	Gross emissions from Scope 3 (business travel)	133	129	113
<b>Related energy consumption (thousand KWh)</b>	Electricity	232	231	253
	Gas	144	207	253
<b>Financial Indicators (£'000)</b>	Expenditure on energy*	N/A	N/A	N/A
	CRC Licence Expenditure (2011 onwards)	0	0	0
	CRC Income for recycling payments	0	0	0
	Expenditure on accredited offsets - Woodland Trust Enterprise	0	0	0
	Expenditure on official business travel	460	575	463

At the time of preparing the final report for 2017/18 an estimate of consumption was used for the last quarter of the year due to lags in receiving actual information. Actual data is now available and 2017/18 figures have been restated, with significant restatements including an increase of 35 tCO<sub>2</sub> for Scope 1 emissions and a decrease 37 tCO<sub>2</sub> for Scope 2 emissions. Similarly, an estimate of consumption for quarter four has been used for 2018/19 until final data is received.

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

Total GHG emissions have decreased by 17 tCO<sub>2</sub>e compared to 2017/18 with an increase in scope 3 official business travel emissions being offset by reductions in scope 1 (direct) emissions and scope 2 (energy indirect) emissions. The breakdown of emissions by scope is shown in the figure below:

**Total Carbon Emissions by Scope (tCO<sub>2</sub>e)**



The increase in average full time equivalent staff as at 31 March 2019 to 326 people (31 March 2018: 314), the geographical spread of the MMO estate, and our obligations to ensure our stakeholders are engaged in the matters which affect them continues to create pressure on emissions from our business travel shown in scope 3. Scope 1 emissions have reduced slightly in line with a small reduction in the MMO lease car fleet with 24 cars as at 31 March 2019, in comparison to 27 cars as at 31 March 2018. The reduction within scope 2 emissions recognises ongoing progress in implementation of the Defra network estates strategy and wider alignment of the government property portfolio, which the MMO contributes to and continues to support.

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

<b>Non – hazardous waste for Head Office</b>		<b>2018/19</b>	<b>2017/18 (Restated)</b>	<b>2016/17 (Restated)</b>
<b>Non-financial indicators (t)</b>	Total Waste	21	23	27
	Waste to landfill	1	1	5
	Waste reused/recycled	12	14	15
	Waste incinerated	8	8	7
<b>Finite Resource Consumption - Water</b>		<b>2018/19</b>	<b>2017/18 (Restated)</b>	<b>2016/17 (Restated)</b>
<b>Non-financial indicators (m<sup>3</sup>)</b>	Water Consumption	1,659	1,141	1,409
<b>Non-financial indicators (m<sup>3</sup>/average FTE)</b>	Water Consumption per Full Time Equivalent (FTE)	5	4	5

## Performance against GGC Targets

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

GGC Target	Target	2018/19	Status
To cut greenhouse gas emissions by 44% from a 2009/10 baseline from the whole estate and business related transport	360 tCO <sub>2</sub> e	324 tCO <sub>2</sub> e	Achieved
Reduce the number of domestic flights by 30% from a 2009/10 baseline	148 flights	311 flights	Not Achieved*
Reduce the amount of waste going to landfill to less than 10%	<10%	5%	Achieved
Continue to improve our waste management by reducing the overall amount of waste generated from a 2009/10 baseline	<27 tonnes	21 tonnes	Achieved
Continue to further reduce water consumption from a 2009/10 baseline	<1,409m <sup>3</sup>	1,659m <sup>3</sup>	Not Achieved (see below)
Report on office water use against best practice benchmark	N/A	N/A	Achieved (see below)

\* The total number of 311 domestic flights recorded in 2018/19 has reduced by 24% in comparison to the 409 domestic flights recorded in 2017/18. This still represents a 46% increase on the 2009/10 baseline, which was prior to the MMO vesting on the 1 April 2010 and based on a significantly different staff and office profile with the MMO head office located in Newcastle. The challenge of operating across a wide geographical area, often in locations with poor mainland transport links is evident in these results. Whilst the MMO continues to maximise the use of technology and coordination of meeting/travel arrangements to minimise reliance on domestic flights, this will continue to represent a challenge. It is necessary to balance business need, total cost of travel, staff time and wellbeing, with the impacts of delivering services to customers and stakeholders.

### Office water use against best practice benchmark

In line with the GGC target above, MMO water usage for 2018/19 against the best practice benchmarks is shown in the table below. The overall target for water usage has been not been achieved with an increase in water consumption in comparison to 2017/18. This is attributed to a supporting increase in the average FTE of the MMO. There are still a number of sites that do not meet the best practice benchmark of 'best' or 'good'.

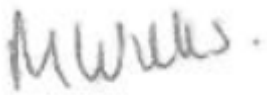
Best practice benchmarks	Current MMO performance against benchmarks
Sites with best performance (<4m <sup>3</sup> /FTE)	0%
Sites with Good performance (4-6m <sup>3</sup> /FTE)	25%
Sites with Poor performance (>6m <sup>3</sup> /FTE)	75%

## **Sustainable Procurement**

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

## **Climate Change Adaptation**

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



Michelle Willis  
Accounting Officer  
Marine Management Organisation

15 July 2019





## **2. Accountability Report**

## 2.1 Corporate Governance Report

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

### 2.1.1 Directors' Report

#### Responsibility for the direction of the MMO

##### Non-Executive Board Members

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

At 31 March 2019, there were nine Non-Executive Board members in post. The following appointments were made during the period:

- Belinda Howell and Robert Wilson were appointed as Board Members on the 1 May 2018;
- William Roberts was appointed as a Board member and Chair of the Audit and Risk Assurance Committee on the 1 August 2018; and
- Peter Judge, David Lyall and Bill Dickson were appointed as Board Members on the 1 February 2019.

The composition of the Board at the 31 March 2019 is as follows:

Non-Executive Board Member	Role	Appointment date	End date
Hilary Florek	Chair	08/02/2018	07/02/2021
Anthony Delahunty	Non-Executive Board Member	01/02/2017	31/01/2020
Terence Jagger	Non-Executive Board Member	01/02/2017	31/01/2020
Belinda Howell	Non-Executive Board Member	01/05/2018	30/04/2021
Robert Wilson	Non-Executive Board Member	01/05/2018	30/04/2021
William Roberts	Non-Executive Board Member	01/08/2018	31/07/2021
Peter Judge	Non-Executive Board Member	01/02/2019	31/01/2022
David Lyall	Non-Executive Board Member	01/02/2019	31/01/2022
Bill Dickson	Non-Executive Board Member	01/02/2019	31/01/2022

During 2018/19 the Board included the following Non-Executive Board members:

Non-Executive Board Member	Role	Appointment date	End date
Nigel Reader	Non-Executive Board Member	01/02/2010	31/01/2019
Jayne Scott	Non-Executive Board Member	01/02/2010	31/07/2018
Derek Langslow	Non-Executive Board Member	01/02/2010	30/04/2018
Robert James	Non-Executive Board Member	01/02/2010	30/04/2018
Robin Teverson	Non-Executive Board Member	18/02/2013	31/01/2019
Andrew Wells	Non-Executive Board Member	18/02/2013	31/01/2019

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

Previous ARAC members during 2018/19 were Jayne Scott (Chair until 31 July 2018) and Robin Teverson (member until 31 January 2019).

