



Marine  
Management  
Organisation



**HC 12**

# ANNUAL REPORT AND ACCOUNTS

2022/23



# Marine Management Organisation

**Annual Report and Accounts 2022-2023**  
**For the period 1 April 2022 to 31 March 2023**

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

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HC 12



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More information on our work can be found at [www.gov.uk/mmo](http://www.gov.uk/mmo)





# 1. Performance report

# 1.1 Overview

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

## 1.1.1 Statement from the Chair of the MMO Board

2022/23 has been a milestone year for the MMO with Board and Executive Leadership launching the MMO2030 Strategy. This ambitious vision for the future establishes our approach to the work we will do, up to the year 2030, to protect our precious marine environment.

Our long-term Strategy is the culmination of engagement and forward thinking with input from across many sectors. We have worked collaboratively to arrive at a collective vision for a prosperous future for our seas, coasts, and communities. By providing this clear narrative, we can use our Strategy as a platform to engage our wide-ranging partners, customers, and stakeholders to discuss our joint vision and aspirations for the future.

We shared our MMO2030 Strategy and thinking with stakeholders at the Strategy's official launch in spring 2023. The ocean does not exist in isolation, and nor does the work of the MMO. We must engage across government to ensure that we are coordinated in our marine responsibilities and sharing resources as effectively as possible.

The vital work of MMO in protecting the diverse marine habitats and wildlife across England, and in supporting our international work with UK Overseas Territories, is embodied in our Strategy. We have seven strategic goals which include ecosystem recovery, modernising the services we deliver, transforming how we regulate, sharing our expert marine management services and improving how we use evidence and data.

MMO plays a key role in a range of global challenges, from climate change and biodiversity loss to a changing coastal and marine economy, to supporting clean, secure, and independent energy. Planning, licensing, and managing the use of England's marine resources presents complex demands, but also opportunities to make a real, positive difference to lives now and for generations to come.

The work of MMO, from our vision through to our services, matters to people, places, industries, and society as a whole. The benefits we all draw from the seas cover everything from food, leisure and transport to commerce, construction, energy, and communications. Our seas are some of the busiest in the world, with 95% of imports and exports transported by sea helping to keep the country running. Ports and harbours are essential to the UK's economy, and crucial to the businesses and coastal communities they support. Further offshore wind development is helping to keep the lights on across the country. Seafood plays a key role in feeding our growing population, and some of the 20 million tonnes of sand and gravel safely taken from licensed areas of the sea each year is being used to build roads and homes.

I am often amazed by the scale and range of outcomes MMO deliver and those we help to support. This year is no exception, take for example our licensing of The See Monster in Weston-Super-Mare – one of the UK's largest public art installations which received interest from No.10, where the application was completed and issued within three working days. We also administer delivery of the infrastructure pillar of the UK Seafood Fund which is investing at least £65 million into improving the sector's ability to sustainably catch, land, process and sell seafood as the UK's quota increases over the next five years. MMO have played a key role in major infrastructure projects around our coasts including Hornsea 2 off Yorkshire – currently the largest offshore

windfarm in the world which became operational in August 2022 and the new nuclear build Hinkley Point C in Somerset, which will provide power for six million new homes once operational.

Across all of our work we remain acutely aware of the importance of conserving our oceans and tackling climate change. Therefore, the need to take a big picture, long term view is more crucial than ever. Some of the challenges include ocean acidification, sea water temperature changes and sea level rise. This year we have produced an MMO Climate Change Adaptation Plan which identifies a range of actions we will take to adapt to and mitigate the consequences of climate change for our service delivery. These actions include climate considerations in marine plan policies, ensuring relevant licensable projects consider the impact they will have on climate and the vulnerability of the project to climate change, changes in fishing practices to reflect distribution of species and monitoring the condition of Marine Protected Areas.

As another year passes, the Board and I acknowledge the tremendous efforts, dedication, and commitment of our colleagues. MMO uses guiding principles – as set out in our Strategy – to be ambitious, professional, and balanced, and our colleagues embody this in their daily work. Demonstrating our organisational values, our teams have continued to be accountable, innovative, engaging, and inclusive in all that they do together and for our customers, stakeholders, and partners.

2022/23 has been an important year for MMO in cementing who we are, what we stand for and what we want to achieve. The Board and I are proud to be involved in the journey and look forward to continuing our stewardship of MMO as we remain committed to, and ambitious for our seas and coasts in 2023/24 and beyond.



**Hilary Florek**  
Chair  
Marine Management Organisation



## 1.1.2 Statement from the Chief Executive Officer of MMO

The breadth and depth of MMO's delivery continued to grow throughout 2022/23 in our key role in protecting, restoring and sustainably developing our seas and coasts for the benefit of generations to come.

MMO's purpose and focus supports Government priorities, most significantly aiding nature recovery and UK economy and trade. Our MMO2030 Strategy provides our long-term vision, and our Corporate Plan has framed and guided MMO's delivery priorities, resources and focus for 2022/23. Together, this is helping MMO build our long-term foundations as we grow our services and further expand our role and impacts locally, regionally, nationally, and internationally.

Working with our partners, engaging our stakeholders, and keeping our customers front of mind, we are being even more outward looking in the delivery of our six key services:

- enabling sustainable marine development
- delivering sustainable fishing opportunities
- protecting marine habitats and wildlife
- administering marine support funds
- providing regulatory support and assurance
- supporting global marine protection.

2022/23 has been another big year for MMO services and we have continued to centre our attention on being outcome focused and making a real and lasting positive difference. As I reflect on the year, key highlights for me include MMO's help in protecting 12 million square kilometres of international waters by supporting 17 countries and territories with our marine management expertise (an area more than twice the size of the Amazon rainforest). We also approved over £28 million of various grant funding in 2022/23 supporting over 500 projects.

MMO has the lead role to help protect 51 Marine Protected Areas (MPAs) in English waters through our accelerated MPA plan. As England's principle marine regulator, we also continued our focus on supporting and assuring marine activities, and last year delivered nearly 4,000 assurance inspections covering fisheries, MMO grants, MMO licences, and marine protection. Our expert services underpin fishing industries and includes MMO's support for annual quota negotiations, managing quota outcomes, supporting nearly 2,400 vessel licences across England, and providing the Fish Export Service that helps deliver £1.7 billion of UK exports of fish.

Our Corporate Plan has been a key driver in our actions to grow MMO to be even better placed to successfully deliver. We have continued to fulfil new functions, services and commissions in 2022/23. Highlights include the UK Single Issuing Authority delivery of nearly 2,800 vessel licences. I was also very pleased with our partnership work with industry leads that helped with more enhancements to the Fish Export Service. We also played a key leadership role in significant, long-term changes in the way we will manage and support our precious marine environment with our accelerated MPA programme. Similarly, as England's National Fishing Authority, we are working closely with industry, partners and Government through the new and inclusive approach to develop frontrunner Fisheries Management Plans. MMO has also played leading roles in other significant areas, including providing expert support to marine spatial planning policy development, supporting plans for offshore wind expansion, and extending our role for vital grant schemes for England and the UK to support our fishing industry.



It is vital that we help manage and balance the needs of all sea users. At the heart of MMO's work is engaging with stakeholders, collaborating with partners, and serving our customers. We do so through being present, visible and active – sharing, listening and acting locally, regionally, nationally and internationally. In 2022/23 we further grew our engagement in the delivery of Regional Fisheries Groups, in our stakeholder outreach on Marine Planning, and internationally in support of the Blue Belt and Ocean Country Partnership programmes.

One of MMO's collaborative projects which has delivered real impact is our joint work with others to encourage everyone to act responsibly around marine wildlife through our partnership in Operation Seabird. This partnership is helping to tackle coastal wildlife crime, marine wildlife disturbance and antisocial behaviour around the coast. MMO colleagues helped deliver targeted 'days of action' in various coastal areas across the summer, engaging with boat operators, jet ski operators and the public.

MMO continues to work to create a strong business that is fit for the future.

Our colleagues and team are at the heart of our work – their expertise, commitment and passion are key to MMO's growing reputation for engagement and delivery. This is why we are prioritising and investing in our capacity, capability and culture to help build an even more skilled, sustainable and inclusive workforce and colleague community. This includes an ongoing commitment to colleague care and support in health, safety and wellbeing in our pursuit to be a top place to work and an employer of choice. A personal highlight for me this year was being able to welcome all colleagues to our first MMO conference in four years allowing us to connect and reconnect face to face. It was brilliant – with a positive energy and focus on achieving together. I want to formally recognise, commend and thank colleagues across MMO for their continuing commitment and professional delivery.

This year has also seen MMO further innovate with the development of IT and data solutions and modernise how we work - our systems and our services - from mobile working digital capability for our operational teams to the Catch App used by fishers. Our Corporate Plan sets out aspirations for further service modernisation over the coming years.

Our plans confirm that we have much more we want to achieve. For the year ahead, we are refreshing the Corporate Plan to align with Government's Environment Improvement Plan, including Defra's five priorities for MMO. A highlight for the year ahead includes further support for Fisheries Management Plans, which will set out how we help to increase sustainability on a stock-by-stock basis. We will also focus on key change priorities such as delivering further capabilities for the Fish Export Service and work to develop our thinking for modernising other MMO services. We will also continue to lead on the further management measures for MPAs and Highly Protected Marine Protected Areas (HPMAs).

Overall MMO performance for 2022/23 has been positive and I, along with my leadership team and colleagues across MMO, look forward to the year ahead as together we all drive forward to achieve healthy, productive seas and coasts.

M Willis.

**Michelle Willis**  
Accounting Officer  
Marine Management Organisation



### 1.1.3 Purpose and activities of the organisation

#### About the Marine Management Organisation (MMO)

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

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 and strategy of MMO and have 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.

MMO fulfils its statutory duties that contribute to the broader 25 Year Environment Plan (25 YEP). This includes Defra Group's mission to protect and enhance the environment.

The new Environmental Improvement Plan 2023 ([EIP23](#)) was published towards the end of 2022/23 and is the first revision to the 25 YEP. It sets out for the first time how the 25 YEP goals, Environment Act targets, and other commitments made domestically and internationally, will combine to drive specific improvements in the natural environment.

In 2022/23 MMO secured a three-year funding settlement that sets out our funding envelope up to 2024/25. This enabled us to deliver our three-year Corporate Plan, which describes how we will contribute to the delivery of Government strategic objectives and targets set out in the EIP23 and our own [MMO Strategy](#), **MMO2030: Healthy, Productive Seas and Coasts**. The objectives and commitments set out in our Corporate Plan form the basis for our performance reporting and target setting over this period.

In addition to being the first year of the new MMO three-year Corporate Plan, 2022/23 also saw us start to develop our new MMO performance framework, to track performance and delivery of the Corporate Plan, and also form the basis for reporting delivery to Defra through the MMO-Defra Assurance Board and MMO's Ministerial Delivery Reviews.

#### MMO's role

MMO supports delivery of the Government's vision for clean, healthy, safe, productive, and biologically diverse oceans and seas. These are reflected in MMO's six key services, as follows:

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

## How MMO fulfils its role

[The UK Marine Policy Statement \(2011\)](#) provides a framework for MMO's activities in the marine area. This national policy sits alongside important legislation. Following the UK leaving the EU, new legislation has been developed to set out the Government's ambitions for [Fisheries](#) and for the [Environment](#) which help direct and shape how MMO performs its duties. National policy statements for ports, energy, renewable energy, gas supply infrastructure and oil pipelines, electricity networks infrastructure and nuclear power are also considered when decisions are made.

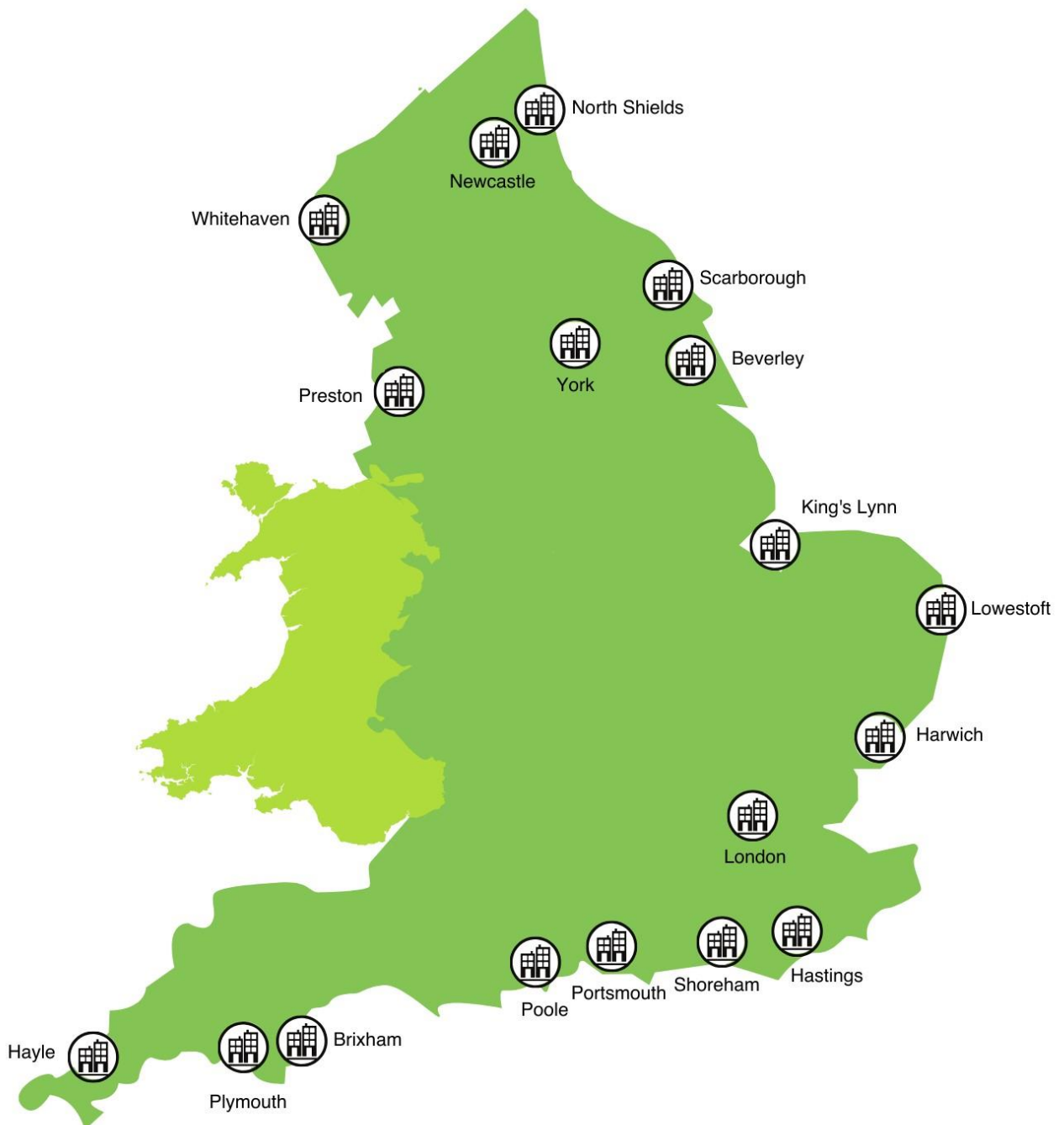
MMO aims to work in a collaborative, open and transparent manner, meeting legislative and service delivery obligations, in accordance with the principles of better regulation and following Government's statutory guidance on sustainable development.

Defra is MMO's lead sponsor and provides funding through Grant in Aid. MMO delivers a range of functions on behalf of Defra, as well as the Department for Energy Security and Net Zero (DESNZ), the Department for Transport (DfT) and the Foreign, Commonwealth and Development Office (FCDO). The Department for Levelling Up, Housing and Communities (DLUHC) also has a close interest in MMO's work.

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.

# MMO Office Locations

- 15 coastal offices
- MMO has a main office location in Newcastle as well as offices in York and London





## MMO's people

For the year ended 31 March 2023, MMO employed an average full time equivalent of 448 people (year to 31 March 2022: 437); delivering a wide range of customer services, including implementing plan-led marine management, licensing marine development works, administering marine grant funding schemes, fisheries support, assurance, compliance and enforcement, managing fishing fleet licensing and fish quotas, and supporting the Conflict, Stability and Security Fund (CSSF) Blue Belt programme on behalf of the FCDO and Defra.

## MMO's customers

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 Fisheries Fund (EMFF) and the domestic Fisheries and Seafood Scheme (FASS), and coastal communities, amongst others. MMO's role in supporting sustainable marine development planning and licensing supports commercial, energy, transport, defence and environmental projects which are vital to the UK's economic health and security. MMO also plays a vital expert delivery role in protecting our precious marine environment, including our lead role in delivering HM Government's accelerated programme for MPAs and newly designated HPMAs. MMO also has a wider global reach through our contribution to the Blue Belt and Ocean Countries Partnership Programmes. 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.

### 1.1.4 Key issues and risks

MMO operates a structured risk and control framework which enables the identification, prioritisation and escalation of strategic and operational risks and issues. During 2022/23, ten strategic risks were identified as having the potential to affect MMO's business success in delivering its strategic objectives, credibility, and relationships with delivery partners. The risks identified are substantively linked to MMO achieving its long-term strategic goals as described in the MMO Strategy:

1. Our work with partners to **restore functioning marine ecosystems** introducing increased levels of protection and improvement to our marine environment.
2. Create an agile and widely owned **English Marine Planning framework** that sets out and prescribes the strategic priorities for how we optimise, prioritise and manage our seas integrating across the range of sectors that use the seas as well as with terrestrial planning policies.
3. Ensure MMO is recognised as a world leader for the marine management activities it **regulates** and the services it delivers across England, UK and internationally.
4. Create an agreed framework for a culture of **compliance** through leadership, co-management and earned recognition leading, where possible, to self-regulation.
5. Support global marine protection by example and through sharing our expert services; **delivering beyond the UK.**
6. Lead the **sustainable and transparent management of fishing opportunities** to achieve a resilient and increasingly viable fishing sector.
7. Maximise value from the use of evidence and data through effective specification, capture, integration and sharing of marine **evidence and analysis.**

In the reporting year, MMO has not only updated its Risk Strategy, but we have also refreshed MMO capability in risk management to consolidate our organisational resilience and embed a risk management culture.

MMO maintains a rolling programme of risk register updates and analysis with reports provided to the MMO Board, Audit Risk and Assurance Committee (ARAC) and the Executive Leadership Team (ELT).

To mitigate and manage these risks, action plans are in place, with responsible Executive Directors as named leads. See pages 56-64 (Governance Statement) for more information.

### **1.1.5 Going concern statement**

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 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. MMO received approval for funding for the three years commencing 2022/23, as part of the Spending Review 2021 settlement agreement. The public services provided by MMO are anticipated to continue in the future and there is no reason to believe that future approvals will not be forthcoming.

### **1.1.6 Performance summary**

MMO supports delivery of the Government's vision to help the natural world regain and retain good health, through its contribution to the EIP23 Goals. The EIP23 is the first revision to the 25-year Environment Plan (25 YEP) and realigns the 25 YEP outcomes under the central apex goal – Thriving Plants and wildlife. This links directly with the MMO Strategic Goal 1: *Work with partners to restore or recover functioning marine ecosystems, introducing increased levels of protection and improvement to our marine environment.*

We also continue to align our focus and delivery to the Defra Outcome Delivery Plan (ODP), which are:

- Improve the environment through cleaner air and water, minimised waste, and thriving plants and terrestrial and marine wildlife.
- Increase the sustainability, productivity and resilience of the agriculture, fishing, food, and drink sectors, enhance biosecurity at the border and raise animal welfare standards.

