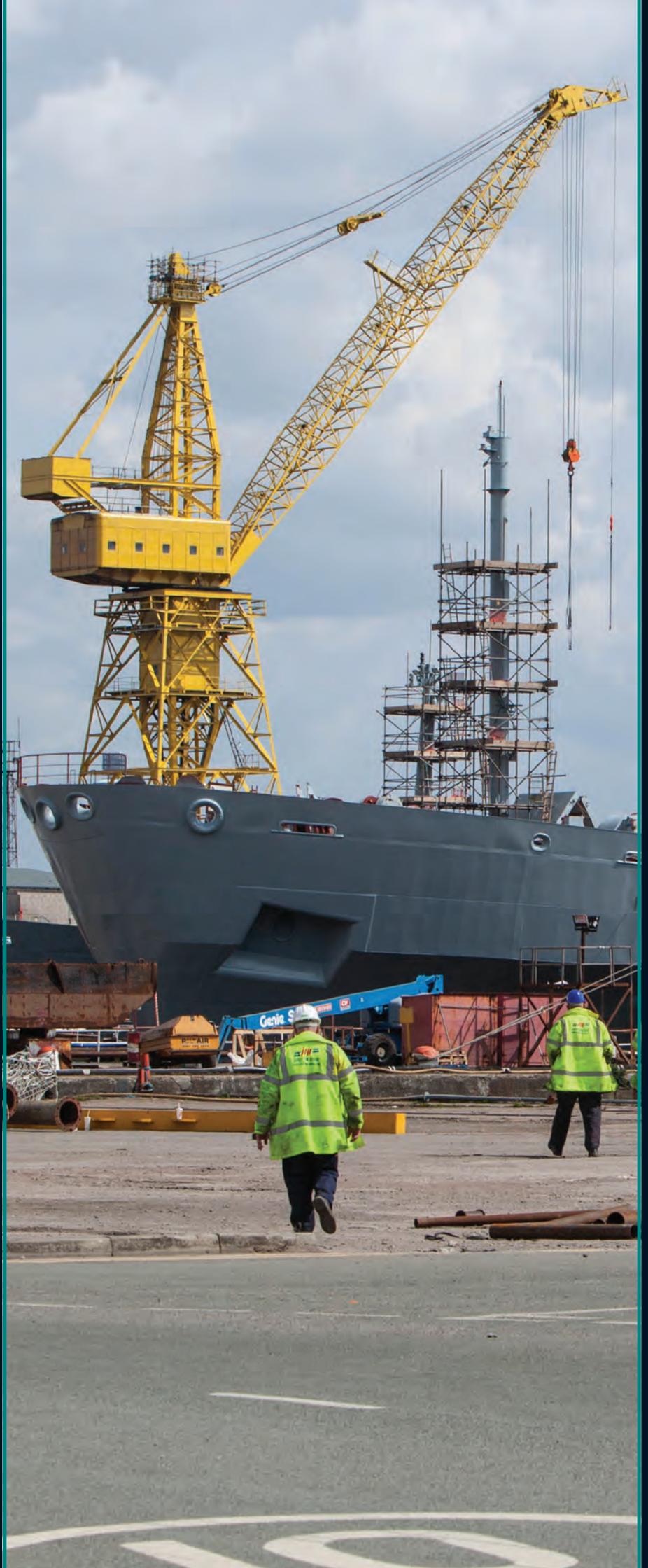




# Marine Management Organisation

Annual Report and Accounts  
2013/14

Enabling  
sustainable  
growth in our  
marine area



Marine Management Organisation  
Annual Report and Accounts  
for the financial year ended  
31 March 2014

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

Ordered by the House of Commons to be printed on 16 July 2014

© Crown copyright 2014

You may re-use this information (excluding logos) free of charge in any format or medium, under the terms of the Open Government Licence v.2. To view this licence visit [www.nationalarchives.gov.uk/doc/open-government-licence/version/2/](http://www.nationalarchives.gov.uk/doc/open-government-licence/version/2/) or email [PSI@nationalarchives.gsi.gov.uk](mailto:PSI@nationalarchives.gsi.gov.uk)

Where third party material has been identified, permission from the respective copyright holder must be sought.