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

Previous Remuneration Committee members during 2018/19 were Andrew Wells (Chair until 31 January 2019) and Robert James (member until 30 April 2018).

### **Interests**

During 2018/19, there were no significant interests held by any of the Non-Executive Board Members which may conflict with their responsibilities. A register of Non-Executive Board Members' interests is published on the MMO's website. Related party disclosures can be seen in note 12 to the Accounts.

### **Executive Directors**

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

- John Tuckett was re-appointed as Chief Executive Officer from the 19 January 2019 to the 18 January 2020. John Tuckett resigned as Chief Executive on the 7 July 2019.
- Michelle Willis, Director of Finance and EU was appointed Accounting Officer on the 8 July 2019 in the interim period until the new Accounting Officer is in post.

The composition during the reporting period is as follows:

<b>Executive Member</b>	<b>Most Current Role</b>	<b>Appointment date</b>	<b>End date</b>
John Tuckett	Chief Executive Officer	19/01/2019	07/07/2019
	Chief Executive Officer	19/01/2018	18/01/2019
	Chief Executive Officer	19/01/2015	18/01/2018
Michelle Willis	Director of Finance and EU	18/02/2013	-
Michelle Willis	Accounting Officer	08/07/2019	
Phil Haslam	Director of Operations	01/12/2016	-
Trudi Wakelin	Director of Marine Licensing	06/02/2017	-
Andrew Wareing	Director of Business Development and Transformation	05/12/2016	-
Selina Stead	Chief Scientific Advisor	01/06/2017	-
Terry Robertson	Director of Planning	19/03/2018	-

### **Interests**

During 2018/19 the Chief Executive Officer/Accounting Officer and Directors held no interests outside of the MMO relating to the MMO's business.

## **Personal data related incidents**

During 2018/19 there have been no incidents of data loss involving personal information over the reporting period that required formal reporting to the Information Commissioner's Office.

## 2.1.2 Statement of Accounting Officer's Responsibilities

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

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

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

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

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

### Disclosure of audit information to auditors

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

### **2.1.3 Governance Statement**

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

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

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

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

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

As a Non-Departmental Public Body (NDPB) within the Defra Group, the MMO is led by a Non-Executive Board that is responsible for setting the overall strategic direction for the MMO in delivery of its strategic objectives and evaluating performance. Hilary Florek is Chair of the Board, and has responsibility for ensuring the MMO activities support the wider policies of the Secretary of State (SoS) and its decisions comply with statute and any direction given by the SoS. At the 31 March 2019, the MMO Board comprised nine Non-Executive Board Members. A full list of Non-Executive Board Members is included at page 34.

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

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

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

## **MMO Board and Committee activity including performance**

### **MMO Board**

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

During 2018/19, the MMO Board considered a number of business priorities including business and financial planning, provision of internal audit services, communication with industry and landing obligations. In addition, a key feature of the MMO Board's discussion has been in relation to EU Exit, with a particular emphasis on the Control, Capability Programme and the key MMO EU Exit projects of Catch Certificates and Control and Enforcement. Additionally, the Board have also considered wider strategic matters including the 25 Year Environment Plan; the Conflict, Stability and Security Fund (CSSF) Blue Belt Programme; General Data Protection Regulation (GDPR) and Cost Recovery Improvement of Services Programme (CRISP). This approach has ensured that appropriate direction and escalation has been provided following substantive challenge and debate; all of which are formally documented.

I can confirm that where conflicts of interest have arisen, the Chair has initiated protocols for managing sensitivities. During 2018/19, any conflicts considered to be prejudicial in nature have been reported to the Chair in advance to allow impartial discussions and decision making to be upheld. A full register of interests is maintained and reviewed following each MMO Board meeting.

During 2018/19, the fixed term appointments ended for six of the total nine Non-Executive Board members, and they were replaced by new Non-Executive Board member appointments. Due to this exceptional MMO Board turnover and high number of new Non-Executive Board member appointments the review of Board effectiveness which is undertaken annually has been deferred to early 2019/20 to support an effective review of performance.

Hilary Florek, the MMO Chair has completed exit interviews for all out-going Non-Executive Board members during the reporting year. Performance reviews have been completed for existing Non-Executive Board members in post for a significant proportion of 2018/19 taking account of performance and reflecting on individual portfolios of responsibility and discussing priorities for the future.

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

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

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

During 2018/19, the ARAC considered a variety of items including the Internal Audit Programme; External Audit; corporate risks; risk management; the Annual Report and Accounts (interim and final); GDPR; financial approvals for EU Exit; counter-fraud; the Quality Management System and

the Environmental Management System. The ARAC Chair will refer to the MMO Board and Accounting Officer all such issues that, in posing a major risk or threat to the business integrity or reputation of the MMO, in their judgement require disclosure to the full MMO Board or need executive or immediate action. In addition, the Chair of the Committee will inform the MMO Board (via the MMO Board Chair) of any fraud, misappropriation or malpractice immediately that it is discovered or suspected. During 2018/19, no such issues were escalated to the MMO Board.

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

## Remuneration Committee

The Remuneration Committee comprised two Non-Executive Board members for the significant proportion of 2018/19. The Remuneration Committee met once during 2018/19. The objective of the committee is to provide assurance to the MMO Board on the governance of Executive remuneration, contractual issues and compensation commitments: these are described in the committee's Terms of Reference. In accordance with best practice, it is a standard part of the committee's dealings to report to the MMO Board after every meeting and to produce a formal report on key business conducted at the end of each year.

## Attendance at meetings

Attendance at meetings of the MMO Board, ARAC and Remuneration Committee in 2018/19 was good.