Towards the end of 2022/23, Defra provided MMO with five delivery priorities to focus our contribution to delivery of EIP23 goals:

1. Develop and maintain all systems necessary for fisheries trade with the EU and elsewhere.
2. Enable fishing activity in UK waters whilst supporting the effective management of fisheries.
3. Enabling the achievement of our 30x30 ocean protection commitments and our new domestic legal target for MPAs.
4. Facilitating domestic implementation of marine commitments whilst contributing to wider policy development concerning marine spatial prioritisation and implementation of the Offshore Wind Environmental Improvement Package being introduced via the Energy Bill and associated secondary legislation.
5. Effective administration of funding schemes in support of fishing industry.

The five delivery priorities formed the basis of reporting from the fourth quarter of 2022/23. Many of the performance measures and initiatives that support and deliver the five priorities were already identified as key performance measures or significant outputs linked to MMO’s Strategic Goals for year one of the [MMO Corporate Plan](#).

The link between MMO’s services, Defra ODP Goals and the new EIP23 goals is shown in table 1.

**Table 1 MMO services contributes to the delivery of Defra ODP goals and EIP23 Goals:**

ODP Goals	MMO services	Defra EIP 2023 Goals			
		Goal 1: Thriving Plants and wildlife	Goal 6: Using resources from nature sustainably	Goal 7: Mitigating and adapting to climate change	Goal 10: Enhancing beauty, heritage, and engagement with the natural environment
ODP Goal 1: Improve the environment through cleaner air and water, minimised waste, and thriving plants and terrestrial and marine wildlife	Enabling Sustainable Marine Development	✓		✓	✓
	Protecting Marine Habitats and Wildlife	✓		✓	
	Supporting Global Marine Protection	✓		✓	
ODP Goal 4: Increase the sustainability, productivity and resilience of the agriculture, fishing, food, and drink sectors	Delivering Sustainable Fishing Opportunities	✓	✓		
	Administering Marine Support Funds	✓	✓		
	Providing Regulatory Support and Assurance	✓	✓		

### Delivering year one of the MMO 2022-25 Corporate Plan

The year ending 31 March 2023 was the first year of our new Corporate Plan and the first delivery year of our three-year Spending Review 2021 settlement. The three-year settlement enabled us to look to the future and take a longer term, more strategic approach to planning our contribution to government objectives and outcomes and MMO’s 10-year Strategy, **MMO2030: Healthy, Productive Seas and Coast**.

Through 2022/23 we continued to innovate in the way we deliver MMO services both through the development of IT and data services and through our outward facing approach to customer engagement and protection of the marine environment. This included development of the Fisheries Management Plan for the channel (non-quota species), development of byelaws for the first phase of Marine Protected Areas, supporting Defra to develop a more spatial approach to marine planning and continued development of our approach to Marine Protected Areas of non-regulated activities at Studland Bay. The positive progress made through 2022/23 would not have been possible without the confidence to innovate and take a more inclusive approach to working with partners and customers in the development of these initiatives.

There will always be challenges in transitioning to new innovative technologies in the marine sector. Our experience of rolling out Inshore Vessel Monitoring (I-VMS) devices to the under 12-metre fishing fleet, highlights the importance of securing third-party independent testing to assure technology devices.

Last year, MMO extended protection of the marine environment through completion of the full set of Marine Plans that cover all of England's seas, with the addition of the North-East, North-West, South and South-West Marine Plans. This year, we embedded their use by customers through extensive engagement and undertook the three-year review of the first, East Marine Plan, which will be laid before parliament in 2023/24. We also extended our marine expertise and influence on global marine protection through supporting new overseas territories who joined the Blue Belt Programme and its sub programme Blue Belt Ocean Shield, and we supported other, non-UK territories by providing expert advice and support on marine protection, including Illegal, Unreported and Unregulated (IUU) fishing, as a delivery partner of the Ocean Country Partnership Programme (OCP).

Taking a more strategic approach to delivery, this year we also stepped back to take a wider view of the world around us. In response, we produced the first MMO Climate Change Adaptation Plan, which sets out the actions we are taking to adapt to and mitigate the consequences of climate change for our service delivery. We also strengthened our business continuity capabilities by re-designing MMO's Business Continuity Plan and management structure. The latter allowed us to successfully maintain key services through winter disruption and continued industrial action.

We continued to invest in our people through 2022/23 and carried out an extensive employee survey to gather views and perspectives on working for MMO. Outputs from this survey are now being used by the **3Cs** Programme, led by our HR department, which seeks to build MMO **capacity**, invest in MMO **capability** and create an MMO **culture**.

Overall, as set out in section 1.2, MMO successfully delivered against its service targets for the year ended 31 March 2023. This demonstrates the value of the performance framework in this first year of implementation. The framework provides the ELT and managers much greater insight into service performance and helps to identify and implement solutions to performance issues quickly. Through 2022/23 this included recovering performance on the issuing of marine licences within 13 weeks through the marine licensing recovery plan. The performance framework also provides a versatile dataset that can be adapted and tailored to reporting needs, as demonstrated through development of the ministerial dashboard and ministerial quarterly review report at the end of the fourth quarter.

## 1.2 Performance analysis

### 1.2.1 Detailed performance analysis

This section provides a more detailed analysis of our customer facing and organisational service performance against commitments made in our Corporate Plan (2022-2025). This includes performance against service Key Performance Indicators (KPIs) and delivery of key initiatives and outputs. The section is structured around the contribution our services make to delivery of ODP goal one and four as described in Table 1 (page 17). Performance is reported monthly to ELT as part of an integrated reporting cycle that brings together operational activity, risk, and finance and quarterly to MMO Board and Defra.

**Defra Outcome: Improve the environment through cleaner air and water, minimised waste, and thriving plants and terrestrial and marine wildlife**

***Performance by Defra Outcome Delivery Plan Priority: Thriving marine plants and wildlife and minimised marine waste***

#### **MMO service: Enabling sustainable marine development**

We lead and manage sustainable development of our seas and coasts. MMO's role in planning and licensing marine development and activities is to implement, monitor and update marine plans around the English coast that deliver environmental protection and recovery of the sea and help to secure wider environmental, economic, and societal benefits. We also support sustainable marine development through licensing and permitting a range of activities and developments including offshore wind farms, subsea cabling for telecommunications and power, ports, quay constructions, and dredging and extracting aggregates for construction and transport infrastructure.

#### **Marine Licensing**

##### **Service performance against plan:**

- 80% of Marine Licensing applications and variations were completed within 13 weeks (Figure 1). This was an improvement on the 67% for 2021/22 but below the 90% target. This was caused by a backlog of cases initially built up in 2020/21 due to a combination of Covid-19, application volumes increase, and impact from recruitment gaps. Figure 2 demonstrates the change in volume and profile of cases over the recovery period.
- A recovery plan was established in October 2021 and included our commitment to deliver and maintain 90% target performance for all new applications from this date.
- For new marine licence applications received during 2022/23, 526 of 584 clearances have been within target, achieving 90%.
- As of 31 March 2023, the stock of older applications had reduced from 93 as at 31 March 2022 to six cases. These six cases remained due to complexity, and each has active oversight to support further clearances.



- We continue to underpin our case activity with customer engagement activity, ensuring our customers are proactively kept updated on the status of their case.
- We also recovered 67% of our costs from licence applicants, a reduction from 73% in the previous year (see Note 4).

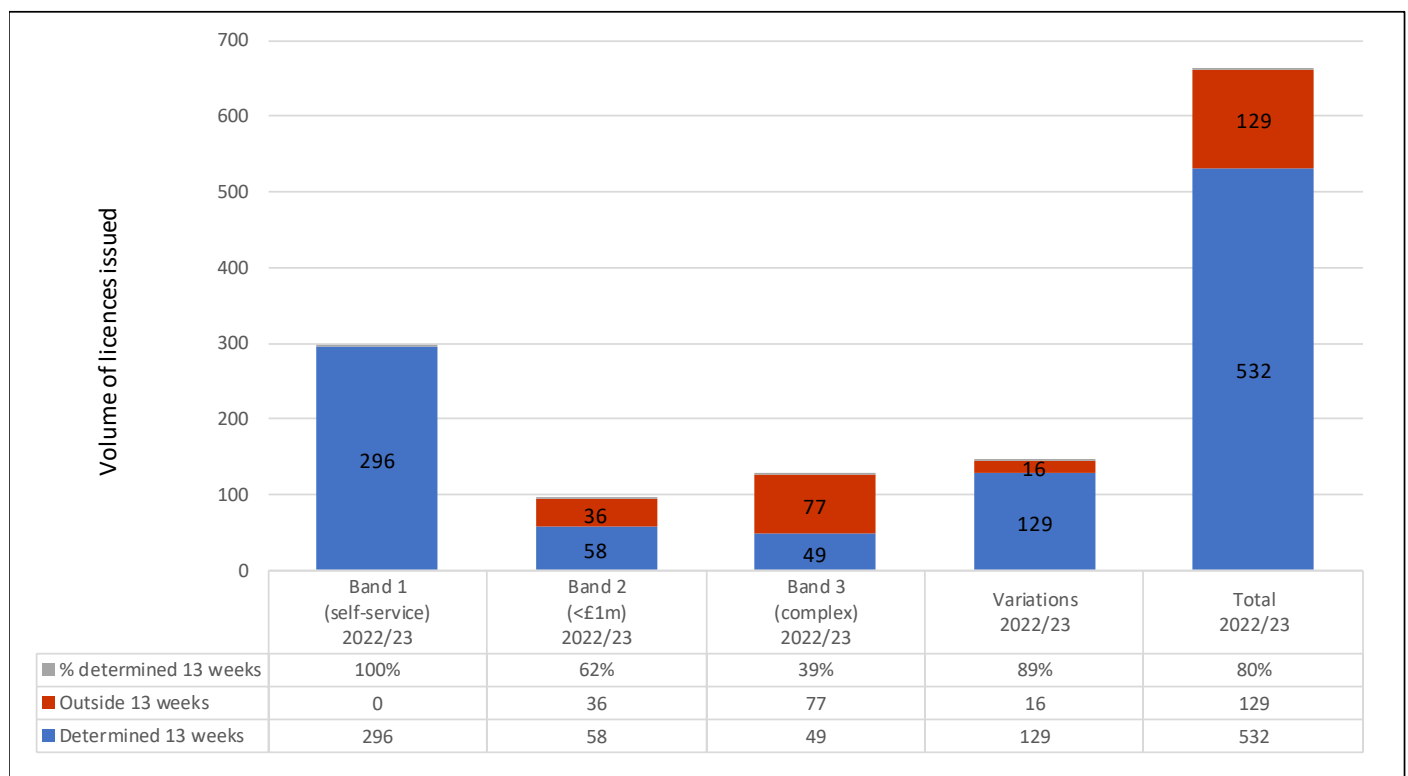
## Key outputs:

### Summary:

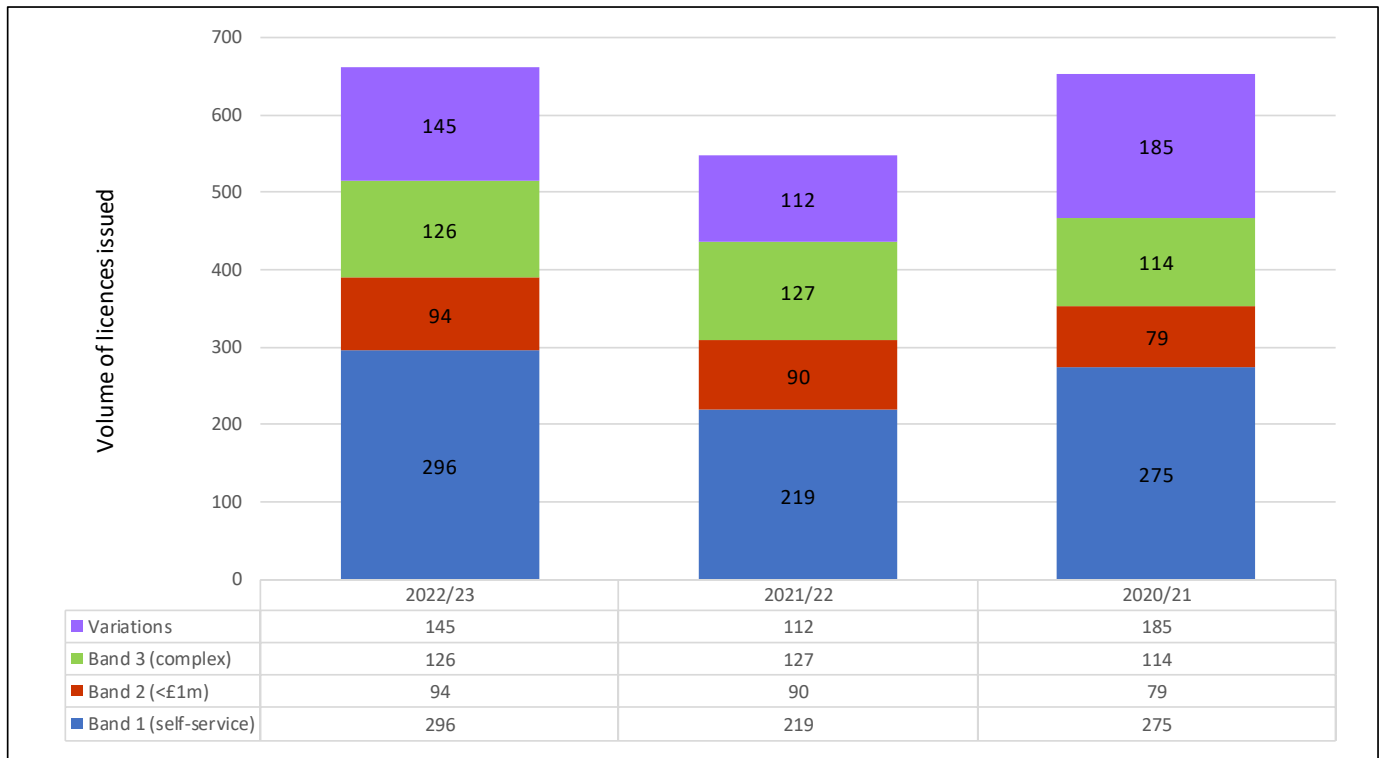
- 661 marine licences and licence variations were issued (see Figure 1).
- Hornsea Two, currently the largest offshore windfarm in the world, became operational in August 2022. It has a capacity of over 1.3 gigawatt and provides power to more than 1.4 million homes. MMO has worked closely with the developer Orsted and the relevant Statutory Nature Conservation Bodies (SNCBs) to ensure the projects progress while minimising the environmental footprint.
- Area 481 - Inner Dowsing allows 15 million tonnes of marine aggregate to be dredged. It is located approximately 20 kilometres offshore from Skegness, Lincolnshire, covering an area of eight square kilometres. Marine aggregates contribute 17% of the sand and gravel need for England, contributing to economic development and energy security through provision of construction materials for major coastal infrastructure including ports, renewable energy and nuclear energy projects.
- Marine licence issued to GridLink Interconnector. This involves the laying of a 1,400 megawatt electricity interconnector, linking the existing electricity grids in the UK and France. GridLink will increase competitiveness in the energy market through import and export trade between the UK and France and enhance the security of supply. The project allows commercial opportunities for energy producers and in turn reduces costs for consumers.
- Nuclear New Build (NNB) - **Hinkley Point C (HPC)** in Somerset is an NNB project that is projected to provide low-carbon electricity for around six million homes, create thousands of jobs and bring lasting benefits to the UK economy. During 2022/23 MMO has worked with HPC to vary their main marine licence to update the construction programme associated with the offshore construction works, provided Environmental Impact Assessment (EIA) Scoping Opinions on work related to Unexploded Ordnance (UXO) detonation and in preparation for a further variation to the main licence for matters related to the Fish Return System. **Sizewell C (SZC)**, another NNB project that is proposed to provide low-carbon electricity for around six million homes, was given Development Consent in July 2022. Since then MMO has been working positively with SZC and Defra partners to agree ways of working in anticipation of the project entering the pre-construction phase.
- The Dover Harbour Revision Order was laid in Parliament and completed parliamentary scrutiny for construction of an outer wave wall in the Outer Harbour to protect a new marina.

- MMO supported the See Monster application for one of the UK’s largest public art installations, a repurposed offshore platform from the North Sea, to help inspire global conversations about reuse and renewables.
- Marine licence issued to the Virgin Orbit satellite launch project for the first satellite rocket launch in the UK.
- Delivered training to over 50 local government agencies to help improve the quality of applications.
- Initiated Marine Planning and Licensing Stepback service re-design, defined six problem statements and created five vision statements which will be used to inform a high-level three-year plan for this service.

**Figure 1: Licensing decision making – 1 April 2022 to 31 March 2023**



**Figure 2: Licensing decision making – three years from 1 April 2020 to 31 March 2023**



## Marine Planning

### Service performance against plan:

- The three-year report for the East Marine Plan was published on 28 March 2023.
- 99% of Marine licensing decisions determined by MMO took account of the relevant Marine Plans against a target of 100%.
- 93% of South and East marine area licence applications referred to the relevant Marine Plan against a target of 95%. Six out of 82 applications were found to refer to incorrect plans. No impacts were identified in terms of the decisions made.
- 96% of North-East, North-West, South and South-West marine area licence applications referred to the relevant Marine Plan against a target of 75%.

### Key outputs:

#### Summary:

- All England’s seas, an area of approximately 230,000 square kilometres, are now covered by Marine Plans for first time ever.
- The three-year report for the East Marine Plan was submitted to Defra Marine Planning as planned and published on 28 March 2023.

- Implementation of the Marine Plan Policy Assessment Functionality within the Marine Case Management System (MCMS) which requires mandatory consideration of the Marine Plans. 80 licences were issued during the year having utilised this new functionality.
- MMO's Strategic Renewables Unit (SRU) has been contributing to the Defra-led workstream to scope and design Offshore Wind Environmental Standards. These are mitigation measures which are designed to speed up offshore wind development whilst protecting the marine environment.
- Positive outreach on Marine Plans – upskilling and support to users and partners in marine planning. External implementation training delivered to over 100 other decision makers in the marine area, including Local Planning Authorities (LPAs), ports and harbours, plus coastal partnerships across all marine plan areas and nationally to Defra marine team.

## MMO service: Protecting marine habitats

England's seas and coasts are home to 178 MPAs, designated to protect and improve the habitats and species essential for healthy, functioning marine eco-systems. Following the adoption of the Fisheries Act 2020, the UK now has the new powers to implement evidenced-based marine management measures in MPAs that will help ensure our seas are managed sustainably, protecting both the long-term future of the fishing industry and our precious wildlife and habitats.

MMO is responsible for assessing and managing (principally through MMO byelaws) fishing in MPAs in all English waters offshore of six nautical miles (NM) and so have a key role in advising Government on the types of measures that would be effective within MPAs. MMO also advise Defra on the development HPAs in English waters that will provide a higher level of protection for especially vulnerable areas of our seas. MMO assesses and manages the impact of activities such as anchoring in MPAs in English waters inshore of 12 NM and we are also the licensing authority for wildlife licences for England to protect our key wildlife and habitats. We also support the work of Inshore Fisheries and Conservation Authorities (IFCAs) to manage fishing within six NM by providing advice and quality assurance of IFCA byelaws.