This publication is available at [www.gov.uk/government/publications](http://www.gov.uk/government/publications)

Any enquiries regarding this publication should be sent to us at The Marine Management Organisation, Lancaster House, Hampshire Court, Newcastle Business Park, Newcastle upon Tyne.

Print ISBN 9781474102377

Web ISBN 9781474102384

Printed in the UK by the Williams Lea Group on behalf of the Controller of Her Majesty's Stationery Office

ID 08071401 07/14

Printed on paper containing 75% recycled fibre content minimum

## Contents

Foreword	2
<b>Strategic Report</b>	
About the Marine Management Organisation	4
MMO performance	8
Financial Review	20
Sustainability Report	23
<b>Directors Report</b>	
Responsibility for the direction of the MMO	28
Statement of Accounting Officer's responsibilities	30
Our people	31
Other information	32
Remuneration Report	34
Governance Statement	40
Annual Accounts	48
Annex one – End of year status report	77

# Foreword

## by Sir Bill Callaghan and James Cross

We are pleased to introduce our Annual Report for 2013-14, our fourth year of operation.

We have continued to prioritise the needs of our customers so that we are easy to do business with and to ensure that those who access our services are not unduly impacted by unnecessary bureaucracy. This remains an area we continually strive to improve.

Our organisation reached a particularly significant milestone this year when the Secretary of State formally adopted our Marine Plans for the East Inshore and East Offshore areas. This represents a fundamental change in the way our marine areas will be managed, minimising conflicting activities and maximising benefits to both the economy and the environment. In addition, we launched the Marine Information System, an interactive tool which helps marine users understand how marine plans affect their area of interest. In parallel with the adoption of the plans in the East we began engaging with marine users and coastal communities on Marine Plans in the South area, using the East plans as a blueprint of this work. We are well on our way to a complete set of Marine Plans that will cover the entire English marine area by 2021, supporting an estimated £50 million of economic benefit each year and helping to promote sustainable development.

We have continued to be an enabling regulator in our licensing work and we have made substantive progress in reducing regulatory burdens, which have translated into real improvements for marine users. Our innovative approach meant that we fast tracked licences and applied exemptions, substantially improving our response times for applicants – we are closer to issuing 90 per cent of our determinations within 13 weeks having achieved 88 per cent in 2013/14, compared to 76 per cent in 2012/13 and up from the 66 per cent of our predecessor organisation.

We have also pioneered a Coastal Concordat with delivery partners, which is a landmark agreement improving co-ordination of the consenting process for coastal development in England. We continue to simplify our services to ensure regulations are not burdensome for users of the marine area. After listening to the views of small businesses about the disproportionate cost of an application to the capital cost of their activity, we obtained Cabinet Office and HM Treasury agreement to enable us to subsidise 50 per cent of the cost of smaller licensing activities. We also streamlined all of our website guidance so that our customers can find the information they need quickly and efficiently. All of these efforts are geared towards our commitment of being an enabling regulator that is easy to do business with.

This year has seen considerable change in fishing regulations through the reform of the Common Fisheries Policy (CFP). After four years of negotiations at EU level, the CFP and the Common Market Organisation (CMO) was successfully concluded in December 2013, with new regulations entering into force on 1 January 2014. Following implementation, this represents a fundamental change to the fishing industry. We recognise the importance of transparency and engagement, giving marine users a real opportunity to influence the way regulation is translated into the actual management of our seas. Reform will be further supported by the adoption of the new European Maritime and Fisheries Fund (EMFF), which will help the fishing industry to comply with changes that are brought in as a result of CFP reform.

We continue to govern the European Fisheries Fund (EFF) scheme in the UK and to deliver the scheme to our customers in England, where we have committed over £49 million of funding to projects. We have released over £23 million of funding to applicants who have delivered

projects which support the sustainable future of the fisheries sector. We have supported the development of the new funding scheme, the EMFF, and will continue to listen to the needs of our customers when implementing the scheme in 2015.