Non-Executive Board member	Board		ARAC		Remuneration Committee	
	Meetings	Attended	Meetings	Attended	Meetings	Attended
Hilary Florek (Chair)	7	7	N/A		N/A	
Nigel Reader (Board member until 31 January 2019)	6	5	N/A		N/A	
Jayne Scott (Board member and Chair of ARAC until 31 July 2018)	3	3	2	2	N/A	
Derek Langslow (Board member until 30 April 2018)	1	1	N/A		N/A	
Robert James (Board and Remuneration Committee member until 30 April 2018)	1	1	N/A		0	0



Non-Executive Board member	Board		ARAC		Remuneration Committee	
	Meetings	Attended	Meetings	Attended	Meetings	Attended
Robin Teverson (Board and ARAC member until 31 January 2019)	6	6	4	4	N/A	
Andrew Wells (Board member and Chair of Remuneration Committee until 31 January 2019)	6	6	N/A		1	1
Anthony Delahunty (Remuneration Committee Member)	7	6	N/A		1	1
Terence Jagger (ARAC member)	7	7	5	4	N/A	
Belinda Howell (appointed from 1 May 2018, ARAC member from 1 Feb 2019)	6	5	1	1	N/A	
Robert Wilson (appointed from 1 May 2018) Chair of Remuneration Committee from 1 February 2019)	6	4	N/A		0	0
William Roberts, (appointed 1 August 2018, Chair of ARAC from 1 August 2018)	4	4	3	3	N/A	
Bill Dickson (appointed from 1 February 2019)	1	0	N/A		N/A	
Peter Judge (appointed from 1 February 2019)	1	1	N/A		N/A	
David Lyall (appointed from 1 February 2019)	1	1	N/A		N/A	

## Data Quality to support the MMO Board's needs

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

## Compliance with the HM Treasury Corporate Governance Code

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

## Risk, controls and compliance

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

**Risk** - There is a risk that MMO's business IT systems may become unavailable due to exploitation of cyber security vulnerabilities or permanent irrecoverable failure of legacy IT for which application and/or platform are no longer supported or manufactured by the technology vendor(s).

- This risk is focused on adequacy of systems protection, potential impacts of data loss on the MMO's reputation as well as the impacts on access to data needed to deliver core functions.
- The MMO has managed this risk through independent security testing and a risk assessment exercise to identify vulnerabilities if any and treat those that are assessed to have medium and high impact.
- Long-term mitigation planning for Fisheries IT (EU Exit critical) systems are at an advanced stage of planning with Cefas.
- Our Control Capability Programme is helping to achieve Common Fisheries Policy (CFP) compliance by significantly improving the infrastructure (particularly IT systems) and the administration of the CFP in England.

**Risk** - There is a risk that failure to implement the entirety of the Control Regulation may lead to infraction.

- This risk is focused on the MMO's responsibilities in implementing the Control Regulation to mitigate the risk of potential infraction proceedings.
- This risk was managed in year through the delivery of actions set out in the road map agreed by the European Commission, which has included publishing updated guidance and education for industry together with compliance checks being incorporated into local plans. These compliance checks continue in all areas.
- Our Control Capability Programme is helping to achieve Common Fisheries Policy (CFP) compliance by significantly improving the infrastructure (particularly IT systems) and the administration of the CFP in England.

**Risk** - There is a risk that the MMO is not operationally ready to meet the obligations conferred by EU Exit.

- This risk is focused on EU exit activity linked to the MMO's remit and the MMO's ability to understand and put in place procedures and systems to meet the demands of leaving the EU.
- The MMO is addressing this risk through supporting Defra in their programme of work to take forward EU exit activity to help facilitate MMO capability, together with activities underway to coordinate people, systems and processes across the MMO as appropriate to build corporate capability.
- Additionally, it will assess allocated funding and the impacts of any implementation period at the earliest opportunity, where appropriate identify manual alternatives to minimise the impact of this risk on the fishing industry.

## Information risk management

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

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

Defra Group has undertaken an extensive programme of work to prepare for new data protection legislation which came into force on 25 May 2018. Since then further work has been undertaken, mainly in the corporate services area, to identify risks to personal data and to strengthen systems and procedures for managing them. The Defra Group Data Protection Officer (DPO), is the MMO's DPO and has put in place arrangements for monitoring data protection risks and in January 2019 made a number of recommendations for further improvements which are being implemented by the MMO. The MMO is implementing supporting structural change to strengthen data protection and security governance in line with change in Defra Group and the wider government.

## **Ministerial direction**

No ministerial directions were issued to the MMO during 2018/19.

## **Internal Audit**

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

## **External Audit**

There are no outstanding management issue(s) or management actions from the 2017/18 audit.

## **Whistleblowing**

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

## **Conclusion**

I was appointed as interim Accounting Officer on 08 July 2019. I met John Tuckett, outgoing Accounting Officer, the MMO Head of Internal Audit and the chair of the Audit and Risk Assurance Committee, to review assurances that a sound system of internal control had been in place during 2018/19. These assurances were also confirmed in writing. My review has further been informed by the work of internal audit, assurances from Executive Directors with delegated responsibility within the MMO, and the comments and recommendations made by the external auditors in their annual management letter and other reports.

Overall, I am satisfied there are no significant control weaknesses to report and the effectiveness of the overall governance and risk frameworks has continued to be demonstrated. A comprehensive process of risk management was in place throughout the year and the three key risks identified in section 2.1.3 (page 42) have been effectively monitored and managed through the control frameworks.

## **2.2 Remuneration and Staff Report (subject to audit)**

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

### **2.2.1 Remuneration Report**

#### **Terms of Reference for the Remuneration Committee**

The MMO Remuneration Committee is a committee of the MMO Board that has been set up to provide assurance to the MMO Board on the governance of Executive remuneration, contractual issues and compensation commitments. Members of the committee are appointed by the MMO Board but must not include the Chair of the MMO Board. At the 31 March 2019 the committee was made up of two Non-Executive Board Members.

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

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

#### **Salary**

'Salary' includes gross salary, overtime and any other allowance to the extent that it is subject to UK taxation. Bonus payments, benefits in kind and pension benefits are to be reported separately under Government Financial Reporting Manual 2018/19 guidance.

#### **Pension benefits**

##### **Cash equivalent transfer values (CETV)**

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

##### **The real increase in the value of the CETV**

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

## Taxable expenses classified as benefits in kind

Taxable expenses classified as benefits in kind cover any business expenses incurred by the MMO to the extent that they are subject to UK taxation together with the associated tax. For 2018/19 this consists of costs of accommodation, travel and subsistence incurred by Non-Executive Board Members where the place of work in their contract is their home. MMO pay the benefit in kind for Non-Executive Board Members to HMRC as part of a PAYE settlement agreement.

The MMO publishes all other business expenses incurred by our Non-Executive Board Members while on official duty which are not subject to UK taxation on our website. Expenses may be travel, hotel and other costs, including details of hospitality given and received.