MMO also plays a national role in protecting our coasts and seas from marine pollution incidents.

### Service performance against plan:

- Determined 24 wildlife licences, which helped to support scientific research and offshore wind development, of which 21 were within the eight-week response target (88% against a target of 90%). The three licences issued outside of the eight-week target were due to complexity and technical requirements but were issued within customer timescales for start of activities.
- Quality assured 19 IFCA Byelaws, 13 were within the target 45 days (68% against a target of 90%). Those that fell outside of the target were due to the requirement for complex legal advice. In addition, there is a planned review during 2023/24 to ensure that monitoring and reporting definitions align to MMO specific activities.
- Monitored 320 marine pollution incidents. Most of these were minor, but also included significant incidents from a burst pipeline in Ower Bay, Poole Harbour and at Tregonhawke Beach, Whitsand Bay which was confirmed to be from a sunken vessel. We received no requests to use oil spill treatment products.

### Key outputs:

#### Summary:

- Phase 1 of MPA programme completed; byelaws to reduce the impacts of fishing on four MPAs: Dogger Bank; Inner Dowsing, Race Bank & North Ridge; South Dorset and The Canyons, came into force in June 2022.
- Phase 2 of the Voluntary No Anchor Zone (VNAZ) launched on 1 June 2022, extending protection for the majority of the seagrass habitat in Studland Bay, home to protected species of seahorse and other wildlife.
- Completed the consultation for Phase 2 of the MPA programme: 13 MPAs – byelaws to reduce the impacts of bottom towed gear on rock and reef features.



- Supported Defra in identification of three HPMA's. Consultation on proposals is planned for 2023/24.

## **MMO service: Supporting global marine protection**

MMO global marine protection services provide technical advice and assistance, informed by our marine management expertise in managing English waters, to help other Governments and Overseas Territories to evidence and develop management plans and regulatory regimes to protect their marine ecosystems. All our global work is delivered in partnership through international programmes such as The Blue Belt Programme and Ocean Country Partnerships Programme (OCP), which is funded through the Blue Planet Fund.

[The Blue Belt Programme](#) is central to the UK Government's ambition of leading global action to tackle the serious problems of overfishing, species extinction and climate change. The Blue Belt Programme has supported the UK Overseas Territories (OTs) to enhance marine protection across more than 4.3 million square kilometres of marine environment. This vast marine area includes some of the most biologically diverse places on Earth, from the penguin colonies of South Georgia and the South Sandwich Islands to the marine turtles of Ascension Island. During 2022, the Blue Belt Ocean Shield sub programme was launched to assess and understand the activities that may impact the health and sustainability of the maritime environment in the maritime domain of OTs not currently part of the Blue Belt programme.

The OCP is a new UK Government-led programme delivered under the UK's £500 million Blue Planet Fund. Through this programme MMO, in partnership with Centre for Environment, Fisheries and Aquaculture Science (Cefas) and the Joint Nature Conservation Council (JNCC), provides technical assistance to support countries to tackle marine pollution, counter Illegal, IUU fishing, support sustainable seafood practices, and help protect and enhance marine biodiversity including through designated, well-managed and enforced Marine Protected Areas.

### **Performance against plan:**

#### **Blue Belt and Blue Belt Ocean Shield:**

- **74%** of the work plan delivered. This represents the percentage of MMO milestone/deliverables completed and includes where we have worked with Cefas and Science (Cefas) and Overseas Territories (OTs) as well as MMO specific ones. Some of the work that has not been completed includes multi-year activities which are on-going over the three-year programme.
- **95%** of the allocated budget was spent in the successful delivery of these agreed plans.

#### **OCP**

- During 2022/23, MMO OCP spend totalled £0.6 million, which included expansion of delivery into five further countries with scoping activities taking place in Ghana, Senegal, Mozambique, Solomon Islands and Vanuatu.
- **96%** of the allocated budget was spent in the successfully delivery of these plans and against the challenging issues of having lack of contractor capacity and a Marine Spatial Planning workshop in Sri Lanka being postponed in March 2023.

## Key Outputs:

### Summary:

- **Blue Belt:**
  - Continued support to Ascension, Tristan da Cunha, St Helena, Pitcairn, British Antarctic Territory (BAT), South Georgia and South Sandwich Islands (SGSSI), British Indian Ocean Territory (BIOT), Turks and Caicos Islands, including:
  - Continued monitoring of the 4.5million square kilometres of ocean surrounding the Blue Belt UKOTs, providing intelligence across UKOT waters, and supporting UKOTs where vessel activity required further investigation through liaison with Flag States (the country where a company registers its commercial ships).
  - Supported a remote surveillance trial to support the Turks and Caicos Islands' Government with tackling transboundary IUU fishing.
  - Supported the Governments of Bermuda and the Turks and Caicos Islands with bespoke technology roadmaps, which identify and evaluate innovative technologies for addressing marine fisheries compliance and enforcement challenges.
  - Anguilla announced that they would be joining our Blue Belt Programme, becoming the ninth UK Overseas Territory in the Programme.
- **Blue Belt Ocean Shield** – work packages to support Bermuda agreed.
- **OCP:**
  - Completed work packages relating to the provision of advice and assistance on MPAs, including IUU fishing to Belize, the Maldives, Sri Lanka, CMAR (Costa Rica, Panama, Columbia, Ecuador).
  - Expanding our overseas influence through contributing to the scoping for five new countries (Ghana, Senegal, Mozambique, Solomon Islands and Vanuatu).

Defra Outcome: Increase the sustainability, productivity and resilience of the agriculture, fishing, food, and drink sectors, enhance biosecurity at the border and raise animal welfare standards.

*Performance by Defra Outcome Delivery Plan Priority: Thriving fishing industry that uses resources from nature more sustainably and efficiently.*

## **MMO service: Delivering sustainable fishing opportunities**

MMO supports our fishing industry by supporting negotiations around quota allocation, issuing fishing vessel licences, and facilitating licence transactions and other fisheries data services. We manage fishing opportunities through assuring Producer Organisations (POs), directly managing quota primarily for the inshore (non-sector) fleet, effort management, and conducting monitoring, assurance and, when necessary, enforcement.

### **Performance against plan:**

- 96% of allocated stocks were within quota or effort limits at the end of the year after flexibility adjustments were taken into account.
- 59% of stocks of significant interest to the UK fleet were utilised within 5% of estimated uptake. A total of 13 stocks have uptake lower than predicted based on previous years and changes in available quota. A number of these have uptake consistently below available quota which suggests that there are environmental or market influences impacting uptake that are beyond MMO's control; 11 of the 13 relate to fuel cost and market value but there are two stocks that appear to be related to depleted stocks that contradict the quota level setting.

### **Key outputs:**

#### **Summary:**

- 2,388 fishing vessel licences managed for England.
- UK Single Issuing Authority (SIA) - 2,768 Licences issued:
  - 1,019 licences issued to UK vessels for EU waters access.
  - 1,497 licences issued to EU vessels for UK waters access.
  - 81 licences issued to UK vessels for Norwegian & Svalbard.
  - 171 licences issued to Norwegian vessels for access to UK waters.
- Actioned 1,874 vessel licensing transactions.
- 49,196 catch certificates issued for fish exports. The value of total fish exports during 2022 was £1.7 billion.

- Fisheries Management Plans (FMPs): The English Channel non quota species FMP scoping phase was completed, and the draft plan produced as a front runner ready for submission to Defra.
- During 2022, MMO allocated 176,243 tonnes of quota stocks to English POs.
- English POs landed almost 138,000 tonne worth approximately £136.0 million.
- To enable the effective management of stocks over the course of the year MMO has completed:
  - 1,223 domestic swaps (between UK Producer Organisations) - increase of 68 from the previous year.
  - 107 international swaps - increase of nine from the previous year.
  - 130 trades conducted on behalf of the non-sector pools - increase of 35 from the previous year.
  - Reviewed ten POs for compliance, nine POs found to be compliant with the regulations. One PO status withdrawn due to serious/significant non-compliance with Regulations.

## MMO service: Administering marine support funds

The fishing and seafood processing industry directly supports over 29,000 jobs and the UK seafood industry is worth in the region of £10 billion every year and is a vital part of our food supply chain. The industry is also key to the sustainability of many of our coastal communities. MMO Grants Team administers funds on behalf of Defra to protect the marine environment and its natural resources through the European Maritime and Fisheries Fund (EMFF) and Fisheries and Seafood Scheme (FaSS) and UK Seafood Fund (UKSF). These funds are not part of MMO's financial statements, with the grant transactions recorded in the Defra Resource Account (see note 1.11 for further detail). These funds support the sector's competitiveness and economic viability, supporting infrastructure developments, safety and process innovations and projects that modernise the industry. Other projects assist local communities impacted by poverty or ill health, with projects also aimed at supporting education and inclusion. Funds are also focused on projects that support the collection of fishing and economic data, and those that help innovate and modernise how we manage sustainable fishing.

### Performance against plan:

- The FaSS was relaunched April 2022. During 2022/23 there were 582 projects approved with a total project cost of £19.8 million and a grant value totalling over £13.0 million.
- EMFF has an ongoing target to commit 100% of funds by December 2023. At the end of March 2023 there were 1,546 projects approved with a value of £82.6 million of the £84.2 million budget (98%).
- In round one of UKSF Infrastructure fund there were six projects approved totalling over £16.0 million.

### Key Outputs:

#### Summary:

- Relaunched FaSS in April 2022 with a budget of £20.3 million over three years to 31 March 2025 with the aim of providing financial assistance for projects that support the development of the catching, processing, and aquaculture sectors, and for projects that enhance the marine environment. Approved 582 projects with a grant value of over £13 million to fisheries and seafood industry projects and payments made with a FaSS value of over £6.5 million.
- Funding support paid out during 2022/23 totalling over £10.7 million in respect FaSS, EMFF and UKSF.
- Since its launch in 2016, the EMFF programme in England has approved 1,546 projects, committing £82.6 million in grant support for the fisheries, aquaculture sectors and coastal communities, of which a total value of £72.7 million has now been paid out to projects. During 2022/23, MMO Grants Team has paid over £2 million to EMFF projects. The remaining £1.6 million budget is being reviewed and options to maximise are being put in place for 2023/24.
- Round 1 of the UKSF Infrastructure pillar closed for applications in June 2022 and focussed on grants for organisations to improve capability in ports, harbours, onshore processing facilities and aquaculture capability. During 2022/23 there were six projects approved with a grant value of over £16 million and payments made of over £2.2 million.



- The impact of projects under EMFF, FaSS and UKSF will realise economic benefits such as maintaining jobs in the sectors, supporting coastal communities, helping businesses to grow their turnover, ensure the long-term sustainability and viability of operators. **Table 1** below provides detail of the expected outcomes from FaSS.
- Through the MMO Strategy we will look to support the seafood industry by influencing and informing the use of domestic grant funding to support the future of compliance and regulatory reform, the management of fishing opportunities to support a resilient seafood sector and improved science and evidence.

**Table 1: Grants administered by MMO on behalf of Defra in 2022/23:**

Grant Scheme	Total £
EMFF (EU Funded)	1,143,484
EMFF (National Funded)	863,767
FaSS	6,563,508
UKSF	2,207,906

**Table 2: FaSS outcomes expected Fishing Industry, Aquaculture and Processor businesses:**

Results Indicator	Total
Increase in net profits (£)	£1,675,204
Volume of first sales increase (tonnes)	38,351
Value of first sales increase (£)	£2,094,455
Sector jobs created / secured (FTE)	866

## MMO service: Providing regulatory support and assurance

MMO has lead responsibility for ensuring compliance with the national and international marine regulations in English waters, and operates a range of assurance and inspections activities, including guidance and support, remote surveillance, and physical patrols and assurance inspections in-port and at-sea. MMO operates a range of assurance and inspections activities, including fisheries, marine protected areas, wildlife licences, supporting and assuring marine licences and MMO grant applications. We work closely with a range of partners including the Devolved Administrations, the Crown Dependencies, and Inshore Fisheries and Conservation Authorities (IFCAs) to ensure the alignment of assurance on activities. MMO is also a key partner on national maritime security activities, working with others through the Joint Maritime Security Centre to assure the integrity of the UK's Exclusive Economic Zone.

### Performance against plan:

- The cumulative position of all assurance inspections completed is 107% against plan. Targets were reprofiled for 2022/23 in comparison to previous year targets for total inspections.
- Inspection types included Marine Licences (164), Marine Protected Areas (480) and Wildlife Licences (3), transport (278) and grants (66). Assurance teams exceeded targets for in port vessel inspections (1,273) and for inspections of premises/markets (1,120).
- 613 fishing vessels inspected at sea. 45% of inspections were conducted on non-UK vessels, 55% conducted within the UK domestic fleet. 36% of inspections detected infringements with 24% of these deemed serious.
- Inspection levels of Band 1 and 2 marine licences (22 and 46 respectively) have remained consistent with 2021/22, however Band 3 inspection levels have decreased from 152 to 96. The overall compliance rate of 75% is a small change from last year's compliance rate of 77%. The 25% of cases where non-compliance was found these were minor administrative issues by licence holders, and dealt with by verbal rebriefs and advisory notes, with no issues that would impact on the health of the marine environment.

### Key outputs:

#### Summary:

- Catch recording has attained a rate of 96% compliance levels for submission of data as reported at the end of the calendar year (31 December 2022)
- Total number of enforcement actions 1,555
  - 991 written advisory letters
  - 362 verbal rebriefs
  - 52 official written warnings
  - 10 fixed administrative penalties
  - 108 became an investigation
  - One vessel detained

- 31 are unknown (due to switch to Mobile Working).
- Total number of prosecutions for the year was 13, all of which were successful. The figure delivered by the Courts for marine related offences as a result of MMO's successful prosecutions for the 2022/23 financial year was £323,492.
- Inshore Vessel Monitoring (I-VMS) for under 12-metre vessels: The project supporting the delivery of rollout of I-VMS for the under 12-metre vessels undertook independent testing of devices to provide additional assurance. During the period of independent testing I-VMS rollout was paused. The outcome of independent testing resulted in the revocation of two Type Approved devices. Financial consequences created as a result of revocation are discussed in the Regulatory of Expenditure section of the Parliamentary Accountability and Audit Report. I-VMS rollout has been re-planned to commence during 2023/24.

## Organisational capability and development

### Our people

#### Key activities and outputs

##### Summary:

- **Moving our People Plan into the MMO Capacity, Capability and Culture Programme** – Insight secured from the external Methods review and engagement with colleagues was utilised to develop our People Plan and action plan around the themes of capacity, capability and culture.
- **Progress with strategic workforce planning** - Resource Action Planning saw a 20% growth in the workforce and a reduction in our reliance on contingent labour and fixed term contracts.
- **Development of health, safety and wellbeing into our culture** - Our approach to health, safety and wellbeing is an integral part of supporting positive changes to MMO culture. The introduction of a Health Safety Wellbeing Champion Forum, a new 'Safe to Report' process and an increased provision of Mental Health First Aiders have all contributed to our commitment to protecting the wellbeing of our colleagues.

Confirmation of a three-year Spending Review settlement offers stability to enable MMO to revise the People Plan to address three key themes of capacity, capability and culture. Health, safety, and wellbeing continues to be a key priority under each of these themes. This is now reshaped into our MMO Capacity, Capability and Culture Programme known as **3Cs**.

In April 2022, MMO secured the services of independent consultants, Methods, to undertake a review of recruitment, attrition, employee lifecycle and culture, which provided invaluable insight to

support the prioritisation of activities which would be important to MMO colleagues in improving employee experience at MMO.

Through a series of colleague workshops across the country, a change map was developed and validated with contributions sought to identify the activities required to achieve the desired outcomes. During 2022/23 various activities and initiatives have taken place under the three key themes as described in the MMO Corporate Plan.

To increase **capacity** the MMO Resource Action Plan continued to be a key consideration which has resulted in a 20% full time equivalent increase of our total workforce. Capacity was further boosted by a significant increase in our permanent workforce and reducing our reliance on contingent labour, temporary staff and temporary promotion.

MMO has introduced significant improvements to the MMO recruitment process were implemented to improve candidate experience and demonstrate transparency.

The introduction of a new online exit interview process and regular analysis of the feedback helped provide insight into why colleagues left MMO. This in turn enabled us to implement changes to address any areas of concern.

To improve **capability**, the perceived unfairness to agree the allocation of training was highlighted, resulting in the introduction of a new approach whereby all training had to be requested at specific times during the year. Through colleague engagement and input requests were reviewed by HR and recommendations put to ELT for approval. This demonstrates a fair and transparent process and enabled improved budgetary control and timely interventions. The training budget was also increased to support the demand for additional development.

The review identified what kind of culture MMO colleagues wanted to identify with, that being a '*people first culture*'. Through the independently supported workshops we were able to better understand what MMO colleagues across the country (four in-person workshops, two online with 114 attendees) we have been able to better describe what that means. This work will continue over 2023/24 and has provided a solid basis to move forward.

ELT were visible supporters of the 3Cs Programme and continued to invest time in leadership development through the 'Navigating our Futures' programme.

There was a focus on initiatives to support improved health, safety and wellbeing of colleagues, including the introduction of a Health Safety Wellbeing Champion Forum, a new 'Safe to Report' process and an increased provision of Mental Health First Aiders.

The impact of health, safety and wellbeing measures are reported through a new management information dashboard. During 2022/23 a total of 11 reports of work-related injuries or ill health were recorded (not including work related stress). This is a small increase on 2021/22 where eight reports were received. Of these 11 reports of injuries and ill health, zero were reportable to the Health and Safety Executive (HSE) in accordance with the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR). The most common cause of physical injury resulted from slips, trips, or falls in varying forms.

Our gender gap in median pay has widened by 0.5% in favour of men, whilst the mean pay gap has reduced by 1.07%. We are addressing this issue through improved recruitment practices, and a focus on equality, diversity and inclusion. Comparison of mean and median pay at 8.72% and 8.66% respectively, against 9.79% and 8.16% in 2021, shows an overall slight improvement, but

still a significant gap in favour of men. More information on our approach to reducing this gap is set out in our [Gender Pay Gap Report](#).

MMO delivered proactive engagement across the organisation, including a constructive and proactive relationship with our recognised Trade Unions, supported by a partnership agreement, and a quarterly partnership forum. MMO regularly consults with Trade Unions in employment matters, both formally and informally.

## Customers and public engagement

### Performance against plan:

- 97% of customer complaints responded to within 20 days against a target of 90%
- 100% of Freedom of Information (Fol) and Environmental Impact Requests (EIR) were responded to within statutory timescales.

### Key outputs:

#### Summary:

- 228 complaints were received in 2022/23 compared to 187 in 2021/22. The increase is a result of the concern over the wash-up of sea life across the North-East coast which generated significant media and public interest.
- Two cases referred to the Parliamentary and Health Ombudsman (PHSO). These two cases were accepted by PHSO for formal investigation and on review the PHSO upheld MMO's handling of the complaints and no action was taken against MMO.
- 266 Fol and EIR requests were received, and all were responded to within statutory timeframes. This compares to 206 requests received in 2021/22.
- There was a 6% increase in reach of social media content, with 4,000 likes, shares, and clicks of our social media content.

Table 3 below summarises the number of complaints we received that were referred to the Parliamentary and Health Ombudsman (PHSO).