This year, the MMO assumed responsibility from the Department for Environment, Food and Rural Affairs (Defra) for managing certain activities in furthering the conservation status of 27 designated Marine Conservation Zones (MCZs). We have ensured the ongoing management of the sites by collaborating with other Marine Protected Area (MPA) authorities including the Inshore Fisheries and Conservation Authorities (IFCAs), Local Authorities (including Harbour Authorities) and the Environment Agency, to ensure sites are managed holistically. By balancing the need for voluntary measures with regulatory measures we have been flexible in our approach which has been beneficial for all marine users. We continue to adopt innovative approaches such as intelligent compliance plans or technological advances such as vessel monitoring systems to establish a proportionate approach, which considers the needs of marine users alongside the conservation objectives of the sites.

In September 2013, the triennial review of the MMO was launched with the purpose of examining our functions, governance arrangements and to decide if other delivery models would be more appropriate and in keeping with the Government's reform commitments. During this period, we informed the review alongside feedback gathered from customers, stakeholders and delivery partners through a consultation process.

The conclusions of this review are expected to be known in 2014/15.

We have delivered our diverse and challenging remit in a time of austerity which has seen our budget reduce from £32.0 million (2010/11) to £28.1 million (2013/14), with a further planned reduction in 2014/15 to £22.6 million. Careful resource and operational planning have been in place throughout for the ongoing decrease in financial allocations in parallel with prioritising the increasing challenges of delivery. We continue to review activities to ensure that we reduce our costs and maintain levels of service, whilst also balancing operational risks and opportunities. Importantly, we maintain sound governance of the financial framework that ensures we remain compliant with good governance. We will continue to monitor the balance between our services and our financial allocation to ensure we deliver the greatest value for money, whilst minimising the impact to our services.

In the annual MMO customer survey our people achieved the highest ever rating for their attitude, politeness and customer service skills that they display in all of their dealings with our customers. Their enthusiasm and commitment will enable us to deliver the new set of ambitions in our Corporate Plan 2014-17. This year, our staff have worked hard to deliver a challenging set of objectives and kept pace with the change initiatives and challenges set by Government. Our staff remain our greatest asset and continue to innovatively contribute to future ways of working.

We look forward to working with our Board, our staff, our customers and stakeholders to embrace the challenges we collectively face in 2014/15.



Sir Bill Callaghan  
Chair

A handwritten signature in blue ink that reads "Bill Callaghan".



James Cross  
Chief Executive Officer

A handwritten signature in blue ink that reads "James Cross".

# Strategic Report

## About the Marine Management Organisation

We are the Marine Management Organisation (MMO). We are a public body that regulates activities in the seas around England. Our mission is to enable sustainable growth in our marine area, transforming coastal communities while protecting and enhancing our marine environment.

### Who we are

We are an Executive Non Departmental Public Body (NDPB) established in April 2010 and given powers under the Marine and Coastal Access Act 2009. We work at arms length from Government departments but are accountable to Ministers. We are responsible to the Secretary of State for the Environment, Food and Rural Affairs and we have a wide range of responsibilities, which include implementing plan led marine management, licensing marine works and managing UK fishing fleet capacity and UK fisheries quotas. The MMO is the single competent authority for monitoring and reporting on UK fleet capacity and UK quotas. We are led and directed by a Chair and Board appointed by the Secretary of State for the Environment, Food and Rural Affairs and led by a Chief Executive Officer and an Executive Team.

Our statutory purpose is to make a contribution to the achievement of sustainable development taking account of all relevant facts and matters, in a manner which is consistent and coordinated.

### What we do

We are tasked with delivering the Government's vision for clean, healthy, safe, productive, and biologically diverse oceans and seas. Our work includes:

- Marine planning
- Licensing activities in the marine area
- Regulation of major industry

- Fisheries management and enforcement
- Protecting and enhancing the natural environment
- Providing UK statistical information to support data analysis
- Making European funding available to the fishing industry in the UK and England

Marine planning is a key delivery area. The marine economy is currently worth more than £47 billion annually to the UK and has the potential to increase significantly. Marine plans will inform and guide marine users and regulators across England, managing the sustainable development of marine industries such as wind farms, fishing and oil and gas exploration, shipping and dredging, alongside the need to conserve and protect marine species and habitats.

Since vesting we have continued to develop the licensing process, resulting in improved processing times for applicants. This began with the introduction of a new streamlined licensing system in April 2011 which removed the need to apply for multiple permissions from different public bodies.