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

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

Non-Executive Board Member	Role	Appointment date	End date	2018/19 Fee £'000	2017/18 Fee £'000	Taxable expenses classified as benefits in kind 2018/19, to nearest £100	Taxable expenses classified as benefits in kind 2017/18, to nearest £100
Hilary Florek	Chair	08/02/2018	07/02/2021	40-45	10-15 (40-45 FYE)	4300	100
Sir William Callaghan	Chair	01/05/2011	08/02/2018	0	30-35 (40-45 FYE)	0	1,400
Jayne Scott	Non-Executive Board Member	01/02/2010	31/07/2018	0-5 (FYE 10-15)	10-15	1,200	4,200
Derek Langslow	Non-Executive Board Member	01/02/2010	30/04/2018	0-5 (FYE 10-15)	10-15	300	1,300
Robert James	Non-Executive Board Member	01/02/2010	30/04/2018	0-5 (FYE 10-15)	10-15	300	2,400

<b>Non-Executive Board Member</b>	<b>Role</b>	<b>Appointment date</b>	<b>End date</b>	<b>2018/19 Fee £'000</b>	<b>2017/18 Fee £'000</b>	<b>Taxable expenses classified as benefits in kind 2018/19, to nearest £100</b>	<b>Taxable expenses classified as benefits in kind 2017/18, to nearest £100</b>
Nigel Reader	Non-Executive Board Member	01/02/2010	31/01/2019	5-10 (FYE 10-15)	10-15	1,800	2,100
Robin Teverson	Non-Executive Board Member	18/02/2013	31/01/2019	5-10 (FYE 10-15)	10-15	2,100	2,600
Andrew Wells	Non-Executive Board Member	18/02/2013	31/01/2019	5-10 (FYE 10-15)	10-15	1,700	1,000
Anthony Delahunty	Non-Executive Board Member	01/02/2017	31/01/2020	10-15	10-15	3,500	2,200
Terence Jagger	Non-Executive Board Member	01/02/2017	31/01/2020	10-15	10-15	1,700	1,900
Belinda Howell	Non-Executive Board Member	01/05/2018	30/04/2021	10-15 (FYE 10-15)	0	1,300	0
Robert Wilson	Non-Executive Board Member	01/05/2018	30/04/2021	10-15 (FYE 10-15)	0	1,600	0
William Roberts	Non-Executive Board Member	01/08/2019	31/07/2021	5-10 (FYE 10-15)	0	2,600	0
Peter Judge	Non-Executive Board Member	01/02/2019	31/01/2022	0-5 (FYE 10-15)	0	100	0
David Lyall	Non-Executive Board Member	01/02/2019	31/01/2022	0-5 (FYE 10-15)	0	300	0
Bill Dickson	Non-Executive Board Member	01/02/2019	31/01/2022	0-5 (FYE 10-15)	0	0	0

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

## Notes

- A. Remuneration Committee members are Rob Wilson (Chair) and Anthony Delahunty. Previous Remuneration Committee members during 2018/19 were Andrew Wells (Chair until 31 January 2019) and Robert James (member until 30 April 2018).
- B. Audit and Risk Assurance Committee members are William Roberts (Chair), Terence Jagger and Belinda Howell. Previous ARAC members during 2018/19 were Jayne Scott (Chair until 31 July 2018) and Robin Teverson (member until 31 January 2019).
- C. The fixed term appointment of Jayne Scott ended on the 31 July 2018.
- D. The fixed term appointments of Derek Langslow and Robert James ended on 30 April 2018.
- E. The fixed term appointments of Nigel Reader, Robin Teverson and Andrew Wells ended on 31 January 2019.
- F. The fixed term appointments of Belinda Howell and Robert Wilson commenced on 1 May 2018 for three years.
- G. The fixed term appointment of William Roberts commenced on 1 August 2018 for three years.
- H. The fixed term appointments of Peter Judge, David Lyall and Bill Dickson commenced on the 1 February 2019 for three years.
- I. No additional paid work was carried out on behalf of the MMO by any Non-Executive Board member.

## Directors' remuneration (subject to audit)

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

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



	Current Role	Appointment date	End date	Salary (£'000)		Bonus Payments (£'000)		Benefits in Kind (to nearest £100)		Pension Benefits (£'000)		Total (£'000)	
				2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18
John Tuckett	Chief Executive Officer	19/01/2015	07/07/2019	125-130	120-125	5-10	5-10	0	0	56	50	185-190	180-185
Michelle Willis	Director of Finance and EU	18/02/2013		80-85	80-85	5-10	0	0	0	28	36	115-120	115-120
Phil Haslam	Director of Operations	01/12/2016		85-90	85-90	5-10	0-5	0	0	34	34	125-130	120-125
Trudi Wakelin	Director of Marine Licensing	06/02/2017		80-85	80-85	0	0	0	0	23	32	105-110	110-115
Andrew Wareing	Director of Business Development and Transformation	05/12/2016		80-85	80-85	0	0	0	0	9	4	90-95	85-90
Terry Robertson	Director of Strategic Development and Planning	19/03/2018		80-85	0-5 (80-85 FYE)	0	0	0	0	33	1	110-115	0-5
Selina Stead	Chief Scientific Advisor	01/06/2017		15-20 (80-85 FYE)	10-15 (80-85 FYE)	0	0	0	0	7	5	20-25	15-20
Paul Gilliland	Acting Chief Planning Officer	01/08/2017	31/03/2018	0	40-45 (65-70 FYE)	0	0	0	0	0	62	0	105-110
Steve Brooker	Chief Planning Officer	05/03/2013	30/09/2017	0	50-55 (80-85 FYE)	0	0	0	0	0	21	0	70-75

<b>Band of highest paid executive disclosed in remuneration report (£'000)</b>	130-135	130-135
<b>Median total remuneration (£)</b>	27,971	28,133
<b>Ratio</b>	4.7	4.6

## **Fair Pay Disclosure (subject to audit)**

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

The remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and cash equivalent transfer of pensions. The banded remuneration of the highest-paid Director in the MMO in financial year 2018/19 was £130,000 to £135,000 (2017/18: £130,000 to £135,000). In addition to this the median total remuneration of £27,971 has decreased slightly from last year (2017/18: £28,133). The ratio of the highest paid executive compared to the median total remuneration is 4.7 (2017/18: 4.6). The median salary used in the fair pay disclosure has been calculated using salaries for all MMO staff and an annual equivalent remuneration paid to interim staff based on the grade of post they are covering. All salaries were in a range from £19,241 to £156,000, with five staff receiving an annual equivalent salary in excess of the highest paid director.

Overall performance has been assessed against work objectives, the MMO core competence framework and role profiles. Bonus payments for each of the performance years have been made as a non-consolidated pay award where an individual has been awarded an excellent mark. Bonuses awarded in the 2018/19 year are in respect of performance in the 2017/18 year.

## **Notes**

**A.** John Tuckett, Chief Executive Officer, left the MMO on the 7 July 2019.

## Directors' Pension benefits (subject to audit)

Executive Group Member	Real increase in pension (£'000)	Real increase in lump sum (£'000)	Value of pension at 31/03/2019 (£'000)	Value of lump sum at 31/03/18 (£'000)	CETV at 01/04/18 (£'000)	Real increase in CETV (£'000)	CETV at 31/03/19 (£'000)
John Tuckett	2.5 - 5	0	10 - 15	0	156	46	215
Phil Haslam	0 - 2.5	0	0 - 5	0	30	19	60
Michelle Willis	0 - 2.5	0	20 - 25	0	300	12	359
Trudi Wakelin	0 - 2.5	0	40 - 45	0	485	10	567
Andrew Wareing	0 - 2.5	0 - 2.5	30 - 35	95 - 100	654	8	728
Terry Robertson	0 - 2.5	0	5 - 10	0	59	11	88
Selina Stead	0 - 2.5	0	0 - 5	0	3	4	8

### Notes

A. The opening CETV figure at 1 April 2018 for Trudi Wakelin has been restated in line with a recalculation performed by MyCSP.