**Table 3:**

Cases referred to PHSO in 2022/23	
Number of cases referred	2
Number of cases accepted for investigation	2
Number of cases with decisions	2 (both in MMO's favour)
Number of recommendations complied with	n/a

During 2022/23, MMO has continued to support its colleagues, customers, and stakeholders. This included direct engagement with the fishing industry on the introduction of management measures for the first four offshore marine protected areas (MPAs) in June 2022 and the roll out of I-VMS devices for the inshore fishing fleet. In addition, actions by Greenpeace dropping boulders in the sea and the mass wash-up of marine life across the North-East coastline and subsequent multi agency investigation led to increased engagement and significant media and public interest. Communications activity has focused on ensuring local customer engagement and contacts were maintained, and clear information communicated on a timely basis to stakeholders.

MMO has continued to strengthen its approach to stakeholder engagement to enhance the awareness of MMO. This has included a review of our channels of contact with stakeholders, the creation of more regular channels of communication through our stakeholder bulletins and increased engagement through our social media channels.

Improvements to the service we provide to MMO customers has also continued following the publication of our revised Customer Charter. This has included implementing improvements to core customers products to ensure consistency in how we engage with our customers, improved guidance to MMO teams on complaint handling and the creation of our policy and process for handling unreasonable customer contact.

To help support how we use collect and respond to customer feedback, we also commissioned a review into the existing mechanisms for capturing feedback from our customers and stakeholders. This will help to support improvements in this area, including the developed of a revised feedback form and customer survey in 2023/24.

The Customer and Engagement team also provided key communications support to key MMO change initiatives through 2022/23, including:

- MPA byelaws Studland Volunteer No Anchor Zone
- Mobile working
- FaSS and UKSF Grant schemes.
- I-VMS project.
- FES.



MMO continues to engage widely both internally and externally on marine issues, producing briefings and content that inform MMO colleagues, our customers, and the public. Examples include:

- Issued 12 Stakeholder and Coastal MP bulletins and 12 stakeholder engagement briefings for colleagues. From December 2022 we redesigned our bulletins and briefings to help make them more accessible, engaging and measurable.
- Published the second issue of our corporate magazine, Sea Views in January 2023.
- Published 18 articles on our Marine Blogs site.
- Participated and presented at high-profile meetings including Coastal Futures in January 2023, UK Ports Conference in May 2022, Seabed User and Developer Group Conference in June 2022 and two All Party Parliamentary Group sessions.
- Over 950 items of digital content published, an increase of 15% compared to 2020/21.
- During 2022/23 we decided to reduce frequency of our Fishing Industry Bulletin and sent out 22 editions with over 57,000 emails being sent. During this time, we saw an average open rate of 52% compared to 46% in 2021/22 (Government average is 29%). We also saw over 5,800 clickthroughs within our emails.
- Held 11 monthly All Colleague Calls and our first face to face All Colleague Conference in four years in October 2022. We also moved to hosting All Colleague Calls on MS Teams from March 2022 and created a structured agenda with spotlight features providing an enhanced engagement experience.

The increased level of engagement has resulted in:

- Over 6% increase in reach of social media content
- Over 84,000 likes, shares, and clicks of our social media content
- Social media shared over 4,000 times.

## Digital and IT Service Management

Key outputs:

### Summary:

- Delivering further enhancements to the FES to improve internal and external user experience.
- Successfully delivering digital grant services which continue to make a difference and enable change; UK Seafood Fund (UKSF) and funding support to fishers purchasing Inshore Vessel Monitoring Systems (I-VMS).
- Improving the under ten metre (U10m) Catch Recording App user experience and driving up compliance levels.

- Delivering Phase 3 of Mobile Working, digitising a suite of further inspections and making these available via mobile devices.
- Major Replacement of UK / EU data exchange to reduce risk of failure and open our capabilities as an independent state.
- Redevelopment of the Register of Buyers and Sellers' system and inspections synchronisation, allowing closure of some legacy software systems inherited from Cefas, moving fisheries service's fully to the cloud and releasing hosting cost savings.
- Relocation of Government Information System (GIS) services to cloud, allowing development, improving user response times and creating opportunities to share GIS data in the future.

Over the year MMO has continued to develop and introduce a range of new digital services and capabilities, as well as optimising live services:

- Worked with all Devolved Authorities and Crown Dependencies and exporters to further enhance the FES. This has included, incorporating Welsh language translation, and improving user journeys, experience and the quality of output documents, all of which enabled greater access and inclusivity. The focus moving forward will be to strengthen compliance, whilst supporting industry through engagement and education. FES users continue to be supported by a dedicated helpline for general enquiries and assisted digital help during 7am to 8pm and with IT outages between 8pm and 7am.
- Improved our U10m Catch Recording App and we have now attained 98% compliance with this service, which continues to be supported by a dedicated helpline during 7am to 8pm and an automated telephony capture service between 8pm and 7am. We are now planning to make further user driven enhancements including, making it easier for users to select their statistical sub areas from a list of suggested ones based on their departure port. We have worked with service users from across industry to carry out user research sessions and A/B testing with screen prototypes. We now plan to iterate our guidance and creating a new series of video guides.
- Enhanced the UKSF grants service, from allowing applicants to submit questions and expressions of interest, to enabling applications. The ability to apply for grant funding went live from September 2022 and by the 31 March 2023 115 applications had been submitted, of which 40 were successful enabling over £59 million of grants funding to be offered to date.
- Expanded digitisation of our inspection processes, exploiting the use of mobile devices and digital technology to maximise efficiency. The suite of inspection types digitised during 2022/23 includes market and premises and, vehicle inspections, as well as continuous improvement of previously released inspections.
- Managed discovery work to start to define our technology options to replace our MCMS system which we use to manage marine planning and licensing applications. This first phase will focus on the technical replacement of our existing service and carry forward into 2023/24.

- Improved and stabilised our existing IT legacy services to improve efficiency and reduce costs, including the Fishing Vessel Licensing System.
- Additionally, the technology services team continued to deliver major improvement projects under SR21 including:
  - Replaced the obsolete EU provided fisheries data exchange for VMS and ERS with a UK service, enhancing our capability as an independent state as requested and approved directly by Secretary of State.
  - Redeveloped the Register of Buyers and Sellers (RBS), inspections and sightings data exchange services into cloud, allowing RBS to now be developed for new functionality and be consistent in the same fishery suite as vessel licensing (delivered in 2021/22) vessel file and catch and sales management. This removed reliance on legacy software to allow Cefas to move to full cloud delivery, including key elements in SLA going forward.
  - Relocated ArcGIS fully to cloud (with exception of SDE desktops) improving performance and replacing reliance on dedicated on-desk low specification machines for processing.

## Evidence and Data

### Key outputs:

#### Summary:

- Delivered evidence, analysis and evaluation for producing a Fisheries Management Plan Evidence Statement, developing MPA byelaws, designating Highly Protected Marine Areas, managing fisheries collaboratively, incorporating marine natural capital information into decision making, and improvement of the evidence base for Marine Plans.
- New Marine Natural Capital and Ecosystem Assessment team established.
- Steering and embedding evidence and learning from a £10 million UK Research and Innovation Programme on Sustainable Management of Marine Resources.
- Roll-out of Strategic Reporting Database (SRDB) and progressing the use of this to provide business reporting using PowerBI.
- UK Sea Fisheries Annual Statistics report published on time ([UK sea fisheries annual statistics - GOV.UK \(www.gov.uk\)](http://www.gov.uk)). This annual publication provides a comprehensive picture of the UK fishing industry and its operations, including recent trends and long-term historical context. It is used by Government, industry and a wide range of other customers to shape marine and fisheries policies and inform decision-making.
- Contributing evidence and analysis for Tranche 1 and Tranche 2 FMPs.

- Working with the Marine Conservation team to produce analysis for MPAs and HPAs.
- Further progress made with the migration of our statistics publications to HTML format to ensure we are disseminating modern and accessible content.

MMO's Strategic Plan was published in October 2022 with Goal 7 relating to maximising value from the use of evidence and data through integration of more data and information. This will continue to drive improvement of decision making and increase understanding of the effectiveness of MMO activities and achievement of Defra outcomes.

Underpinning MMO's Strategic Plan is our performance framework, which we have used to define our performance reporting against each of our MMO services, ensuring KPIs are closely linked to service quality and effectiveness. Our services are explicitly mapped onto our strategic goals, with most services delivering against multiple goals (as described within the [MMO Corporate Plan](#)). For each goal we measure progress against outcomes and impacts using data gathered by MMO, by our delivery partners and available publicly. This approach allows us measure progress against our strategic priorities over the ten-year duration of our strategy.

### **Evidence Strategy delivery**

MMO's Evidence Strategy 2021- 2025 has continued to steer MMO evidence delivery while the requirements of MMO service teams drives the evidence products delivered. This year we have delivered:

- Information for updating and improving the East Marine Plan including a co-existence framework, using the Five Capitals approach to improving plan policies that integrates knowledge and values and an examination of how marine plans are being used.
- Data layers for the Defra Marine Spatial Prioritisation programme.
- A method to map the network of people within the fishing communities and an understanding of the ways to understand the perceptions of these communities.
- Further knowledge of fisheries traceability methods and engaged with some industry members to co-develop tests and trials.
- A workshop to listen to industry discuss co-management and a brief on the fundamentals of co-management to support our work on developing a roadmap towards co-management.
- Evidence to support the change in management approach in Lyme Bay in collaboration with the MMO Fisheries Management Team.
- The Evidence Statement for the Channel Demersal Non-Quota Species Fisheries Management Plan in collaboration with the MMO Fisheries Management Plan Team.
- An evaluation of the process to develop MPA byelaws in collaboration with the MMO Conservation team.

- Analysis and engagement process for consulting on Highly Protected Marine Areas in collaboration with Defra.

Through the Sustainable Management of Marine Resources UKRI programme we co-developed and supported the production of knowledge relating to six research projects. These cover seagrass restoration and management, climate impact management via marine plans, Biomass maximisation in fisheries, understanding and building resilience in coastal communities, increasing benefits from coastal flood defences, and recording and using diverse values of people in decision making. We are also working with ten other research institutes on projects relevant to MMO's strategic goals.

The Defra flagship Marine Natural Capital Ecosystem Assessment programme (mNCEA) of which MMO are a founding member and significant contributor was shortlisted to the final three for a Civil Service award and won a Defra innovation award. Our mNCEA team has developed easy to use natural capital information to enhance and improve decision making on MPAs, fisheries and marine licences. They have steered and supported our Arm's Length Body partners to deliver place based and carbon increasing natural capital evidence that can be incorporated into MMO decision making.

The new capability and capacity created within our Business Intelligence team has been instrumental in the successful roll-out of MMO's Strategic Reporting Database. This database has been designed to optimise the extraction of data for reporting purposes. Working with colleagues across operations, a wide range of business reports are being developed in PowerBI. These will deliver high quality analytics and performance information across the organisation.

We have worked successfully with FMPs teams to meet their needs for clear and easy to understand evidence and analysis on fisheries data on activity, effort and landings. An overarching framework was agreed and developed for producing a standardised set of outputs summarising key evidence and analysis for the Tranche 1 and Tranche 2 FMPs. A reproducible pipeline data system was created to automate elements of the process to ensure large volumes of summary data could be produced to tight deadlines.

Analytical teams have continued to work in close collaboration with the Marine Conservation Team. Complex and detailed analysis of fisheries data was successfully produced to feed into the on-going process of developing the different stages of MPAs. A range of complex analytical work also fed into the process for designating three pilot HPMAs.

MMO continues to develop and improve our statistical content to provide a modern and flexible suite of data products that meet the needs of a diverse range of users. A key element of this is the process of migrating our national and official statistics publications to HTML format to ensure we are disseminating modern and accessible content. We are also exploiting opportunities to create more visually engaging and interactive content, for example our annual UK Sea Fisheries Statistics report included a StoryMap created using ArcGIS software which transforms maps and geographic data into interactive content and digital stories.

## Financial review

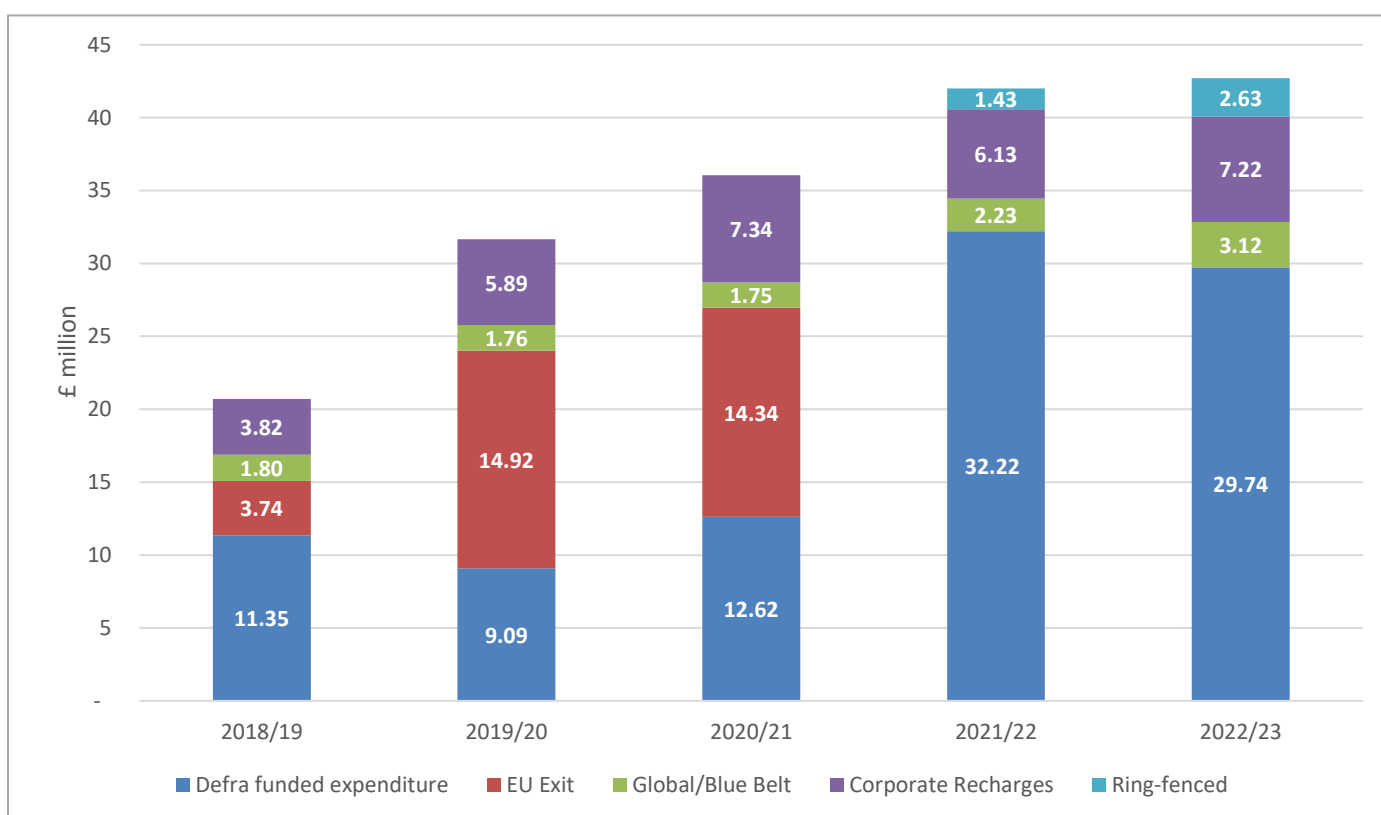
### Expenditure:

MMO's level of delivery activity in 2022/23 remains consistent with prior years, this is reflected in the Comprehensive Net Expenditure for 2022/23 of £42.7m, an increase of 2% from previous year (2021/22: £42.0m).

This Comprehensive Net Expenditure of £42.7m included:

- £32.4m of Defra funded expenditure to support the delivery of its statutory duties. This is the net expenditure less income of £5.21m and includes £2.63m of HM Treasury ring-fenced funding for repatriated sovereign functions that were previously financed through HM Treasury ring-fenced EU Exit funding, including the administration of the replacement domestic grant schemes.
- £7.2m in notional Defra corporate recharges.
- £3.1m to support the provision of advice to specific Global Marine Programmes including the CSSF Blue Belt Programme and the Ocean Country Partnership Programme.

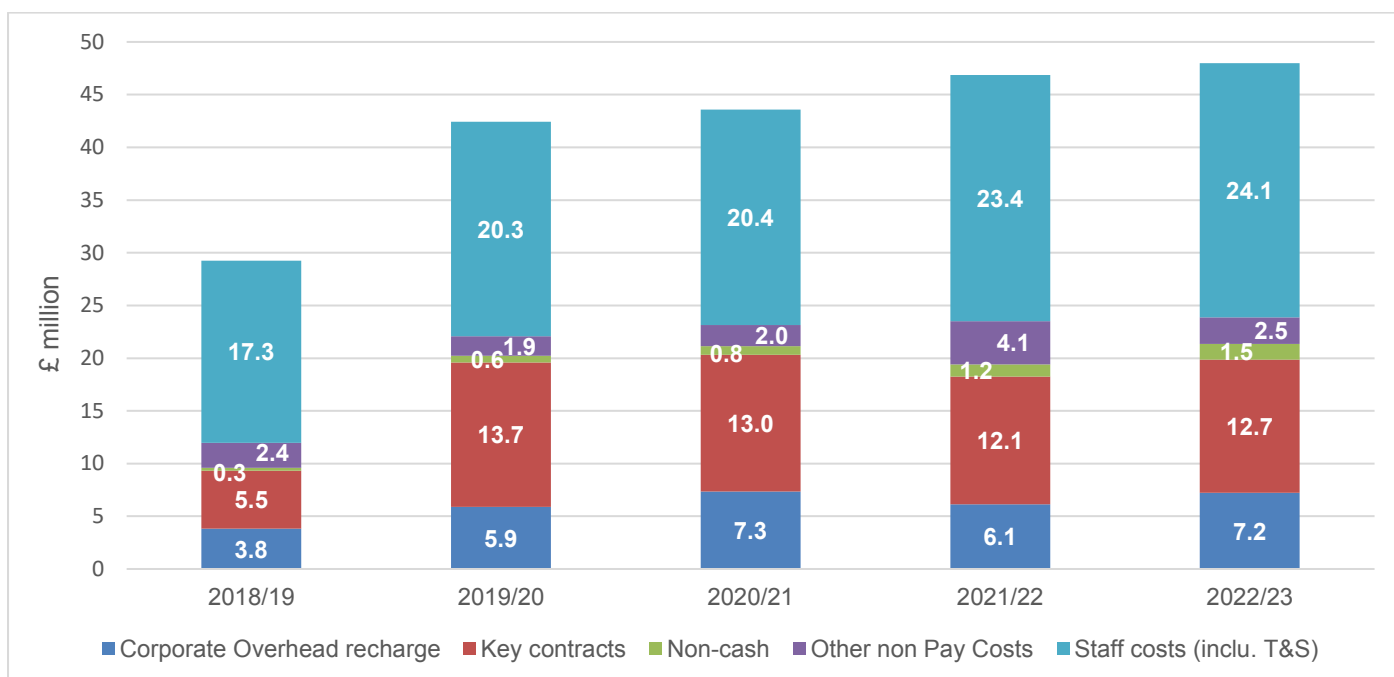
**Figure 1: Five-year summary of MMO's comprehensive net expenditure by funding category**



The breakdown of gross expenditure over the last five years is shown in figure two below, with a detailed breakdown of expenditure in 2022/23 provided in the Financial Statements pages 87 to 104. Gross expenditure increased to £48.0m (2021/22 £46.9m).