We administer a range of statutory controls that apply to marine works including construction, coastal defences, dredging and the disposal of waste materials at sea. This work is undertaken on behalf of the Secretary of State for Environment, Food and Rural Affairs, wherever the Secretary of State has powers within UK and international waters.

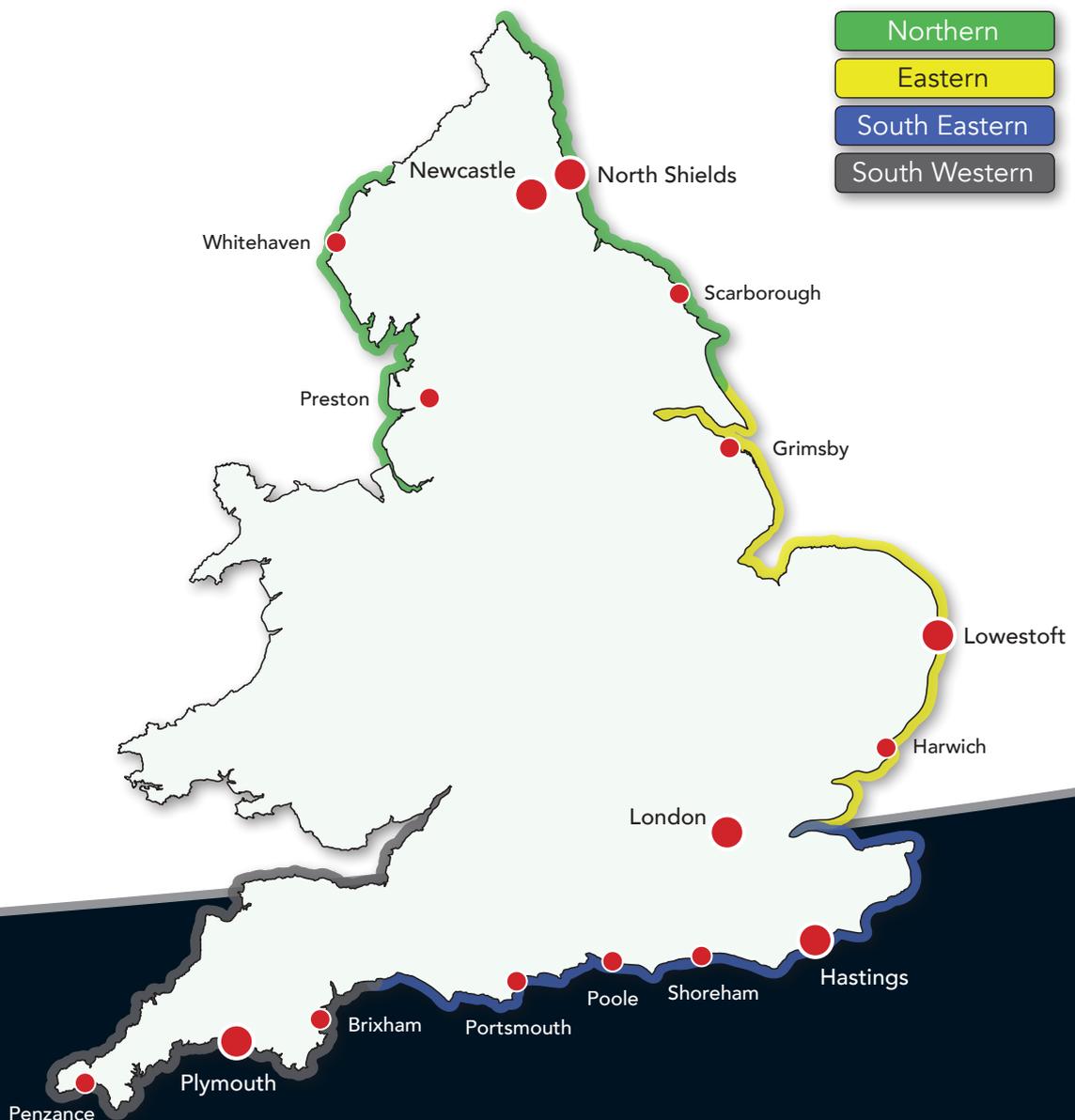
We play a critical role in managing sustainable fisheries and have the task of ensuring that stocks are managed throughout the year to maximise fishing opportunities for the UK industry, while at the same time ensuring that stocks are not overfished. We continue to work closely with the fishing industry and Government on finding a workable alternative to the current quota rules in order to reduce fish discards and maintain and increase the number of sustainable fisheries.