### Pensions

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

## 2.2.2 Staff Report

### Staff Costs and Numbers (subject to audit)

	2018/19 Permanently employed £'000	2018/19 Others £'000	2018/19 Total £'000	2017/18 Total £'000
Wages and salaries	10,570	2,436	13,006	11,023
Pension costs	2,088	0	2,088	1,958
Social security costs	1,079	0	1,079	971
<b>Total Staff Costs</b>	<b>13,737</b>	<b>2,436</b>	<b>16,173</b>	<b>13,952</b>

All of the MMO's permanently employed staff are public servants. Others include staff on inward secondments from other government departments and temporary agency staff. There were no staff exit packages in 2018/19 (2017/18: nil). Temporary staff are appointed for short term work through the Crown Commercial Framework Agreements. Expenditure on consultancy is not reflected in the numbers above which in 2018/19 was £138k (2017/18: nil) as shown in note 3 on page 74 of the financial statements.

Average Number of Full Time Equivalent Staff	2018/19 Number of people	2017/18 Number of people
Directly Employed	317	294
Inward Secondments	2	2
Temporary Agency/Interim Staff	36	18
<b>Total</b>	<b>355</b>	<b>314</b>

### Pensions

The PCSPS is an unfunded multi-employer defined benefit scheme, but the MMO is unable to identify its share of the underlying assets and liabilities. The Scheme Actuary valued the scheme as at 31 March 2012. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice.gov.uk/my-civil-service/pensions](http://www.civilservice.gov.uk/my-civil-service/pensions)).

From 1 April 2018 to 31 March 2019, employers' contributions of £2,104k were payable to the PCSPS (2017/18: £1,916k) at one of four rates in the range of 20.0 per cent to 24.5 per cent of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during the period under review, to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £12k were paid to one or more of the panel of three appointed stakeholder pension providers (2017/18: £10k). Employer contributions are age-related and range from eight per cent to 14.75 per cent of pensionable pay. Employers also match employee contributions up to three per cent of pensionable pay. In addition, employer

contributions of £1k, under 1 per cent of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

No employees have retired early on ill health grounds (2017/18: none). Ill health retirements are met by the pension scheme and are not included in the table above.

### Staff composition

The composition of MMO staff at 31 March 2019 is shown in the table below:

	Male FTE	Female FTE	Total FTE
CEO (SCS 2 level or equivalent)	1.0	0	1.0
Director (SCS 1 level or equivalent)	2.8	2.2	5.0
Other Staff	176.6	157.9	334.5
<b>Total</b>	<b>180.4</b>	<b>160.1</b>	<b>340.5</b>

### Sickness absence data

During the period to 31 March 2019 the average number of sickness days for our staff was 2.6 days (2017/18: 4.5 days).

### Equality and Diversity

The MMO is committed to the principle of equality and will not tolerate discrimination on grounds of a protected characteristic such as age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation. It values the diversity amongst our workforce and are committed to providing a fair and equal working environment for all MMO employees. The MMO uses a recruitment system, which gives each application a unique candidate number, and all applications for employment are short-listed using candidate numbers rather than names.

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

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

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

## Other employee matters

The MMO is accredited at Disability Confident Level 2 and are working towards Level 3 accreditation. We have reported our gender pay gap in line with national requirements and have instigated an action plan to address the relatively small published gap.

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

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

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

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

The MMO pay policy complies with government pay remit guidelines.

## Trade Union Facility Time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 are effective the 1 April 2017 and require the MMO to publish information in relation to Trade Union Facility Time for 2018/19.

### Table 1

#### Relevant union offices

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

Number of employees who were relevant union officials during the relevant period	<i>Full-time equivalent employee number</i>
5	5

### Table 2

#### Percentage of time spent on facility time

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

Percentage of time	Number of employees
0%	0
1-50%	5
51%-99%	0
100%	0

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

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

Provide the total cost of facility time (£'000)	20
Provide the total pay bill (£'000)	16,172
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.0%

**Table 4****Paid trade union activities**

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

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

**Off-payroll engagements**

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

<b>Off-payroll engagements as of 31 March 2019, for more than £245 per day and that last for longer than six months:</b>	<b>Total</b>
Existing at 31 March 2019	20
Existed for less than one year at the time of reporting	16
Existed for between one and two years at the time of reporting	4

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



## 2.3 Parliamentary Accountability and Audit Report

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

### 2.3.1 Regularity of Expenditure (subject to audit)

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

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

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

The Marine Management Organisation established the Spending Review Panel (SRP) through which expenditure over £25k must pass for approval prior to any commitment being made. In addition, under the Government's transparency agenda, expenditure is published monthly on all transactions over £25k and Government Procurement Card spend over £500.

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

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

For 2018/19 the MMO can report that there were no losses, special payments or gifts incurred during the year to date which exceeded £300k.

### 2.3.2 Fees and Charges (subject to audit)

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

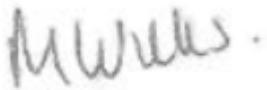
### **2.3.3 Remote contingent liabilities (subject to audit)**

On 29 March 2017, the UK Government submitted its notification to leave the EU in accordance with Article 50. The triggering of Article 50 started a two-year negotiation process between the UK and the EU. On 11 April 2019, the government confirmed agreement with the EU on an extension until 31 October 2019 at the latest, with the option to leave earlier as soon as a deal has been ratified.

Any subsequent changes in legislation, regulation and funding arrangements are subject to the outcome of the negotiations. As a result, an unquantifiable remote contingent liability is disclosed. In accordance with accounting standards, no contingent assets can be recognised.

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

Information in respect of long-term expenditure trends can be seen in the 'Financial Review' at pages 27-28.



Michelle Willis  
Accounting Officer  
Marine Management Organisation

15 July 2019

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

## Opinion on financial statements

I certify that I have audited the financial statements of the Marine Management Organisation for the year ended 31 March 2019 under the Marine and Coastal Access Act 2009. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the Marine Management Organisation's affairs as at 31 March 2019 and of Marine Management Organisation's net operating expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Marine and Coastal Access Act 2009 and Secretary of State directions issued thereunder.

## Opinion on regularity

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

## Basis of opinions

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

## Conclusions relating to going concern

I am required to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Marine Management Organisation's ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern. I have nothing to report in these respects.

## **Responsibilities of the Accounting Officer for the financial statements**

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

## **Auditor's responsibilities for the audit of the financial statements**

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

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Marine Management Organisation's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

## **Other Information**

The Accounting Officer is responsible for the other information. The other information comprises information included in the Performance Report and the Accountability Report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material

misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### **Opinion on other matters**

In my opinion:

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

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

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

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

### **Report**

I have no observations to make on these financial statements.