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



### Expenditure by strategic objective

In line with the Performance Summary (pages 16-19) MMO's regulatory and support services contribute towards Defra Outcome Delivery Plan priorities. Figure three sets out MMO's Comprehensive Net Expenditure for 2022/23 by MMO service and Defra Outcome Delivery Plan priority.

**Figure 3: MMO comprehensive net expenditure for 2022/23 by Defra Outcome Delivery Plan Priority**

Defra Outcome Delivery Plan priority	MMO service	Net comprehensive expenditure 2022/23 £'000	Net comprehensive expenditure 2022/23 £'000
Improve the environment through cleaner air and water, minimised waste, and thriving plants and terrestrial and marine wildlife	Enabling sustainable marine development	3,011	10,945
	Protecting marine habitats and wildlife	2,188	
	Supporting global marine protection	5,746	
Increase the sustainability, productivity and resilience of the agriculture, fishing, food, and drink sectors, enhance biosecurity at the border and raise animal welfare standards	Delivering sustainable fishing opportunities	4,031	31,763
	Administering marine support funds	1,829	
	Providing regulatory support and assurance	25,903	
<b>Total</b>		<b>42,708</b>	<b>42,708</b>

## Income

MMO receives income through fees and charges for the delivery of its Marine Licensing Service, income from other revenue streams including from devolved administrations in respect of cost recovery for shared fisheries IT infrastructure, from the EMFF to support the administration of the fund, and specific measures of funding support to enhance its regulatory capability for fisheries. EMFF funding has increased in 2022/23 to £1.2m (2021/22 £0.5m) but overall, there is a downward trend from 2020/21 (£2.9m) as the EMFF scheme moves towards cessation. Full details are provided in Note 4 to the Financial Statements.

## Statement of Financial Position

The significant movements in the Statement of Financial Position as at the 31 March 2023, in comparison to the prior year as at the 31 March 2022, as detailed in the Statement of Financial Position, page 88, mainly relate to movements in Current Assets. The key movements are detailed below:

- Trade and other receivables of £3.7 million in 2022/23 is 49% lower than the £7.2 million balance in 2021/22, due primarily to a reduction in accrued EMFF income, in line with the scheme moving towards closure, and large balances due to MMO from Other Government Departments at the 31 March 2022 which were cleared during 2022/23.
- Cash and cash equivalents balance of £4.3m in 2022/23 is 48% lower than the £8.3m balance in 2021/22, due to additional cash being required in late March 2022 to support significant domestic grant scheme activity for the Maritime Fisheries Fund and FaSS.

## Long term expenditure trends

Over the twelve years since vesting, MMO's net expenditure has increased from £29m in 2010/11 to £42.7m in 2022/23 (including the notional corporate recharge). Expenditure has increased in both preparation for EU Exit and the subsequent repatriation of sovereign functions and funds following EU Exit, and the addition of funding to support global marine programmes. This increase in funding followed a significant period of challenging savings required over the four-year 2015 Spending Review period (SR15).

The overall level in expenditure is expected to continue and is reflected in the 2021 Spending Review Settlement in which repatriated sovereign functions have become part of core delivery and MMO participates in delivery of a number of global marine programmes.

Delivery of MMO's three-year strategy is encapsulated in the MMO Corporate Plan (2022-2025).

## 1.2.2 Sustainability report

Sustainable development is core to MMO's mission, purpose, ambition and central to the way the MMO delivers its business. MMO's environmental performance is assessed by measuring its contribution to the UK Government targets set out in the Greening Government Commitments (GGC) 2021 to 2025. MMO has continued to work under the GGC framework during 2022/23 with performance against GGC targets disclosed on page 49, in line with the requirements of the HM Treasury financial reporting guidance 2022/23.

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

- **Scope 1 (Direct) emissions** – This is emissions from consumption of fuel from vehicles in the MMO lease car fleet (controlled by MMO), on official travel.
- **Scope 2 (Energy indirect) emissions** – This is emissions from the consumption of gas and electricity through our estates.
- **Scope 3 (Upstream supply chain and downstream value chain) emissions:** For MMO reporting this is limited to emissions from business travel recorded through the Defra travel booking portal.

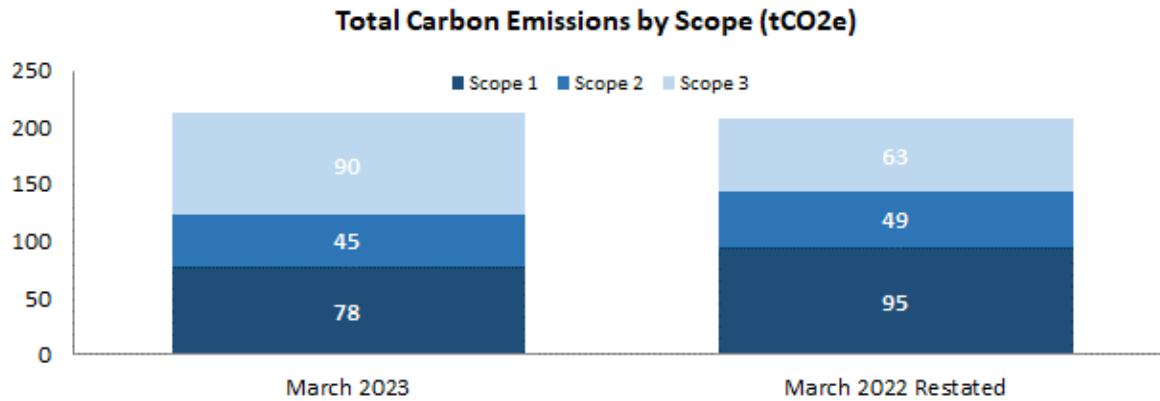
Table 1 (CCG performance) below summarises MMO performance in 2022/23 compared to prior year:

MMO Greenhouse Gas Emissions		2022/23	2021/22
Non-financial indicators (tCO2e)	Total Gross Emissions for Scope 1,2 & 3 *	213	207
	Total Net Emissions for Scope 1,2 & 3 (.i.e.less reductions e.g. green tariffs)	213	207
	Gross emissions from Scope 1 (Direct)	78	95
	Gross emissions from Scope 2 (Energy indirect)	45	49
	Gross emissions from Scope 3 (business travel only)	90	63
Related energy consumption (thousand KWh)	Electricity	233	231
	Gas	231	301
Financial Indicators (£'000)	Expenditure on energy**	N/A	N/A
	Carbon Reduction Certificate (CRC) Licence Expenditure (2011 onwards)	0	0
	^CRC Income for recycling payments	0	0
	Expenditure on accredited offsets - Woodland Trust Enterprise	0	0
	Expenditure on official business travel	215	74

\* This only relates to business travel according to the limited scope of the GGC reporting framework and this does not present Total Scope 3 emission (See page next page for more details)

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

Total GHG emissions in 2022/23 have increased by 6 tCO<sub>2</sub>e compared to 2021/22 with decreases in two categories of emissions, Scope 1 (direct) and Scope 2 (energy indirect), and an increase in Scope 3 emissions (business travel). The breakdown of emissions by scope is shown in the figure below:



MMO has seen an increase in average full-time equivalent staff at 31 March 2023 to 448 people (31 March 2022: 437), which exceeds the overall increase in total GHG emissions in the period therefore reducing tCO<sub>2</sub>e per FTE, despite an increase in domestic and international business travel.

**Significant greenhouse gas emissions activities that fall outside of the GGC reporting requirements above**

MMO Scope 3 emissions recorded in the table above relate to business travel, for which reporting data is available. They do not include all indirect MMO emissions, including emissions relating to the MMO’s air and surface surveillance contracts as data is not always available and where it is available it is prepared by the supplier and not MMO or Defra.

Data is available in relation to the emissions from commercial surface surveillance provision for 2022/23 which included 12 months of operation for two commercial vessels. Emissions and nautical miles reported for these vessels are shown in Table 2 below:

**Table 2: Emissions from Commercial vessels**

Vessel	2022/23 Nautical miles	2022/23 tCO <sub>2</sub> e	2021/22 Nautical miles	2021/22 tCO <sub>2</sub> e
1 <sup>st</sup> Commercial Vessel	9,247	938	26,171	3,219
2 <sup>nd</sup> Commercial Vessel	12,507	1,462	26,019	2,701
3 <sup>rd</sup> Commercial Vessel	18,746	1,548		
4 <sup>th</sup> Commercial Vessel	5,278	597		
<b>Total</b>	<b>45,778</b>	<b>4,545</b>	<b>52,190</b>	<b>5,920</b>

Vessels 1 and 2 were replaced by vessels 3 and 4 in June 2022 and October 2022 respectively, with the replacement vessels being of a technical specification that has potential for a better environmental performance.

Analysis of fuel costs has seen changes in the approach to both vessel tasking schedules and vessel operations such as engine management. This has resulted in reductions in both fuel consumption and CO2 emissions, and an improved environmental performance with reduced CO2 emissions per nautical mile.

These estimates have been calculated by the supplier based on technical vessel data, fuel consumption, vessel load of 25%-50% and relevant conversion factors. Comparable data is not available for Royal Navy surface surveillance provision, therefore in year and prior year comparisons cannot be made.

Although emissions from commercial vessels are not formally reported as part of GGC performance in Table 1, they are significant when compared to the overall emissions reported against Scope 1,2 and 3 (21 times greater). The use of commercial vessels continues to play a critical role for MMO in fulfilling its control and enforcement responsibilities at sea, however, the efficient and effective deployment of these vessels is a key focus of operational tasking and commercial approach.

Information relating to total waste and water consumption are shown in Table 3 below:

**Table 3: Waste and Water Consumption**

<b>Non – hazardous waste for Head Office</b>		<b>2022/23</b>	<b>2021/22</b>
<b>Non-financial indicators (t)</b>	Total Waste	20	12
	Waste to landfill	0	0
	Waste reused/recycled	15	7
	Waste incinerated	5	5
<b>Finite Resource Consumption – Water</b>		<b>2022/23</b>	<b>2021/22</b>
<b>Non-financial indicators (m<sup>3</sup>)</b>	Water Consumption	1,280	605
<b>Non-financial indicators (m<sup>3</sup>/average FTE)</b>	Water Consumption per Full Time Equivalent (FTE)	3.1	1.6

### **Performance against GGC Targets**

There have been some key changes to GGC targets introduced for the period 2021-2025. This includes a change to the baseline year against which targets are measured (baseline year has moved from 2009/10 to 2017/18) which is intended to provide more stretching targets in the core areas of emissions, water, waste, and domestic flights with new measures introduced.

The Defra specific GGC targets as detailed in Table 4 below, aim to reduce Government's environmental impact:

**Table 4: Defra specific GGC targets - Mitigating climate change working towards Net Zero by 2050**

<b>GGC Target</b>	<b>Baseline 2017/18</b>	<b>2022/23 ACTUAL</b>	<b>Target 2024/25</b>	<b>Status</b>
To cut overall greenhouse gas emissions by 50% from a 2017/18 baseline from MMO's apportioned share of the Defra estate and business-related transport	361 tCO <sub>2</sub> e	213 tCO <sub>2</sub> e	180 tCO <sub>2</sub> e	2022/23 milestone achieved
To reduce direct carbon emissions in buildings by 15% from a 2017/18 baseline from MMO's apportioned share of the Defra estate	48 tCO <sub>2</sub> e	42 tCO <sub>2</sub> e	41 tCO <sub>2</sub> e	2022/23 milestone achieved
Reduce emissions from domestic flights by 30% from a 2017/18 baseline	18 tCO <sub>2</sub> e	9 tCO <sub>2</sub> e	12 tCO <sub>2</sub> e	2022/23 milestone achieved
MMO Vehicle Fleet – 25% ULEV by end of 2022, and 100% 0 emissions by end of 2027	N/A	14%	N/A	Plans developed to achieve 2027 target
Update travel policies to require low carbon options be considered first	N/A	N/A	N/A	
Reduce overall amount of waste generated by 15%	25 t	20 t	21 t	2022/23 milestone achieved
Reduce the amount of waste going to landfill to 5% of overall waste	7%	1%	5%	2022/23 milestone achieved
Increase the amount of waste recycled to 70% of overall waste	58%	75%	70%	2022/23 milestone achieved
Reduce paper use by 50% from a 2017/18 baseline (reams)	1,042	68	521	2022/23 milestone achieved
Reduce water consumption by 8% from a 2017/18 baseline	1,751m <sup>3</sup>	1,280m <sup>3</sup>	1,611m <sup>3</sup>	2022/23 milestone achieved

\*MMO has previously reported office water use per FTE against best practice benchmarks, this is no longer a GGC reporting requirement so is not included in the Sustainability Report. The move to hybrid working means it is not possible to get an accurate FTE figure for staff attending offices.

MMO has achieved all GGC milestone targets in 2022/23 but recognise there are further reductions to be made to achieve the 2024/25 targets. Environmental performance has significantly improved due to the impact of the Covid-19 pandemic on ways of working and MMO



will continue to maximise the use of technology into 2023/24 to ensure the environmental benefits of alternatives to travel are realised. The achievement of 2024/25 targets remain on track, with further expected reductions to be achieved through MMO transition to Ultra Low Emission Vehicle (ULEV) lease cars and wider Defra progress in reducing the Defra estate carbon footprint. However, the increase in reported scope 3 emissions reflects both growth in MMO FTE and some partial return to travel since restrictions were lifted post Covid-19 and may require further management to ensure 2024/25 targets can be delivered.

**Table 4: Air travel in 2022/23**

A detailed breakdown of air travel information for 2022/23 is shown in the table below, including a breakdown of flights by domestic, short haul (destinations within Europe), long haul (destinations outside of Europe) and international (journeys which start and end outside of the UK).

2022/23	Domestic Flights	Short Haul	Long Haul	International	Total
<b>Total km</b>	43,502	17,828	405,857	18,565	<b>485,753</b>
<b>Total Volume</b>	104	18	77	24	<b>223</b>

### Sustainable Procurement

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). This approach supports all of the GGCs as well as wider Government commitments such as Social Value, Modern Slavery, Small and Medium Enterprises and the Public Sector Equality Duty. During 2022/23, MMO let 28 contracts of £10k or above totalling £4.7 million with evaluation covering some or all criteria aspects of modern slavery, sustainability, and social values – the level of focus on each criteria will vary from contract to contract depending on the nature of work and framework utilised

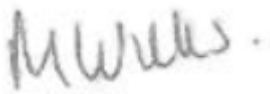
MMO receives food and catering services as part of a Defra Group facilities management contract.

### Climate Change Adaptation

MMO ensures that all operational decision-making with long term implications, account for the risks of climate change and is robust to changing weather, extreme weather events and sea level rises. MMO commissioned work to support MMO’s reporting under the third round of reporting under the Adaptation Reporting Power as set out in the Climate Change Act 2008. The outcome of this work is a better understanding of how MMO and our services are likely to be impacted by climate change, the key risks that arise from these changes and recommendations for how MMO could address these risks over the next five years. MMO’s 2022-25 Corporate Plan incorporated five priorities to adapt MMO operational procedures in line with Climate Change Adaptation requirements, impacts of the HM Government’s 25 Year Environmental Plan, the Defra Sustainability Strategy and the Defra Environmental Improvement Plan. Progress has been made at a directorate level with some examples being the administering of grant funds in support of the fishing industry, contributing to efforts to reach net zero through the British Energy Security Strategy, consideration of climate smart MPAs domestically and globally, and building the

evidence base for more climate smart marine plans, which will ultimately lead to climate smart marine licensing decisions.

Further recommendations from the commissioned report are being reviewed and will be used to update our Corporate Plan accordingly.

A handwritten signature in grey ink, appearing to read "M Willis".

**Michelle Willis**  
Accounting Officer  
Marine Management Organisation  
5 December 2023

## 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 MMO

##### Non-executive board member

MMO's non-executive board members are appointed by the Secretary of State for Environment, Food and Rural Affairs, for a term of three or four years. Members may be considered for re-appointment in accordance with guidance from the Office of the Commissioner for Public Appointments.

For the year ended the 31 March 2023, there were eight non-executive board members in post. The following re-appointments were made during the period:

- Anthony Delahunty, Belinda Howell, Peter Judge and Robert Wilson were re-appointed for a further four-year term.
- David Lyall was re-appointed for a further three-year term.
- William Roberts was re-appointed for a further two-year period.
- Terrence Jagger had his term extended by 10 months to 30 November 2023.
- Bill Dickson's appointment came to an end on the 31 October 2022.

The composition of the Board during the reporting period is as follows:

Non-executive board member	Role	Appointment date	End date
Hilary Florek	Chair	08/02/2018	07/02/2024
Anthony Delahunty	Non-executive board member	01/02/2017	31/01/2027
Terrence Jagger	Non-executive board member	01/02/2017	30/11/2023
Belinda Howell	Non-executive board member	01/05/2018	28/02/2027
Robert Wilson	Non-executive board member	01/05/2018	28/02/2027
William Roberts	Non-executive board member	01/08/2018	30/04/2025
Peter Judge	Non-executive board member	01/02/2019	31/10/2026
David Lyall	Non-executive board member	01/02/2019	31/10/2025
Bill Dickson	Non-executive board member	01/02/2019	31/10/2022

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

The Remuneration Committee members were Robert Wilson (Chair), Anthony Delahunty, and Peter Judge.

## Interests

During 2022/23, 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 MMO's website. Related party disclosures can be seen in note 10 to the Accounts.

## Executive directors

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

- Tom McCormack, MMO Chief Executive and Accounting Officer commenced a period of sickness absence on the 20 September 2023. Michelle Willis, Director of Finance and Resources and Deputy Chief Executive Officer was appointed Accounting Officer in the interim period from the 20 September 2023.
- Michael Coyle was appointed Interim Director of Operations on 5 July 2021 to the 13 July 2022, following the resignation of Phil Haslam as Director of Operations on 6 August 2021. Following recruitment, MMO has now appointed Peter Clark, as Director of Operations, effective from 13 July 2022.
- MMO appointed Stephanie Campbell on the 11 October 2021 as Director of Digital and Analysis. Simon Dixon was appointed Interim Director of Digital and Analysis on 24 January 2022 as maternity leave cover until the 31 January 2023. Stephanie Campbell returned to the business on 1 February 2023.

The composition of the Executive Leadership Team during the reporting period is as follows:

Executive director	Most Current Role	Appointment date	End date
Tom McCormack	Chief Executive Officer	10/09/2019	09/09/2024
Michelle Willis	Director of Finance and Resources and Deputy Chief Executive Officer	18/02/2013	-
Michelle Willis	Accounting Officer	20/09/2023	
Peter Clark	Director of Operations	13/07/2022	-
Michael Coyle	Interim Director of Operations	05/07/2021	13/07/2022
Trudi Wakelin	Director of Marine Development (Domestic and International)	06/02/2017	-
Stephanie Campbell	Director of Digital and Analysis	11/10/2021	-
Simon Dixon	Interim Director of Digital and Analysis	24/01/2022	31/01/2023
Jenny Stewart	Director of Planning and Change	01/06/2020	-
Selina Stead	Chief Scientific Advisor	01/06/2017	-

## Interests

During 2022/23 the Chief Executive Officer/Accounting Officer and executive directors held no interests outside of MMO relating to MMO's business. There are no reports of any executive directors being remunerated for any relevant employment outside of MMO, with the exception of Selina Stead who is only employed by MMO for 0.2 FTE.

## **Personal data related incidents**

During 2022/23 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 MMO 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 MMO 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 MMO. 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 MMO's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.



### **2.1.3 Governance statement**

As Accounting Officer, I have responsibility for maintaining a sound system of risk management, governance and control that supports the achievement of the policies, aims and objectives of 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. MMO's Executive, which comprises five Executive Directors, a Chief Scientific Advisor, and me, has collective responsibility for the management of MMO and its business, delivering Ministerial 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. Defra is MMO's sponsoring department and MMO is accountable to Defra for its use of resources and its performance. The corporate governance arrangements between Defra and MMO are set out in a Framework Document (9 June 2022) which can be found at:

[MMO framework document - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

Defra undertook a review of its governance arrangements with its Arm's Length Bodies, with a view to improve assurance of the delivery of Government priorities, and to provide a clear line of sight, including clear definition of accountabilities across Defra, this resulted in the re-introduction of "sponsorship" arrangements and governance, effective from 1 April 2022. Throughout the reporting period, MMO have formally engaged with Defra through Ministerial Delivery Assurance Board Meetings, Ministerial Delivery Meetings, and Ministerial Performance Review Meetings, conducted by the Minister of State.

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

As a Non-Departmental Public Body (NDPB) within the Defra Group, MMO is led by a Board that is responsible for setting the overall strategic direction for MMO in delivery of its strategic objectives and evaluating performance. Hilary Florek is Chair of the Board and has responsibility for ensuring MMO activities support the wider policies of the Secretary of State (SoS), and its decisions comply with statute and any direction given by the SoS. At 31 March 2023, the MMO Board comprised eight non-executive Board members. A full list of non-executive board members is included at page 53.

Governance arrangements are currently detailed in MMO's 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 MMO's Strategic and Corporate Plans, which set out the operational and financial strategic objectives to which MMO is committed. Based on this structure, executive governance is taken forward through the executive directors, led by myself. The Executive Leadership Team is supported by a Senior Leadership Team that, together with their functional teams, all interact to achieve delivery of the strategic objectives.

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 the Executive are 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; strategic reports from myself and directors, including reports detailing delivery against performance measures described in MMO's Corporate Plan; finance, assurance, and risk management, change delivery and capacity, capability, and culture, which includes health, safety, and wellbeing. This is complemented with reports from the Board Sub-Committees.

During 2022/23, the MMO Board met for four full board meetings occasions and for two supplementary meetings to primarily discuss change delivery, new Defra commissions and sponsorship arrangements. In addition to this, a Board workshop was held focussing on new Secretary of State priorities and MMO Strategy. The MMO Board considered a number of core themes of governance and accountability, operational, financial, strategic developments and people:

- **Operational, Financial, Governance and Accountability:** Consideration of performance, finance, risk, and assurance including commercial approvals (for contracts exceeding £250k) and change delivery which included key business case approvals. There were specific sessions assessing the delivery of the Marine Licensing Recovery Plan, MMO's response to Crustacean Mortalities, Marine Protected Areas (MPAs) and Highly Protected Marine Areas (HPMAs), the I-VMS rollout, and delivery of the Mobile Working app, supporting our operational teams to work outdoors. Matters of governance included MMO Board consideration of the Annual Report and Accounts, MMO Framework Document and new sponsorship arrangements with Defra and Minister of State. Focus on people matters has been a priority for MMO Board over the year, which has included health, safety, and wellbeing, and recommendations resulting from the MMO Capacity, Capability and Culture Programme.
- **Strategic developments:** Following on from the MMO's Comprehensive Spending Review (SR21), the Board agreed MMO's Strategic Plan to 2030, setting out our vision for healthy, productive seas and coasts delivered through a three-year Corporate Plan. The Board continued to assure MMO's Spatial Marine Planning through the development of Fisheries Management Plans, advancement of further consultation of new offshore Marine Protected Areas and supported the Defra-group implementation of the commitment to accelerate offshore wind whilst protecting the marine environment. The Board particularly considered new Secretary of State priorities, including the 25 Year Environmental Improvement Plan 2023, Climate Change Adaptation and Arm's Length Body Reform. Emerging developments from the Retained EU Law Bill were also discussed.
- **Committee reports and sub-groups:** review and support of MMO's Annual Report and Accounts, I-VMS Recovery Plan, and development of a new performance management framework in support of the MMO Strategy and Corporate Plan.

This approach has ensured that appropriate strategic direction and escalation has been provided following substantive challenge and debate; all of which are fully documented, with minutes published on Gov.uk.

I can confirm that where conflicts of interest might arise, the Chair has initiated protocols for managing sensitivities. During 2022/23, there were no notable conflicts reported to the Chair. A full register of interests is maintained and reviewed following each MMO Board meeting.

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

A corporate governance health check was undertaken by Internal Audit which covered the effectiveness of the Executive Leadership Team and the MMO Board. The review reported with an overall moderate assurance assessment, and identified several actions aimed at enhancing the control environment. They included reviewing the terms of reference for all governance groups with decision making authority on activity or cost to ensure full alignment with MMO's Scheme of Delegation, more regular focused sessions on corporate governance with directors and some tactical management process improvements to ensure good corporate discipline.

### **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 MMO's control environment. The principal focus for activities is documented in its terms of reference.

During 2022/23, the ARAC met for four full committee meetings, and for two supplementary meetings, and considered four themes of externalities, external audit and accounting, risk and assurance, and internal audit, in line with the Three Lines of Defence model and in adherence to the Audit and Risk Assurance Committee Handbook:

- **Externalities:** Defra and MMO Strategic Review activities, new Ministerial Teams, changes in Government priorities, business planning 2023/24, REUL Legislative impacts and other technology, policy, and environmental changes.
- **External audit and accounting:** Annual Report and Accounts (interim and final), National Audit Office Audit Completion Report (including Letter of Representation).
- **Risk and assurance:** MMO Assurance map update and overview, strategic and operational risk updates, and a follow up on risk appetite and tolerance.
- **Internal audit:** Consideration of the Internal Audit Programme for 2022/23 (and subsequent years) including the Head of Internal Audit opinion.

The ARAC Chair reports regularly to the MMO Board and Accounting Officer on items discussed at

ARAC. In addition, the Chair of the committee will inform the MMO Board (via the MMO Board Chair) of any fraud, misappropriation, or malpractice immediately that it is discovered or suspected. During 2022/23, no such issues were escalated to the MMO Board.

## Remuneration Committee

The Remuneration Committee comprised three non-executive board members in 2022/23. 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 Chair to summarise the key business conducted at the end of each year.

The Remuneration Committee met twice during 2022/23 to discuss Senior Civil Servant (SCS) pay awards (criteria and proposals), 2022 Pay Remit (for all grades below SCS), consideration of business appointment rules and input to the management actions to address the findings from the Chair's external review of MMO's Culture, Recruitment and Retention review, resulting in the MMO Capacity, Capability and Culture Programme. A further meeting was held on 4 April 2023 which considered SCS end of year pay awards.

## Attendance at meetings

Attendance of the MMO Board, ARAC and Remuneration Committee in 2023/23 is set out below:

Non-Executive Board member	Board		ARAC		Remuneration Committee	
	Meetings	Attended	Meetings	Attended	Meetings	Attended
Hilary Florek (Chair)	6	6	N/A		N/A	
Anthony Delahunty (Remuneration Committee member)	6	6	N/A		2	2
Terence Jagger	6	5	N/A		N/A	
Belinda Howell (ARAC member)	6	6	4	4	N/A	
Robert Wilson (Remuneration Committee Chair)	6	6	N/A		2	2
William Roberts, (ARAC Chair)	6	6	4	4	N/A	
Bill Dickson	4	4	N/A		N/A	

Non-Executive Board member	Board		ARAC		Remuneration Committee	
	Meetings	Attended	Meetings	Attended	Meetings	Attended
Peter Judge (Remuneration Committee member)	6	6	N/A		2	2
David Lyall (ARAC member)	6	6	4	4	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 minutes of the MMO Board meetings can be found: [Our governance - Marine Management Organisation - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

### Compliance with the Central Government Corporate Governance code of practice

MMO is required to comply with the provisions in the Central Government Corporate Governance code of practice 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 Resources, 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

MMO operates a structured risk and control framework which enables the identification, prioritisation, and escalation of key strategic risks. The Executive Leadership Team met throughout the year. ELT scrutinise organisational progress on performance, risk management and financial management monthly. This ensures risk is managed in a way that coordinates effort, minimises duplication, sets direction, creates an audit trail, and enables timely decision making.

Due to the ongoing Russian invasion of Ukraine the UK Government has expanded the list of people and entities subject to sanctions in Russia and Belarus, MMO has not been involved in any sanctions or known sanctionable activity. MMO does not have any known exposure to investments within Russia or Belarus.

MMO's Risk Management Strategy has developed significantly over the last 12-months. Key outputs from this have included:

- A review of risk appetite and tolerance scores for each risk category as outlined in the Orange Book, for escalation to MMO Executive leadership Team, MMO Board and the Audit and Risk Committee.
- Up to date risk registers for all MMO services.
- The training and upskilling of all colleagues on risk management practice to support the embedding of a risk culture across MMO.
- Increased commissioning of Operational Risk registers leading to the implementation of regular risk reviews with Directors and Risk Champions to discuss updated registers.

As at 31 March 2023, MMO strategic risks are described as follows:

#### **1. Risk – Functioning Marine Ecosystems.**

There is a risk that our marine ecosystem will be impacted by environmentally adverse policy, unlicensed actions and accidental events, leading to a degraded marine environment.

- A complete suite of marine plans is now established for English waters with programme of implementation training and events in progress/delivered. Protection measures in overseas territories are in place.
- MMO is a steering group member of Restoring Meadows, Marsh and Reefs (ReMeMaRe) and produced MMO1246 which is a nature-based solutions roadmap for licensing.

#### **2. Risk – Marine Planning Framework.**

There is a risk that there are too many parties and too many demands on our marine space with complex, competing, and conflicting objectives.

- There is now a complete suite of Marine Plans covering the English coast and marine area supported by activity to promote understanding and use of the plans continues through engagement with stakeholders, users, and decision makers.

#### **3. Risk – Reputational / Regulation**

There is a risk that MMO fails to keep up with best practice, learn from experience, modernise, and adopt new techniques and therefore the achievement of all of its objectives is below level expected failing to support MMO's place as a world leader.

- MMO has identified and is progressing with the work needed to underpin the controls required including the Fiscal Strategy, the Communications Strategy, and a new Target Operating Model.

#### **4. Risk – Information Technology**

There is a risk that MMO fail to effectively plan, resource, manage, stabilise, and enhance its digital and IT infrastructure and systems.

- The majority of MMO technology that was previously in the obsolescent unsupported category has now been successfully stabilised and supported.
- MMO created a road map that includes stabilisation, enhancement, and transformation projects. Under SR21 all three categories are funded.

## 5. Risk – Compliance

There is a risk that MMO fails to evolve and support our assurance systems into an effective compliance framework.

- Review of legislation has identified improvements which will be taken forward through either Defra policy reviews, or through the development of Fisheries Management Plans.
- Offshore Operation Plan developed using evidence base and statistics. The plan provides a strategic approach to target assets and resource to maximise compliance.

## 6. Risk – Delivering beyond the UK

There is a risk that capacity, capability, and legislative authority limits MMO ambition to support global marine protection.

- MMO has expanded global work and shown increased presence in ten Overseas Territories and ten Ocean Country Partnership Programme countries.
- MMO will be contributing to several international strategies and have received requests to join new programmes/partnerships. The Joint Marine Security Centre and Defra requested MMO to join the 5 Eyes delegation in Canada to provide expertise on Illegal Unreported and Unregulated fishing.
- Review of legislative authority taken place and training sessions have been delivered to teams to raise awareness.

## 7. Risk – Sustainable Fisheries Management

There is a risk that failure to deliver our contribution to ensuring Government ambitions to achieve sustainable and transparent management of fisheries, could impair the viability of the fishing sector.

- Fisheries Management Plans are a key tool for achieving the objectives set out in the Fisheries Act 2020, and MMO is playing a major role in the ongoing development of the programme, in leading on the development of the Channel Demersal non-quota species FMP, and in supporting development and delivery of other frontrunner FMPs.
- MMO is playing a leading role in the development of future deliverables arising from implementation of the frontrunner FMPs, the development of the next tranche of FMPs, as well as new policy initiatives arising from our status as an independent coastal state.

## 8. Risk – Evidence & Analysis

There is a risk that MMO does not make the most of data and evidence analysis, resulting in less effective Marine system decision making, less value for money and marine protection.

- Our Strategic Reporting Database has been rolled-out and now has almost all fisheries data being routed into it. This will provide a 'single-point-of-truth' for all fisheries data allowing evidence teams to meet users' needs more efficiently and effectively.
- PowerBI is now being used to create a suite of automated, real-time dashboards for the reporting of critical operational and business intelligence.

## 9. Risk – Organisational Capacity and Capability

There is a risk that if MMO does not build an affordable, sustainable workforce (capacity and capability) then we fail to deliver our Corporate Plan.



- MMO has been increasing its workforce with a higher proportion of permanently employed colleagues and reduced reliance fixed term contracts.
- Activities are underway to improve recruitment practices and increase retention.
- Delegated authority has been given to enable more flexible recruitment. Human Resources will work more closely with recruiting managers to support decision making and effective recruitment.

#### 10. Risk – Commercial / Contracts

There is a risk that if MMO does not have the appropriate capacity/capability to manage its contracts effectively then business activities may be adversely impacted leading to financial loss, service delays and reputational damage.

- Delivery of a Commercial Capability Plan is a key deliverable within the MMO Corporate Plan, an outline plan has been developed. MMO Commercial Team are now using regular meetings with Directors to raise the profile and benefits of Commercial Capability at Directorate level.

In addition to these strategic risks, MMO identified risks to the delivery of one of its key projects which was the roll out of I-VMS devices to the under 12-metre fishing fleet. As Type Approved devices were assured by suppliers against the MMO I-VMS technical specification documentation, to provide additional assurance MMO undertook Independent Testing by an external sourced supplier. The outcome resulted in the revocation of the Type Approval status of two devices. Further detail is provided in line with the Regularity of Expenditure section of the Parliamentary Accountability and Audit Report.

#### Information risk management

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

MMO fully participated in the Macpherson review of quality assurance of Government models. MMO does not own any business-critical models but will use Government guidance (The Aqua Book) guidance to produce quality analysis for government in the delivery of any future models that fall within scope.

MMO, as part of the Defra Group, continues to strengthen data protection governance and business processes. The Defra Group Data Protection Officer (DPO) is shared by MMO and has put in place arrangements for monitoring data protection risks, incorporating the Information Commissioner's Office (ICO) Accountability Framework.

MMO identifies and priorities the implementation of data protection recommendations for further improvements through twice yearly reporting to the DPO. MMO meets monthly with the DPO and the Defra Group data protection community to coordinate and ensure alignment with Defra Group and wider government best practice.

## **Ministerial direction**

No ministerial directions were issued to MMO during 2022/23.

## **Internal audit**

The Head of Internal Audit's (HIA) 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 2021/22 audit.

## **Whistleblowing**

MMO is committed to high standards of integrity, honesty, and professionalism. To support this, MMO has in place a Disclosures in the Public Interest (Whistleblowing) Policy and Procedure and we encourage our colleagues 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. The Whistleblowing Policy was reviewed in December 2021.

## **Conclusion**

I was appointed as interim Accounting Officer on 20 September 2023. I have met regularly with the MMO Head of Internal Audit and Chair of the Audit and Risk Assurance Committee, to review assurances that an effective system of internal control had been in place during 2022/23. My review has further been informed by the work of internal audit, assurances from the Executive Directors with delegated responsibility within the MMO, and the comments and recommendations made by 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. However, I do recognise that improvements will need to be made to processes for implementing new technology solutions, recognising the importance of independent assurance, as seen in the rollout of the I-VMS project. A comprehensive process of risk management was in place throughout the year and the ten strategic risks identified in section 2.1.3 (pages 56-64) have been effectively monitored and managed through the control frameworks.

## 2.2 Remuneration and staff report

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

### 2.2.1 Remuneration report

#### Terms of Reference for the Remuneration Committee

The MMO Remuneration Committee is a committee of the MMO Board that has been set up to provide assurance to the MMO Board on the governance of Executive remuneration, contractual issues and compensation commitments. Members of the committee are appointed by the MMO Board but must not include the Chair of the MMO Board. At the 31 March 2023 the Committee comprised three 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 MMO.

All issues relating to MMO's 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 supported by the Chair for consideration by the Remuneration Committee, which makes a formal recommendation to the Board for endorsement. All decisions are made in accordance with the Senior Civil Service Pay Guidance issued by the Cabinet Office and the recommendations of the Senior Salaries Review Body.

#### Salary

'Salary' includes gross salary, overtime and any other allowance to the extent that it is subject to UK taxation. Bonus payments, benefits in kind and pension benefits are to be reported separately under Government Financial Reporting Manual 2022/23 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.

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023/24 CETV figures.

## 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 MMO to the extent that they are subject to UK taxation together with the associated tax. For 2022/23 this consists of costs of accommodation, travel and subsistence incurred by Non-Executive Board Members while undertaking their duties when travelling from home, which are taxable under HMRC rules and judgements. MMO pay the benefit in kind for Non-Executive Board Members to HMRC.

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

Non-Executive Board Members remuneration is determined by Defra; however, their fees and expenses are paid by 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	2022/23 Fee £'000	2021/22 Fee £'000	Taxable expenses classified as benefits in kind 2022/23, to nearest £100	Taxable expenses classified as benefits in kind 2021/22, to nearest £100
Hilary Florek	Chair	08/02/2018	07/02/2024	40-45	40-45	1,300	0
Anthony Delahunty	Non-Executive Board Member	01/02/2017	31/01/2027	10-15	10-15	5,500	600
Terence Jagger	Non-Executive Board Member	01/02/2017	30/11/2023	10-15	10-15	3,600	100
Belinda Howell	Non-Executive Board Member	01/05/2018	28/02/2027	10-15	10-15	800	400

Non-Executive Board Member	Role	Appointment date	End date	2022/23 Fee £'000	2021/22 Fee £'000	Taxable expenses classified as benefits in kind 2022/23, to nearest £100	Taxable expenses classified as benefits in kind 2021/22, to nearest £100
Robert Wilson	Non-Executive Board Member	01/05/2018	28/02/2027	10-15	10-15	800	0
William Roberts	Non-Executive Board Member	01/08/2018	30/04/2025	10-15	10-15	2,900	200
Peter Judge	Non-Executive Board Member	01/02/2019	31/10/2026	10-15	10-15	700	0
David Lyall	Non-Executive Board Member	01/02/2019	31/10/2025	10-15	10-15	500	0
Bill Dickson	Non-Executive Board Member	01/02/2019	31/10/2022	5-10 (10-15 FYE)	10-15	600	200

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

## Notes

- A. Remuneration Committee members are Robert Wilson (Chair), Anthony Delahunty and Peter Judge.
- B. Audit and Risk Assurance Committee members are William Roberts (Chair), David Lyall and Belinda Howell.
- C. No additional paid work was carried out on behalf of MMO by any Non-Executive Board Member.