**Gareth Davies**

**Date 16 July 2019**

**Comptroller and Auditor General**

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP



## **3. Financial Statements**

## Statement of Comprehensive Net Expenditure for the year ended 31 March 2019

	Note	2018/19 £'000	2017/18 £'000
<b>Expenditure</b>			
Staff Costs	2	16,173	13,952
Other Expenditure	3	13,087	11,412
<b>Total Expenditure</b>		<b>29,260</b>	<b>25,364</b>
<b>Income</b>			
Revenue from contracts with customers	4	(3,362)	(3,798)
Other Operating Income	4	(5,188)	(3,321)
<b>Total Income</b>		<b>(8,550)</b>	<b>(7,119)</b>
<b>Net Operating Expenditure</b>		<b>20,710</b>	<b>18,245</b>
<b>Other Comprehensive Net Expenditure</b>			
Net (Gain) / Loss on revaluation of Intangibles	5	(4)	(56)
<b>Comprehensive Net Expenditure</b>		<b>20,706</b>	<b>18,189</b>

The notes on pages 67 to 80 form part of these accounts.

## Statement of Financial Position at 31 March 2019

	Note	31 March 2019		31 March 2018	
		£'000	£'000	£'000	£'000
<b>Non-current assets:</b>					
Property, plant and equipment		92		130	
Intangible assets	5	2,769		579	
<b>Total non-current assets</b>			<b>2,861</b>		<b>709</b>
<b>Current assets:</b>					
Trade and other receivables	6	4,732		3,778	
Cash and cash equivalents	7	921		2,350	
<b>Total current assets</b>			<b>5,653</b>		<b>6,128</b>
<b>Total assets</b>			<b>8,514</b>		<b>6,837</b>
<b>Current liabilities:</b>					
Trade and other payables	8	(4,985)		(6,250)	
Provisions		(190)		(195)	
<b>Total current liabilities</b>			<b>(5,175)</b>		<b>(6,445)</b>
<b>Total assets less current liabilities</b>			<b>3,339</b>		<b>392</b>
<b>Non-current liabilities:</b>					
Other payables	8	0		0	
<b>Total non-current liabilities</b>			<b>0</b>		<b>0</b>
<b>Total assets less total liabilities</b>			<b>3,339</b>		<b>392</b>
<b>Taxpayers' equity and other reserves:</b>					
General reserve			3,310		348
Revaluation reserve			29		44
<b>Total equity</b>			<b>3,339</b>		<b>392</b>

*Michelle Willis*

**Michelle Willis**  
**Accounting Officer**  
**Marine Management Organisation**  
**15 July 2019**

The notes on pages 67 to 80 form part of these accounts.



## Statement of Cash Flows for the year ended 31 March 2019

	Note	2018/19 £'000	2017/18 £'000
<b>Cash flows from operating activities</b>			
Net Operating Expenditure		(20,710)	(18,245)
Adjustment for notional corporate recharge	3	3,819	2,307
Adjustments for depreciation and amortisation	3	274	285
Adjustments for net gain on revaluations of PPE and Intangibles	3	0	(5)
(Increase)/decrease in trade and other receivables	6	(954)	(191)
Increase/(decrease) in trade payables and other liabilities	8	(1,265)	2,255
Use of provisions		(5)	(21)
<b>Net cash outflow from operating activities</b>		<b>(18,841)</b>	<b>(13,615)</b>
<b>Cash flows from investing activities</b>			
Purchase of Intangible Assets	5	(2,422)	(157)
<b>Net cash outflow from investing activities</b>		<b>(2,422)</b>	<b>(157)</b>
<b>Cash flows from financing activities</b>			
Grant from Defra		19,834	15,500
Capital element of payments in respect of finance leases			
<b>Net financing</b>		<b>19,834</b>	<b>15,500</b>
<b>Net increase / (decrease) in cash and cash equivalents in the period</b>	7	<b>(1,429)</b>	<b>1,728</b>
<b>Cash and cash equivalents at the beginning of the period</b>	7	<b>2,350</b>	<b>622</b>
<b>Cash and cash equivalents at the end of the period</b>	7	<b>921</b>	<b>2,350</b>

The notes on pages 67 to 80 form part of these accounts.

## Statement of Changes in Taxpayers' Equity for the year ended 31 March 2019

	Note	General Reserve £'000	Revaluation Reserve £'000	Total £'000
<b>Balance at 31 March 2017</b>		<b>711</b>	<b>63</b>	<b>774</b>
<b>Changes in Taxpayers' Equity for 2017/18</b>				
Grants from parent department		15,500	0	15,500
Notional corporate recharges		2,307	0	2,307
Net gain / (loss) on revaluation of intangible assets		0	56	56
Transfers between reserves		75	(75)	0
Comprehensive Net Expenditure for the year		(18,245)	0	(18,245)
<b>Balance at 31 March 2018</b>		<b>348</b>	<b>44</b>	<b>392</b>
<b>Changes in Taxpayers' Equity for 2018/19</b>				
Grants from parent department		19,834	0	19,834
Notional corporate recharges	3	3,819	0	3,819
Net gain on revaluation of intangible assets		0	4	4
Transfers between reserves		19	(19)	0
Comprehensive Net Expenditure for the year		(20,710)	0	(20,710)
<b>Balance at 31 March 2019</b>		<b>3,310</b>	<b>29</b>	<b>3,339</b>

The notes on pages 67 to 80 form part of these accounts.

## **Notes to the Accounts**

### **Note 1 Statement of accounting policies**

#### **1.1 Requirement to prepare accounts**

These accounts are for the year ended 31 March 2019 and have been prepared in accordance with the Marine and Coastal Access Act (MCAA) 2009 and the Secretary of State direction there under.

The financial statements have been prepared in accordance with the 2018/19 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Marine Management Organisation (MMO) for the purpose of giving a true and fair view, has been selected.

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

#### **1.2 Accounting convention**

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

#### **1.3 Going concern**

The accounts have been prepared on a going concern basis. In common with other Non Departmental Public Bodies (NDPBs) within the Defra group, the future financing of the MMO's liabilities is accordingly to be met by future supplies of grant-in-aid and the application of future income, both to be approved annually by Parliament. Approval for amounts required for 2019/20 have been confirmed and there is no reason to believe that future approvals will not be forthcoming. As part of the Governments' commitment to increase transparency and accountability of public services, Defra completed a review of its arm's length bodies in 2013, and confirmed that the MMO will be retained as an executive NDPB, on the grounds of performing a technical function which should remain independent.

#### **1.4 Operating Segments**

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

## 1.5 Non-current assets

### 1.5.1 Intangible non-current assets: recognition and measurement

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

### 1.6 Revaluation

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

### 1.7 Depreciation and amortisation

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

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

### 1.8 Impairment

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

### 1.9 Employee benefits

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

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

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

### **1.10 Grants and subsidies**

The MMO has a role designated by the Secretary of State as the UK European Maritime Fisheries Fund (EMFF) Managing Authority and the Intermediate Body for England. During 2018/19, MMO has been designated as the Certifying Authority following transition of this function from Defra.

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

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

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

### **1.11 Other Expenditure**

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

### **1.12 Income**

The Government Financial Reporting Manual IFRS 15 Revenue from contracts with customers is effective from 1 April 2018. The MMO has assessed all revenue and associated cash flows in accordance with IFRS 15 to identify those arising from contracts with customers. This requires income to be recognised upon delivery of the contractual services to the customer.

The MMO fees and charges income streams (1 – 4 below) have been assessed as within scope of IFRS 15 as they meet the definition of a contract through the supply of marine licensing services. The contractual service and associated performance obligation has been assessed as the work undertaken by MMO in the course of processing the application as this is chargeable to the customer. The transaction price remains in line with the basis of the fees and charges as set out

(1-4 below). The assessment of the impact of IFRS 15 is immaterial as the point at which control of performance obligations is transferred to customers under IFRS 15 matches the point at which the risks and rewards were transferred under previous standard IAS 18 revenue. Consequently, transition disclosures under IFRS 15 are not required.

- 1) From 6 April 2014 to the 31 August 2018 fees and charges have been issued in accordance with the Marine Licensing (Application Fees) Regulations 2014. On the 1 September 2018 a new Statutory Instrument the Marine Licensing (Application Fees)(Amendment) Regulations 2018 supported by powers on the MCAA 2009 was implemented to revise the hourly rate from £94 to £122 per hour; simplify the Band 2 structure from five to two bands and to provide powers to charge for travel time and subsistence costs. This revised statutory instrument allows charging for marine licence activity on a band basis, depending on the criteria of an application, as follows:
  - i) Self-service applications for low value/risk applications, available online through a self-service portal at a fixed fee of £50.
  - ii) Band 2a (Band 2a-c under 2014 regulations) and Band 2b (Band 2 d-e under 2014 regulations) are fees up to a capped limit, invoiced in arrears, and are recognised on an accruals basis.
  - iii) Band 3 are uncapped hourly fees, invoiced in arrears and are recognised on an accruals basis.
- 2) The Public Bodies Act 2011 allows the Secretary of State to change the funding arrangements of certain bodies such as the MMO by means of an order. From 1 October 2014, changes to MMO's charging powers were made in an Order under section four and five of the Act allowing the MMO to recover costs incurred in monitoring sites where licensable activity is taking place, reviewing monitoring reports required from licensing holders, and in varying existing licences. Revisions to the statutory instrument made provision for changes to the Act, where such income is recognised on an accruals basis.
- 3) New and outstanding applications for extraction of minerals by marine dredging have now transitioned into marine licence applications.
- 4) Fees for navigational dredging licences are issued in accordance with the regulations made under powers in the MCAA 2009. Schedule 9 (part 4) of the regulations provided a transitional period for operators and regulators to meet the statutory requirements of the Act. This period ended on 31 March 2014, navigational dredging became enforceable from 1 April 2014.
- 5) Other revenue, which is assessed as in scope for IFRS 15 is recognised when the outcome is delivered to the customer. The impact of IFRS 15 is immaterial as the point at which control of performance obligations is transferred to customers under IFRS 15 matches the point at which the risks and rewards were transferred under previous standard IAS 18 revenue. Therefore, transition disclosures under IFRS 15 are not required.

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

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

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

### **1.13 Provisions**

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

### **1.14 Value Added Tax (VAT)**

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

### **1.15 Contingent liabilities and remote liabilities**

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

### **1.16 Financial instruments**

#### **1.16.1 Financial assets**

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

In line with the Government Financial Reporting Manual IFRS 9 Financial Instruments is effective from 1 April 2018. In accordance with IFRS 9 MMO must recognise a loss allowance on short term trade receivables equal to their lifetime Expected Credit Losses. MMO has performed an assessment of expected credit losses and as a result has recognised a loss allowance equivalent to all customer invoices over 12 months old. This change in approach to impairment from the incurred loss model under IAS39 is immaterial, consequently the transition disclosures under IFRS 9 are not required.

#### **1.16.2 Financial liabilities**

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

### **1.16.3 Derivative financial instruments and hedging**

The MMO is required to disclose the role that financial instruments had at 31 March 2019 in creating or changing the risks faced by the MMO in undertaking its activities.

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

### **1.17 Impending applications of newly issued accounting standards not yet effective**

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

IFRS 16 – Leases. This standard is effective from 1 January 2019, with public sector implementation expected in line with the Government Financial Reporting Manual from 1 April 2020. It will supersede all existing IFRS standards on leases. In line with Note 10 'Commitments under leases' the MMO has current operating lease commitments of £452k in relation to Buildings and Land, and £221k in relation to lease cars. These lease commitments will be assessed as 'right of use' assets in line with the implementation of IFRS 16, which is not expected to have a material impact on the MMO's financial statements.



## Note 2 Staff numbers and related costs

	2018/19 Permanently employed £'000	2018/19 Others £'000	2018/19 Total £'000	2017/18 Total £'000
Wages and salaries	10,570	2,436	13,006	11,023
Pension costs	2,088	0	2,088	1,958
Social security costs	1,079	0	1,079	971
<b>Total Staff Costs</b>	<b>13,737</b>	<b>2,436</b>	<b>16,173</b>	<b>13,952</b>

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

Information relating to senior MMO staff salaries and other benefits in kind is disclosed within the Remuneration Report from page 45 of the Annual Report. Information relating to staff numbers and other staff information is included within the Staff Report from page 53.

### Note 3 Other expenditure

	Note	2018/19 £'000	2017/18 £'000
Aerial, Surface and Satellite Surveillance		2,276	1,756
CEFAS Scientific Support for Marine Environment Work		1,613	2,468
Travel, Subsistence and Hospitality		1,107	929
Data and Evidence		961	445
Other ICT		751	725
Other Programme Costs		489	268
Shared Services (SSCL)		372	353
Data Collection Framework		329	141
Technical Services		235	761
Training		235	338
Audit Fees - Internal Audit (Defra)		230	183
Prosecutions and Legal Services		167	175
Consultancy		138	
Rentals payable under operating leases		69	150
Audit Fees - External Audit (National Audit Office)		43	44
Grant Expenditure		(16)	110
<b>Non-cash</b>			
Corporate Overhead Recharge		3,819	2,307
Amortisation	5	236	246
Provisions provided for in period		80	90
Depreciation		38	39
Gain on revaluation		0	(5)
Utilisation of provision		(35)	(50)
Provisions not required and written back		(50)	(61)
<b>Total</b>		<b>13,087</b>	<b>11,412</b>

## Note 4 Income

	2018/19 £'000	2017/18 £'000
<b>Revenue from contracts with customers</b>		
Marine Licences (Marine and Coastal Access Act 2009)	3,097	3,260
Other revenue	265	538
<b>Total revenue from contracts with customers</b>	<b>3,362</b>	<b>3,798</b>
<b>Other Operating Income</b>		
European Maritime Fisheries Fund	5,188	3,321
<b>Total Income</b>	<b>8,550</b>	<b>7,119</b>

### Fees and charges (recovered costs)

Financial objective 2018/19	Income £'000	Full Cost £'000	(Deficit) £'000
Marine Licences (Marine and Coastal Access Act 2009)	3,097	3,725	(628)
	<b>3,097</b>	<b>3,725</b>	<b>(628)</b>

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

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

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

The MCAA 2009 marine licensing income recognised in the period to 31 March 2019 consists of income relating to both the 2014 charging instrument (effective 1 April – 31 August 2018) and the 2018 charging instrument (effective 1 September 2018). Of this £66k related to navigational dredging and £921k for monitoring and varying marine licences under the powers of Order to the Public Bodies Act 2011 effective from 1 October 2014.