## Executive Directors' remuneration (subject to audit)

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

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

Executive Director	Current Role	Appointment date	End date	Salary £'000		Bonus Payments £'000		Pension Benefits £'000		Total £'000	
				2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
Tom McCormack	Chief Executive Officer	10/09/2019	09/09/2024	120-125	115-120	0	0-5	0	0	120-125	120-125
Michelle Willis	Director of Finance and Resources	18/02/2013		100-105	90-95	0	5-10	12	24	110-115	120-125
Michael Coyle	Acting Director of Operations	05/07/2021	30/08/2022	30-35 (70-75 FYE)	50-55 (70-75 FYE)	0-5	0-5	18	66	50-55	120-125
Trudi Wakelin	Director of Marine Development (Domestic & International)	06/02/2017		85-90	80-85	0-5	0-5	(19)	6	70-75	90-95
Stephanie Campbell	Director of Digital and Analytical Services	11/10/2021		40-45 (75-80 FYE)	35-40 (75-80 FYE)	0	0	28	14	70-75	50-55
Simon Dixon	Acting Director of Digital and Analytical Services	24/01/2022	31/01/2023	55-60 (70-75 FYE)	35-40 (70-75 FYE)	0-5	0	23	15	85-90	50-55
Peter Clark	Director of Operations	13/07/2022		55-60 (80-85 FYE)	0	0	0	(21)	0	35-40	0
Jenny Stewart	Director of Planning and Change	01/06/2020		90-95	90-95	0	0-5	3	27	95-100	120-125

Executive Director	Current Role	Appointment date	End date	Salary £'000		Bonus Payments £'000		Pension Benefits £'000		Total £'000	
				2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
Selina Stead	Chief Scientific Advisor	01/06/2017		15-20 (80-85 FTE)	15-20 (80-85 FTE)	0	0	7	7	20-25	20-25
<b>Band of highest paid executive disclosed in remuneration report (£'000)</b>				120-125	120-25						
<b>Median total remuneration (£)</b>				30,775	29,529						
<b>Ratio</b>				4.0	4.1						

## Notes

- A. No benefits in kind were provided in 2022/23 (2021/22: nil).
- B. Peter Clark was appointed Director of Operations on 13 July 2022. Michael Coyle returned to a non-Director role on 30 August 2022 to reflect a handover period.
- C. Simon Dixon left MMO on 31 January 2023.
- D. Selina Stead, Chief Scientific Advisor, is a part-time role at 0.2 FTE.



## Fair pay disclosure (subject to audit)

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

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

		2022/23	2021/22
Remuneration banding for highest paid director	Salary	£120,000 to £125,000	£115,000 to £120,000
	Bonus	£0	£0 to £5,000
	Total	£120,000 to £125,000	£120,000 to £125,000
Percentage change from the previous financial year for highest paid director	Salary	3%	0%
	Bonus	(100%)	(61%)
	Total	(4%)	(4%)
Upper quartile	Total pay and benefits	£38,062	£39,094
	Pay ratio	3.2	3.1
Median quartile	Total pay and benefits	£30,775	£29,529
	Pay ratio	4.0	4.1
Lower quartile	Total pay and benefits	£26,326	£25,268
	Pay ratio	4.7	4.8
Average percentage change from the previous financial year for all MMO employees (excluding the highest paid director)	Pay	(3%)	(1%)
	Bonus	0%	24%
Remuneration range		£21,989 to £140,000 - £145,000	£21,298 to £160,000 - £165,000
Employees receiving remuneration in excess of the highest-paid director		6	15

Individual performance is assessed against work objectives, MMO's core competence framework and role profiles. Bonus payments for each of the performance years are made as a non-consolidated pay award where an individual has been awarded a good or excellent mark. Bonuses awarded in the 2022/23 year are in respect of performance in the 2021/22 year. The average bonus amount is unchanged from 2021/22.

There are no non-salary components for the upper, median and lower quartiles in the pay and benefits figures disclosed in the table above (2021/22: nil).

There has been a small increase in the lower quartile and median remuneration and a small decrease in the upper quartile remuneration of the organisation's workforce in 2022/23 in comparison to the prior year due to a decrease in the use of contingent workers. The pay ratios for 2022/23 have increased/decreased correspondingly.

The average percentage change in salary from the previous financial year for all MMO employees (excluding the highest paid director) is calculated based on the average salary of all staff (including temporary staff) in post at the year-end compared with the average salary of those in post at the prior year-end. The changes shown reflect the decrease in reliance on contingent workers.

MMO believes the median pay ratio for 2022/23 is consistent with the pay and reward policies for MMO's employees taken as a whole because it reflects the pay envelope that has been agreed through the 2022 Civil Service Pay Remit.

## Executive Directors' pension benefits (subject to audit)

Executive Group Member	Real increase in pension £'000	Real increase in lump sum £'000	Value of pension at 31/03/2023 £'000	Value of lump sum at 31/03/23 £'000	CETV at 31/03/22 £'000	Real increase in CETV £'000	CETV at 31/03/23 £'000
Michelle Willis	0-2.5	0	35-40	0	500	(2)	556
Michael Coyle	0-2.5	0-2.5	30-35	60-65	492	12	537
Trudi Wakelin	0	0	55-60	0	696	(18)	758
Stephanie Campbell	0-2.5	0	10-15	0	100	9	120
Simon Dixon	0-2.5	0	10-15	0	78	8	95
Peter Clark	0	0	40-45	75-80	736	(28)	775
Jenny Stewart	0-2.5	0	30-35	0	450	(9)	490
Selina Stead	0-2.5	0	0-5	0	28	4	35

For Executive Directors with final salary pension arrangements, increases in CETV and pension value depend on both length of service and pensionable pay for a relevant period (e.g. the last 12 months). The real increase in CETV funded by the employer includes adjustments for inflation during the accounting period, and in periods of high inflation in relation to pay increases, can therefore be negative.

### Pensions

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

Tom McCormack is neither a member of the Principal Civil Service Pension Scheme nor any Partnership Scheme linked to his employment with MMO.

## 2.2.2 Staff report

### Staff costs and numbers (subject to audit)

	2022/23 Permanently employed £'000	2022/23 Others £'000	2022/23 Total £'000	2021/22 Total £'000
Wages and salaries	14,961	2,930	17,891	18,398
Pension costs	3,866	0	3,866	3,295
Social security costs	1,641	0	1,641	1,391
<b>Total Staff Costs</b>	<b>20,468</b>	<b>2,930</b>	<b>23,398</b>	<b>23,084</b>

All of 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 2022/23 (2021/22: nil).

Temporary staff are appointed for short term work through the Crown Commercial Framework Agreements. There was £320k expenditure on consultancy in 2022/23 (2021/22: nil) as shown in note 3 on page 98 of the financial statements.

Average Number of Full Time Equivalent Staff	2022/23 Number of people	2021/22 Number of people
Directly Employed	414	386
Inward Secondments	2	8
Temporary Agency/Interim Staff	32	43
<b>Total</b>	<b>448</b>	<b>437</b>

### Pensions

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as “alpha” – are unfunded multi-employer defined benefit schemes, but MMO is unable to identify its share of the underlying assets and liabilities.

The scheme actuary valued the PCSPS as at 31 March 2016. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation.

From 1 April 2022 to 31 March 2023, employers' contributions of £3,856k were payable to the PCSPS (2021/22: £3,491k) at one of four rates in the range of 26.6% per cent to 30.3% per cent of pensionable earnings, 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 £24k were paid to one or more of the panel of three appointed stakeholder pension providers (2021/22: £20k).

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 (2021/22: 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 on 31 March 2023 is shown in the table below:

	Male FTE	Female FTE	Total FTE
CEO (SCS 2 level or equivalent)	1	0	1
Director (SCS 1 level or equivalent)	1	4	5
Other Staff	201	241	442
<b>Total</b>	<b>203</b>	<b>245</b>	<b>448</b>

### Sickness absence data

During the period to 31 March 2023 the average number of sickness days for our staff was 4.4 days (2021/22: 2.8 days).

### Staff turnover percentage

During the period to 31 March 2023 the average staff turnover percentage for MMO was 18.2% (2021/22: 17.8%).

### Business Appointment Rules

MMO recognises the Business Appointment Rules, which is managed through the staff leaver process. There have been no reports of required action from the application of these rules during the reporting period.

### Equality and diversity

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

It values the diversity amongst our workforce and is committed to providing a fair and equal working environment for all MMO employees. 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 to help avoid potential bias.

MMO aims to ensure that any employee with a disability is provided with an equal, safe working environment free from harassment and discrimination. In order to ensure that people with a disability can compete on equal terms with other candidates, 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 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 flexible working.

MMO also supports the use of Workplace Adjustment Passports, which provides a discussion framework, helps managers work with a person to understand their needs, and shows how MMO can support them in their career development.

We have published our Gender Pay Gap report in line with national requirements, with MMO's performance is detailed in the Our people section of 1.2.1 Detailed performance analysis, including a link to the report.

MMO have established a colleague led Women's Network. A women's safety survey was launched to gather colleague views which has led to a variety of practical and cultural changes within MMO including; a new Lone Working Policy, safe to report, safe to decide and safe to challenge processes.

### **Other employee matters**

MMO undertook an independent review of capacity, capability and culture to help understand what we do well and where we can be better. This has resulted in the creation of our 3C Programme which commenced in the final quarter of 2022/23.

Key activities in 2022/23 year include:

#### Capacity:

- Significantly increased our permanent workforce
- Reduced our reliance on temporary acting up responsibility allowance
- Significantly reduced our temporary workforce
- Increased HR support for managers and colleagues
- Made improvements to the recruitment process
- Introduced a new exit interview process.

#### Capability:

- Introduced new fairer processes for allocating training
- Increased the training budget
- Relunched our learning management system and essential training
- Updated our performance management process and held briefing sessions
- Commenced a programme of reviewing and updating our HR policies.

#### Culture:

- Developed a 'people first' definition for MMO to work towards achieving
- Engaged with colleagues regularly, including holding workshops across the country (four in-person workshops, two online and 114 attendees).

- Executive Leadership Team have continued to invest time in leadership development through the 'Navigating our Futures' programme
- Introduced numerous initiatives to support improved health, safety and wellbeing of our colleagues.

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

MMO participates and contributes to Defra Group People Committee initiatives to support broader building of capacity and capability.

MMO also continues to utilise apprenticeship funding streams to enhance career development.

### Trade Union Facility Time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 are effective from the 1 April 2017 and require the MMO to publish information in relation to Trade Union Facility Time for 2022/23.

**Table 1**

#### Relevant union offices

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

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
4	0.3

**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%	
1-50%	4
51%-99%	
100%	

**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)	16
Provide the total pay bill (£'000)	23,398
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0%



**Table 4****Paid Trade Union activities**

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

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

**Off-payroll engagements**

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

<b>Number of temporary off-payroll worker engagements for £245 or more per day as at 31 March 2023</b>	<b>9</b>
Of which...	
Number that have existed for <u>less than one</u> year at time of reporting	<b>6</b>
Number that have existed for between <u>one and two</u> years at time of reporting	<b>3</b>
Number that have existed for between <u>two and three</u> years at time of reporting	<b>0</b>
Number that have existed for between <u>three and four</u> years at time of reporting	<b>0</b>

<b>Number of temporary off-payroll workers engaged at any point during the year ended 31 March 2023 for £245 or more per day</b>	<b>28</b>
Of which...	
Not subject to off-payroll legislation	5
Number determined as in-scope of IR35 <i>[i.e. the intermediaries legislation applies to the engagement]</i>	23
Number determined as out-of-scope of IR35 <i>[i.e. the intermediaries' legislation does not apply to the engagement]</i>	0
Number of engagements reassessed for compliance or assurance purposes during the year	20
Of which: number of engagements that saw a change to IR35 status following review	0
<b>Off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2022 and 31 March 2023</b>	
Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year. (1)	0
Total number of individuals <u>on payroll and off payroll</u> that have been deemed "board members, and/or senior officials with significant financial responsibility", during the financial year. This figure should include both on-payroll and off-payroll engagements (2)	17

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 a statutory body authorises its employees to carry out certain of its functions. The Marine Management Organisation has separated its Scheme of Delegation into two parts for ease of reference:

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

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

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

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

MMO experienced an operational issue concerning the rollout of Inshore Vessel Monitoring (I-VMS) devices to the under-12 metre fishing fleet, in that MMO approved two I-VMS devices as being suitable for installation, which subsequently failed independent testing. A number of fishers had purchased and installed a device that did not meet the necessary statutory requirements. As the purchase of these devices had been funded through applications by fishers to the European Commission (EC) EMFF, the revocation of two Type Approved devices meant that the grants were no longer eligible for reimbursement through the EMFF grant scheme, MMO took the decision not to pursue repayment of the EC grant amounts from affected fishers. MMO secured HM Treasury approval to recognise this expenditure as a loss of £608k (as at 31 March 2023), with a further loss amount to be reported in 2023/24, which will be within the total HM Treasury approved range of up to £870k. This loss is reported in the Defra Resource Account, in line with grant scheme arrangements described in note 1.11.

For 2022/23 MMO can report that there were no losses, special payments or gifts incurred during the year that exceeded £300k. In 2021/22 MMO made one special payment above £300k for £1.8 million in the settlement of a legal case brought against MMO.

### **2.3.2 Fees and charges (subject to audit)**

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

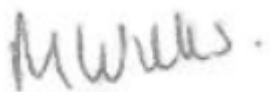
### **2.3.3 Remote contingent liabilities (subject to audit)**

As at 31 March 2023 MMO held no remote contingent liabilities.

### **2.3.4 UK Government Functional Standards**

Where applicable MMO manages its activities in line with Government functional standards.

In addition, the MMO receives a number of the corporate services covered by Government functional standards from Defra including digital, property, and shared services for finance and payroll.



**Michelle Willis**  
Accounting Officer  
Marine Management Organisation  
5 December 2023

# 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 (MMO) for the year ended 31 March 2023 under the Marine and Coastal Access Act 2009.

The financial statements comprise the MMO's

- Statement of Financial Position as at 31 March 2023;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted International Accounting Standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the MMO's affairs as at 31 March 2023 and its net operating expenditure for the year then ended; and
- 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 for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*. 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 2019*. I am independent of the MMO in accordance with the ethical requirements that are relevant to my audit of 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

In auditing the financial statements, I have concluded that the MMO's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the MMO's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the MMO is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

### **Other Information**

The other information comprises the information included in the Annual Report, but does not include the financial statements nor my auditor's certificate and report. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Marine and Coastal Access Act 2009.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with Secretary of State directions made under the Marine and Coastal Access Act 2009; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

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

In the light of the knowledge and understanding of the MMO and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

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

- Adequate accounting records have not been kept by the MMO or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## **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:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the MMO from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;
- ensuring that the financial statements give a true and fair view and are prepared in accordance with Secretary of State directions made under the Marine and Coastal Access Act 2009;
- ensuring that the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with Secretary of State directions made under the Marine and Coastal Access Act 2009; and
- assessing the MMO's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the MMO will not continue to be provided in the future.

## **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.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. 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.

**Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud**

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

**Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud**

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the MMO's accounting policies,
- inquired of management, the MMO's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the MMO's policies and procedures on
  - identifying, evaluating and complying with laws and regulations,
  - detecting and responding to the risks of fraud, and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the MMO's controls relating to its compliance with the Marine and Coastal Access Act 2009, Managing Public Money and the Fisheries Act 2020;
- inquired of management, the MMO's head of internal audit and those charged with governance whether
  - they were aware of any instances of non-compliance with laws and regulations, or
  - they had knowledge of any actual, suspected, or alleged fraud; and
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the MMO for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the MMO's framework of authority and other legal and regulatory frameworks in which the MMO operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the MMO. The key laws and regulations I considered in this context included Marine and Coastal Access Act 2009, the Fisheries Act 2020, Managing Public Money, employment law, pensions and tax legislation.



## Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports; and
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

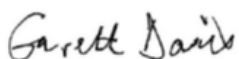
## Other auditor's responsibilities

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

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 I identify during my audit.

## Report

I have no observations to make on these financial statements.



**Gareth Davies**  
**Comptroller and Auditor General**

**Date 8 December 2023**

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 2023

	Note	2022/23 £'000	2021/22 £'000
<b>Expenditure</b>			
Staff Costs	2	23,398	23,084
Other Expenditure	3	24,581	23,787
<b>Total Expenditure</b>		<b>47,979</b>	<b>46,871</b>
<b>Income</b>			
Revenue from contracts with customers	4	(3,992)	(4,306)
Other Operating Income	4	(1,217)	(527)
<b>Total Income</b>		<b>(5,209)</b>	<b>(4,833)</b>
<b>Net Operating Expenditure</b>		<b>42,770</b>	<b>42,038</b>
<b>Other Comprehensive Net Expenditure</b>			
Net gain on revaluation of intangibles	5	(62)	(26)
<b>Comprehensive Net Expenditure</b>		<b>42,708</b>	<b>42,012</b>

The notes on pages 91 to 104 form part of these accounts.

## Statement of Financial Position on 31 March 2023

	Note	31 March 2023		31 March 2022	
		£'000	£'000	£'000	£'000
<b>Non-current assets:</b>					
Property, plant and equipment		0		0	
Intangible assets	5	3,692		4,517	
<b>Total non-current assets</b>			<b>3,692</b>		<b>4,517</b>
<b>Current assets:</b>					
Trade and other receivables	6	3,647		7,193	
Cash and cash equivalents	7	4,265		8,257	
<b>Total current assets</b>			<b>7,912</b>		<b>15,450</b>
<b>Total assets</b>			<b>11,604</b>		<b>19,967</b>
<b>Current liabilities:</b>					
Trade and other payables	8	7,080		8,537	
Provisions		0		0	
<b>Total current liabilities</b>			<b>7,080</b>		<b>8,537</b>
<b>Total assets less current liabilities</b>			<b>4,524</b>		<b>11,430</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>4,524</b>		<b>11,430</b>
<b>Taxpayers' equity and other reserves:</b>					
General reserve			4,474		11,416
Revaluation reserve			50		14
<b>Total equity</b>			<b>4,524</b>		<b>11,430</b>

*M Willis*

**Michelle Willis**  
Accounting Officer  
Marine Management Organisation  
5 December 2023

The notes on pages 91 to 104 form part of these accounts.

## Statement of Cash Flows for the year ended 31 March 2023

	Note	2022/23 £'000	2021/22 £'000
<b>Cash flows from operating activities</b>			
Net Operating Expenditure		(42,770)	(42,038)
Adjustment for notional corporate recharge	3	7,219	6,131
Adjustments for depreciation and amortisation	3	1,372	1,180
Adjustments for impairment of Intangibles	3	13	0
Decrease in trade and other receivables	6	3,546	1,290
(Decrease) in trade payables and other liabilities	8	(1,457)	(6,352)
Use of provisions		0	0
<b>Net cash outflow from operating activities</b>		<b>(32,077)</b>	<b>(39,789)</b>
<b>Cash flows from investing activities</b>			
Purchase of Intangible Assets	5	(498)	(1,758)
<b>Net cash outflow from investing activities</b>		<b>(498)</b>	<b>(1,758)</b>
<b>Cash flows from financing activities</b>			
Grant from Defra		28,583	40,260
<b>Net financing</b>		<b>28,583</b>	<b>40,260</b>
<b>Net decrease in cash and cash equivalents in the period</b>	7	<b>(3,992)</b>	<b>(1,287)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	7	<b>8,257</b>	<b>9,544</b>
<b>Cash and cash equivalents at the end of the period</b>	7	<b>4,265</b>	<b>8,257</b>

The notes on pages 91 to 104 form part of these accounts.

## Statement of Changes in Taxpayers' Equity for the year ended 31 March 2023

	Note	General Reserve £'000	Revaluation Reserve £'000	Total £'000
<b>Balance on 31 March 2021</b>		<b>7,046</b>	<b>5</b>	<b>7,051</b>
<b>Changes in Taxpayers' Equity 2021/22</b>				
Grants from parent department		40,260	0	40,260
Notional corporate recharges	3	6,131	0	6,131
Net gain on revaluation of intangible assets	5	0	26	26
Transfers between reserves		17	(17)	0
Net operating expenditure		(42,038)	0	(42,038)
<b>Balance on 31 March 2022</b>		<b>11,416</b>	<b>14</b>	<b>11,430</b>
<b>Changes in Taxpayers' Equity 2022/23</b>				
Grants from parent department		28,583	0	28,583
Notional corporate recharges	3	7,219	0	7,219
Net gain on revaluation of intangible assets	5	0	62	62
Transfers between reserves		26	(26)	0
Net operating expenditure		(42,770)	0	(42,770)
<b>Balance on 31 March 2023</b>		<b>4,474</b>	<b>50</b>	<b>4,524</b>

The notes on pages 91 to 104 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 2023 and have been prepared in accordance with the Marine and Coastal Access Act (MCAA) 2009 and the Secretary of State direction issued there under.

The financial statements have been prepared in accordance with the 2022/23 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 for the purpose of giving a true and fair view, has been selected.

The particular policies adopted by MMO are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

#### 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 Significant judgements and estimation uncertainty

The following areas represent significant judgements that MMO has made in applying the accounting policies:

- 1) The assessment of Defra as the Principal and MMO as the Agent for the management of grant transactions relating to the Fisheries and Seafood Scheme (FaSS), Maritime Fisheries Fund (MFF), European Maritime and Fisheries Fund (EMFF) and elements of the UK Seafood Fund (UKSF) grant schemes (see note 1.11).
- 2) The estimation of useful economic lives of intangible assets, which form the basis of the period over which intangible assets are amortised (see notes 1.61, 1.8 and 5).
- 3) IFRS 15 assessment of the expected timing for the satisfaction of performance obligations and determination of transaction prices in support of MMO fees and charges income recognition (see note 1.13)
- 4) IFRS 9 calculation of Expected Credit Losses (see note 1.18.1)
- 5) Assessment of leases in scope for IFRS 16 (see note 1.17).

#### 1.4 Going concern

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 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. MMO received approval for funding for the three years commencing 2022/23, as part of the Spending Review 2021 settlement agreement. The public services provided by MMO are anticipated to continue in the future and there is no reason to believe that future approvals will not be forthcoming.

## 1.5 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.

## 1.6 Non-current assets

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

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

## 1.7 Revaluation

All non-current assets other than freehold and leasehold property are reviewed annually using indices provided by the Office for National Statistics. Where there are material movements in indices, 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.

## 1.8 Depreciation and amortisation

Conventionally, and in line with IAS 16 and IAS 38, depreciation and amortisation begin in the month the asset is materially completed and ready to be brought into 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

## 1.9 Impairment

The carrying amounts of 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.



## **1.10 Employee benefits**

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. 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.

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”.

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.

## **1.11 Grants and subsidies**

MMO is designated by the Secretary of State as the administrator of the Fisheries and Seafood Scheme (FaSS), Maritime Fisheries Fund (MFF) and elements of the UK Seafood Fund (UKSF). Through the operational delivery of these funds MMO will carry out duties in its capacity as Agent of Defra, Defra is the Principal for all transactions under MFF, FaSS and UKSF. Defra as the Principal retain oversight and decision-making for these schemes. Defra own the budgets and associated financial risk, with grant expenditure transactions recorded in Defra’s Resource Accounts and not MMO’s Accounts. MMO as paying Agent does not report within its own accounts the transactions or balances relating to third parties, unless temporarily holding funds received for onward disbursement.

MMO is also designated under Section 14 Marine and Coastal Access Act 2009 by the Secretary of State as the UK European Maritime Fisheries Fund (EMFF) Managing Authority, Certifying Authority, and the Intermediate Body for England.

Through the management of this structural fund MMO will carry its duties in the capacity as Agent for Defra, with Defra as the Principal. Defra as the Principal retain the budget and the associated financial risk for the grant match-funding for the England scheme. As such the transactions of grant expenditure and the funding amounts reclaimed from the European Commission (EC) feature in Defra’s Resource Accounts and not MMO’s Accounts. The Defra Resource Accounts include only those transactions which are in relation to the activities of the England Intermediate Body.

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. MMO does not report within its own accounts the transactions or balances relating to third parties, unless temporarily holding funds received for onward disbursement.

## **1.12 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 including utilities, shared services and IT network running costs and procurement.

### 1.13 Income

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

MMO fees and charges income streams (1 – 2 below) have been assessed as within scope of IFRS 15 as they meet the definition of a contract through the supply of marine licensing services.

The contractual service and associated performance obligation has been assessed as the work undertaken by MMO in the course of processing the application, and not the point at which a marine licence is issued or over the period of any determined marine licence, as the work to process the application is chargeable to the customer irrespective of whether the work results in the issue of a marine licence. As such revenue is recognised on an accrual basis in line with the work undertaken by the MMO in the course of processing the application.

The transaction price remains in line with the basis of the fees and charges as set out (1-4 below).

- 1) From the 1 September 2018 fees and charges have been issued in accordance with the Marine Licensing (Application Fees) (Amendment) Regulations 2018 supported by powers on the MCAA 2009; which sets the charge for marine licence applications at £122 per hour and provides powers to charge for travel time and subsistence costs. This statutory instrument allows charging for marine licence activity on a band basis, depending on the criteria of an application, as follows:
  - i) Self-service applications for low value/risk applications, available online through a self-service portal at a fixed fee of £50.
  - ii) Band 2a (Band 2a-c under the previous regulation set in 2014) and Band 2b (Band 2 d-e under the previous regulation set in 2014) are fees up to a capped limit, invoiced in arrears, and are recognised on an accrual basis.
  - iii) Band 3 are uncapped hourly fees, invoiced in arrears and are recognised on an accrual basis.
- 2) The Public Bodies Act 2011 allows the Secretary of State to change the funding arrangements of certain bodies such as 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 MMO to recover costs incurred for licence variations, in monitoring sites where licensable activity is taking place, reviewing monitoring reports required from licensing holders, and in varying existing licences. Revisions to the statutory instrument made provision for changes to the Act, where such income is recognised on an accrual basis.
- 3) Other revenue, which is assessed as in scope for IFRS 15 is recognised over time in line with delivery milestones.

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

- 4) MMO recognises income earned from the EC as a contribution to 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.

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 4 reports the cost recovery.

#### **1.14 Provisions**

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.

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

As an executive NDPB, 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.

#### **1.16 Contingent liabilities and remote liabilities**

In addition to contingent liabilities disclosed in accordance with IAS 37, 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.

#### **1.17 Leases**

MMO has implemented IFRS 16 effective 1 April 2022, as set out by HM Treasury in the 2022/23 Financial Reporting Manual (FRoM). As mandated by the Financial Reporting Manual a cumulative catch-up basis has been used and prior year comparatives have not been restated.

Assessment of underlying MMO contracts has identified two categories of leases that fall in scope of IFRS 16, however, this has had no impact on the financial statements due to the application of the following exemptions:

- Lease cars - MMO currently have 14 leased vehicles, of which only one has a remaining contract more than 12-months. However, the value of this vehicle is recognised as low value (ie under £5k) and therefore exempt. It is anticipated that the delivery of replacement vehicles will occur before 31 March 2024 and as they will be on a four-year term, this position will be reviewed for 2023/24.
- Franking Machines - MMO use franking machines across various sites, consisting of a combination of owned machines and lease elements. The length of the contract varies between 12-months and 60 months but due to the minimal value of these leases, they have been considered low value and therefore exempt.

MMO's vessel chartering contracts have been assessed as out of scope of IFRS 16. This is on the basis that MMO does not have the 'right of use' of these vessels in line with the requirements as set out in the standard.

## **1.18 Financial instruments**

### **1.18.1 Financial assets**

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

In 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 is based on MMO's experience of credit losses over the past few financial years, updated for any known future credit issues. MMO has rebutted the IFRS 9 presumption that the credit risk on a financial asset increases significantly since initial recognition when the contractual payments are more than 30-days past due on the basis that a significant proportion of MMO invoices that are outstanding are at 30-days past due are subsequently paid within 12-months post initial recognition.

### **1.18.2 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.

### **1.18.3 Derivative financial instruments and hedging**

MMO is required to disclose the role that financial instruments had at 31 March 2023 in creating or changing the risks faced by MMO in undertaking its activities.

The non-trading nature of 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 MMO in undertaking its activities.

## **1.19 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 MMO are outlined below. MMO has not adopted any new IFRS standards early.

IFRS17, Insurance Contracts, public sector implementation is expected in line with the Government Financial Reporting Manual from 1 April 2025, it is not expected to have a material impact on MMO Accounts.

## Note 2 Staff numbers and related costs

	2022/23			2021/22 Total £'000
	Permanently employed £'000	Others £'000	Total £'000	
Wages and salaries	14,961	2,930	17,891	18,398
Pension costs	3,886	0	3,866	3,295
Social security costs	1,641	0	1,641	1,391
<b>Total Staff Costs</b>	<b>20,468</b>	<b>2,930</b>	<b>23,398</b>	<b>23,084</b>

All permanently employed MMO 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 65 of the Annual Report. Information relating to staff numbers and other staff information is included within the Staff Report from page 73.

### Note 3 Other expenditure

	Note	2022/23 £'000	2021/22 £'000
Aerial, Surface and Satellite Surveillance		7,869	7,890
CEFAS Scientific Support for Marine Environment Work		2,049	2,050
Other ICT		1,714	1,089
Data and Evidence		1,338	1,300
Contact Centres		776	889
Travel, Subsistence and Hospitality		699	279
Consultancy		320	0
Other Programme Costs		635	572
Audit Fees - Internal Audit (GIAA)		174	130
Bad Debt		96	(26)
Prosecutions and Legal Services		91	228
Training		83	69
Rentals payable under operating leases		75	115
Audit Fees - External Audit (National Audit Office)		57	51
Shared Services (SSCL)		20	40
Grant Expenditure		(19)	0
Losses and Special Payments		0	1,800
Technical Services		0	0
Data Collection Framework		0	0
<b>Non-cash</b>			
Corporate Overhead Recharge		7,219	6,131
Amortisation	5	1,372	1,150
Depreciation		0	30
Impairment of Intangible Assets	5	13	0
<b>Total</b>		<b>24,581</b>	<b>23,787</b>

### Corporate Overhead Recharge

MMO does not directly meet the costs of certain services, shown in the table below, that are provided centrally by Defra. Annual notional non-cash charges for these services are instead issued to each Defra Group body for inclusion in their statutory accounts to ensure a true and fair view of costs is represented, with a matching credit recorded in the general fund. The value of the notional charges is rigorously checked and reviewed prior to approval by MMO.

The Defra overhead recharge comprises:

	2022/23 £'000	2021/22 £'000
Information technology services	4,508	3,855
Property costs	1,857	1,483
Shared services including payroll and financial	453	340
Commercial costs	276	219
HR service costs	65	54
Corporate strategy	60	180
<b>Total</b>	<b>7,219</b>	<b>6,131</b>

#### Note 4 Income

	2022/23 £'000	2021/22 £'000
<b>Revenue from contracts with customers</b>		
Marine Licences (Marine and Coastal Access Act 2009)	3,390	3,521
Other revenue	602	785
<b>Total revenue from contracts with customers</b>	<b>3,992</b>	<b>4,306</b>
<b>Other Operating Income</b>		
European Maritime Fisheries Fund	1,217	527
<b>Total Income</b>	<b>5,209</b>	<b>4,833</b>

#### Fees and charges (recovered costs)

	Income £'000	Full Cost £'000	(Deficit) £'000
Marine Licences (Marine and Coastal Access Act 2009)	3,390	5,024	(1,634)

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, 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 2022/23 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 £126k related to navigational dredging and £781k



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 £1,634k relating to MCAA 2009 marine licences has materialised because the cost of MMO undertaking these activities exceed the fee rate set within the Statutory instrument.

## Note 5 Intangible assets

	Software & Licences £'000	Construction in Progress £'000	Intangible Assets £'000
<b>Cost or valuation</b>			
At 1 April 2022	7,896	1,605	9,501
Additions	0	498	498
Transfers	1,978	(1,978)	0
Impairment	0	(13)	(13)
Revaluation	133	0	133
<b>At 31 March 2023</b>	<b>10,007</b>	<b>112</b>	<b>10,119</b>
<b>Amortisation</b>			
At 1 April 2022	4,984	0	4,984
Charged In period	1,372	0	1,372
Revaluation	71	0	71
<b>At 31 March 2023</b>	<b>6,427</b>	<b>0</b>	<b>6,427</b>
<b>Net Book Value at 1 April 2022</b>	<b>2,912</b>	<b>1,605</b>	<b>4,517</b>
<b>Net Book Value at 31 March 2023</b>	<b>3,580</b>	<b>112</b>	<b>3,692</b>

	Software & Licences £'000	Construction in Progress £'000	Intangible Assets £'000
<b>Asset Financing</b>			
Owned	3,580	112	3,692
On-balance sheet (SoFP) other service concession arrangements	0	0	0
<b>Net Book Value at 31 March 2023</b>	<b>3,580</b>	<b>112</b>	<b>3,692</b>

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

The following internally developed systems were under construction during the year:

- System used to support the mobile working of Coastal teams.
- Systems used to administer domestic grant and industry intervention schemes.
- Enhancements to the Strategic Asset Database.



Internally developed systems are recognised at cost and have a useful economic life of the lower of, five years or the economic life of the scheme. The intangible assets were revalued at 31 March 2023, this had a net increase in the value of the assets of £62k.

The net book value of Software and Licences includes the Catch Recording System with a carrying amount of £561k. The system is used to electronically record and store fisheries catch data. The system was brought in to use in November 2019 and has a remaining amortisation period of 19 months.

At the 31 March 2023 MMO does not have any contractual commitments relating to the purchase of intangible assets.

	Software & Licences £'000	Construction in Progress £'000	Intangible Assets £'000
<b>Cost or valuation</b>			
At 1 April 2021	8,560	1,074	9,634
Additions	0	1,758	1,758
Disposals	(1,917)	0	(1,917)
Transfers	1,227	(1,227)	0
Revaluations	26	0	26
<b>At 31 March 2022</b>	<b>7,896</b>	<b>1,605</b>	<b>9,501</b>
<b>Amortisation</b>			
At 1 April 2021	5,751	0	5,751
Charged In period	1,150	0	1,150
Disposals	(1,917)	0	(1,917)
<b>At 31 March 2022</b>	<b>4,984</b>	<b>0</b>	<b>4,984</b>
<b>Net Book Value at 1 April 2021</b>	<b>2,809</b>	<b>1,074</b>	<b>3,883</b>
<b>Net Book Value at 31 March 2022</b>	<b>2,912</b>	<b>1,605</b>	<b>4,517</b>
<b>Cost or valuation</b>			

	Software & Licences £'000	Construction in Progress £'000	Intangible Assets £'000
<b>Asset Financing</b>			
Owned	2,912	1,605	4,517
On-balance sheet (SoFP) other service concession arrangements	0	0	0
<b>Net Book Value at 31 March 2022</b>	<b>2,912</b>	<b>1,605</b>	<b>4,517</b>

## Note 6 Trade receivables and other current assets

	2022/23 £'000	2021/22 £'000
<b>Amounts falling due within one year</b>		
Trade Receivables	1,054	2,969
Expected credit losses	(285)	(189)
Other taxation and social security	0	0
Prepayments and Accrued Income	673	892
Prepayments and Accrued Income (EU)	2,205	3,521
<b>Total due within one year</b>	<b>3,647</b>	<b>7,193</b>

There were no receivables falling due after more than one year at 31 March 2023 (31 March 2022: nil).

## Note 7 Cash and cash equivalents

	2022/23 £'000	2021/22 £'000
<b>Balance at 1 April 2022</b>	<b>8,257</b>	<b>9,544</b>
Net changes in Cash and Cash Equivalent balances	(3,992)	(1,287)
<b>Balance at 31 March 2023</b>	<b>4,265</b>	<b>8,257</b>

Cash is held in accounts which are provided by Government Banking Services (GBS). The current provider is Nat West.

## Note 8 Trade payables and other current liabilities

	2022/23 £'000	2021/22 £'000
<b>Amounts falling due within one year</b>		
Trade Payables	2,936	1,905
Other taxation and social security	883	805
Accruals and Deferred Income	1,567	1,727
Other Payables:		
Defra Network	1,592	3,298
Aerial & Surface Surveillance	102	802
<b>Total due within one year</b>	<b>7,080</b>	<b>8,537</b>

There were no payables falling due after more than one year at 31 March 2023 (31 March 2022: nil).

## Note 9 Other financial commitments

MMO entered non-cancellable contracts (which are not leases or PFI contracts) as detailed below. The payments to which MMO were committed at 31 March 2023, analysed by the period during which the commitment expires, are as follows:

	2022/23 £'000	2021/22 £'000
Not later than one year	5,602	5,088
Later than one year and not later than five years	10	1,830
Later than five years	0	0
<b>Total present value of obligations</b>	<b>5,612</b>	<b>6,918</b>

Other Financial Commitments due within one-year, include:

- A contract for vessels (£2.51 million) which covers MMO's use of two vessels for surveillance purposes.
- A contract for IT support, hosting and development (£1.15m).

## Note 10 Related party transactions

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. MMO receives corporate services from Defra, for which it pays a notional corporate recharge, see Note 3 for detail.

In addition, MMO had various material transactions with Cefas, Environment Agency and Seafish, for both of which Defra is regarded as the parent Department.

MMO also had transactions with other Government departments the most significant of which was the Welsh Government.

No Non-Executive Board Member or Executive Director has undertaken any material transactions with MMO constituting an interest which needs to be declared. Further information on Non-Executive Board Member and Executive Directors can be found in the Remuneration Report from page 65.

## Note 11 Third-party assets

Court costs recovered by 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 2022/23, 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 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 MMO and released from detention before the court case is concluded or the fines paid. MMO acts as custodian, however, it has no direct beneficial interest, therefore the funds held remain the property of the person depositing them unless, or until, they fail to submit to the court process or pay their penalties, in which case they are forfeited to the Crown.

The amounts are set out in the table below:

Monetary assets and monies on deposit	2022/23 £'000	2021/22 £'000
Court Costs	80	72
Fishing Admin Penalties	66	175
Bonds	114	150
<b>Total</b>	<b>260</b>	<b>397</b>

#### **Note 12 Events after the reporting date**

Tom McCormack, MMO Chief Executive and Accounting Officer commenced a period of sickness absence on the 20 September 2023. Michelle Willis, Director of Finance and Resources and Deputy Chief Executive Officer was appointed Accounting Officer in the interim period from the 20 September 2023.

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



# Marine Management Organisation



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