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

The cost recovery deficit of £628k relating to MCAA 2009 marine licences has materialised because the cost of the MMO undertaking these activities exceed the fee rate set within the statutory instrument which restrict the MMO's ability to recover all recoverable costs, where appropriate.

## Note 5 Intangible assets

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

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

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

The last revaluation of intangible assets was carried out on 31 March 2019.

	Software & Licences £'000	Construction in Progress £'000	Intangible Assets £'000
<b>Cost or valuation</b>			
At 1 April 2017	4,015	183	4,198
Additions	0	0	0
Transfers (Completed / Capitalised CIP)	183	(183)	0
Revaluation	<b>335</b>	<b>0</b>	<b>335</b>
<b>At 31 March 2018</b>	<b>4,533</b>	<b>0</b>	<b>4,533</b>
<b>Amortisation</b>			
At 1 April 2017	3,434	0	3,434
Charged In period	246	0	246
Revaluation	274	0	274
<b>At 31 March 2018</b>	<b>3,954</b>		<b>3,954</b>
<b>Net Book Value at 1 Apr 2017</b>	<b>581</b>	<b>183</b>	<b>764</b>
<b>Net Book Value at 31 March 2018</b>	<b>579</b>	<b>0</b>	<b>579</b>

	<b>Software &amp; Licences £'000</b>	<b>Construction in Progress £'000</b>	<b>Intangible Assets £'000</b>
<b>Asset Financing</b>			
Owned	579	0	579
On-balance sheet (SoFP) other service concession arrangements	0	0	0
<b>Net Book Value at 31 March 2018</b>	<b>579</b>	<b>0</b>	<b>579</b>

#### Note 6 Trade receivables and other current assets

	<b>2018/19 £'000</b>	<b>2017/18 £'000</b>
<b>Amounts falling due within one year</b>		
Trade Receivables	798	893
Bad Debt	(111)	(120)
Other taxation and social security	55	30
Prepayments and Accrued Income	536	1,107
Prepayments and Accrued Income (EU)	3,454	1,868
<b>Total due within one year</b>	<b>4,732</b>	<b>3,778</b>

There were no receivables falling due after more than one year at 31 March 2019 (31 March 2018: nil).

#### Note 7 Cash and cash equivalents

	<b>2018/19 £'000</b>	<b>2017/18 £'000</b>
<b>Balance at 1 April 2018</b>	<b>2,350</b>	<b>622</b>
Net changes in Cash and Cash Equivalent balances	(1,429)	1,728
<b>Balance at 31 March 2019</b>	<b>921</b>	<b>2,350</b>

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

## Note 8 Trade payables and other current liabilities

	2018/19 £'000	2017/18 £'000
<b>Amounts falling due within one year</b>		
Trade Payables	703	1,286
Other taxation and social security	610	475
Accruals and Deferred Income	1,819	2,663
Other Payables:		
Defra Network	947	1,203
Aerial & Surface Surveillance	906	623
<b>Total due within one year</b>	<b>4,985</b>	<b>6,250</b>

There were no payables falling due after more than one year at 31 March 2019 (31 March 2018: nil).

## Note 9 Commitments under leases

### *Operating leases*

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

	31 March 2019 £'000	31 March 2018 £'000
<b>Buildings and Land</b>		
Not later than one year	354	358
Later than one year and not later than five years	98	415
	<b>452</b>	<b>773</b>
<b>Other</b>		
Not later than one year	70	67
Later than one year and not later than five years	151	80
	<b>221</b>	<b>147</b>

As at 31 March 2019, 24 cars were leased over a period of four years which is reflected in the other operating lease commitments above.

## Note 10 Other financial commitments

The MMO entered into non-cancellable contracts (which are not leases or PFI contracts) as detailed below. The payments to which the MMO were committed at 31 March 2019, analysed by the period during which the commitment expires, are as follows:

	<b>31 March 2019 £'000</b>	<b>31 March 2018 £'000</b>
Not later than one year	867	1,348
Later than one year and not later than five years	2,589	2,589
Later than five years	2	596
<b>Total present value of obligations</b>	<b>3,458</b>	<b>4,533</b>

The MMO's key commitments include contracts relating to the provision of aerial, surface and satellite surveillance services.

## Note 11 Contingent liabilities

The MMO has no contingent liabilities at 31 March 2019 (31 March 2018: Nil).

## Note 12 Related party transactions

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

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

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

<b>Board Member / Senior Staff</b>	<b>Corporate Related Body</b>	<b>Role</b>	<b>Total payments made (Goods &amp; Services) £'000</b>	<b>Total income received £'000</b>	<b>Amount owed by MMO at 31 March 2019 £'000</b>	<b>Amount owed to MMO at 31 March 2019 £'000</b>	<b>Bad Debt at 31 March 2019 £'000</b>
Nigel Reader	Joint Nature Conservation Committee	Audit and Risk Assurance Committee Member	22	0	0	0	0
Nigel Reader	Department for Environment, Food and Rural Affairs	Audit and Risk Assurance Committee Member	560	84	8	52	7

No Non-Executive Board Member or member of the Executive Group has undertaken any material transactions with the MMO constituting an interest which needs to be declared. Further information on Non-Executive Board Members and Directors can be found in the Remuneration Report from page 45.

### Note 13 Third-party assets

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

During the period to 31 March 2019, the MMO received fishing administrative penalties imposed by English or Welsh courts on owners of fishing vessels in accordance with Sea Fishing (Penalty Notices) (England) Order 2011 SI 2011 No 758. MMO acts as custodian, however, it has no direct beneficial interest, therefore these monies are not included in the Accounts and will be transferred to HM Treasury as consolidated fund extra receipts once they are six months old.

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

The amounts are set out in the table below:

<b>Monetary assets and monies on deposit</b>	<b>31 March 2019 £'000</b>	<b>31 March 2018 £'000</b>
Court Costs	132	132
Fishing Admin Penalties	83	22
Bonds	0	0
<b>Total</b>	<b>215</b>	<b>154</b>

### Note 14 Events after the reporting date

John Tuckett resigned as Chief Executive and Accounting Officer on the 7 July 2019. Michelle Willis, Director of Finance and EU was appointed Accounting Officer on the 8 July 2019 in the interim period until the new Accounting Officer is in post. The Annual Report and Accounts are authorised for issue on the date of the Comptroller and Auditor General's audit certificate.





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