We have a diverse range of functions and responsibilities for marine nature conservation, including ensuring that conservation and wildlife legislation is complied with and management measures such as byelaws are

created, where appropriate, and enforced. We provide advice on appropriate responses to marine pollution incidents and license the use of products for the treatment of oil spills.

We administer the European Fisheries Fund (EFF) in England on behalf of the Department for Environment, Food and Rural Affairs (Defra) and have allocated significant funds to the fishing industry and to help local fishing communities. Funding has delivered benefits such as technological innovation, more sustainable fishing practices, as well as harbour and quay regeneration. All funding follows the general principle of supporting industry to become more sustainable while remaining profitable.

## MMO locations and four marine areas



## Our operations

Our operational activities were carried out at our headquarters site in Newcastle (Lancaster House, Hampshire Court, Newcastle upon Tyne, NE4 7YH) as well as in London and 14 locations around the coast.

## Our people

At the end of March 2014, we employed 289 (full time equivalent) people (2012/13, 315) primarily delivering the front line operations of implementing plan led marine management, licensing marine works, administering the European Fisheries Fund, fisheries enforcement and managing UK fishing fleet capacity and quotas.

## Our customers

We serve a wide range of customers from a variety of sectors including the fishing industry, licence applicants, those seeking funding from the European Fisheries Fund and coastal communities, amongst others.

We are committed to being a transparent and accountable organisation and are dedicated to providing a high level of customer satisfaction, as well as using customer feedback to improve our services.



## How we fulfil our role

The Marine Policy Statement provides a framework for our activities in the marine area. This key piece of national policy sits alongside important European legislation, such as the Marine Strategy Framework Directive, the Water Framework Directive, the Common Fisheries Policy, the Habitats Directive and Wild Birds Directive, the Environmental Impact Assessment Directive and the Renewable Energy Directive. National policy statements for ports, energy, renewable energy, gas supply infrastructure and oil pipelines, electricity networks infrastructure and nuclear power are all taken into account when decisions are made.

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

We deliver a range of functions on behalf of Defra, the Department of Energy and Climate Change (DECC) and the Department for Transport (DfT). The Department for Communities and Local Government (DCLG) and the Ministry of Defence (MoD) also have a close interest in our work. Defra is our lead sponsor and provides funding through Grant In Aid. A Cross-Government Sponsorship Group advises Ministers who are accountable to Parliament for our performance.

We continue to work closely with the Devolved Administrations, Crown dependencies and Public Bodies that have a role in the marine area. This ensures consistent and transparent decision making which is widely understood and trusted.

## Our governance

We are governed by a Board comprising the Chair and Non-Executive Board members who are responsible for developing the overall vision, strategy and policy, as well as the governance of the organisation.

Supporting the Board is an Executive Team, led by a Chief Executive Officer responsible for directing the activities to deliver our Corporate Plan, which sets out our Board vision and strategy.

## Board committees

There are two Board committees: the Audit and Risk Assurance Committee (ARAC) and Remuneration Committee. The work of these Committees provides assurance to the Board that the MMO is operating as an effective body, balancing risk with delivery whilst demonstrating propriety, regularity and (good) value for money.

# MMO performance

Our contribution to the Government's vision for clean, healthy, safe and biologically diverse oceans and seas is set out in the Corporate Plan (2013-16). Our Strategic Outcomes continue to focus on the Economic, Environmental and Social pillars of sustainability (Strategic Outcomes one to three), the need for decisions to be made on the best available evidence (Strategic Outcome four) and the drive to be a highly effective public body (Strategic Outcome five) and reflects the cross cutting nature of our work. Our performance for 2013/14 has been assessed against these Strategic Outcomes and is modelled in figure one below.

The Management Commentary that follows provides an overview of performance by Strategic Outcome, however, comparison to the previous reporting year (2012/13) is not available following the revision from ten Strategic Outcomes to five. The revision to

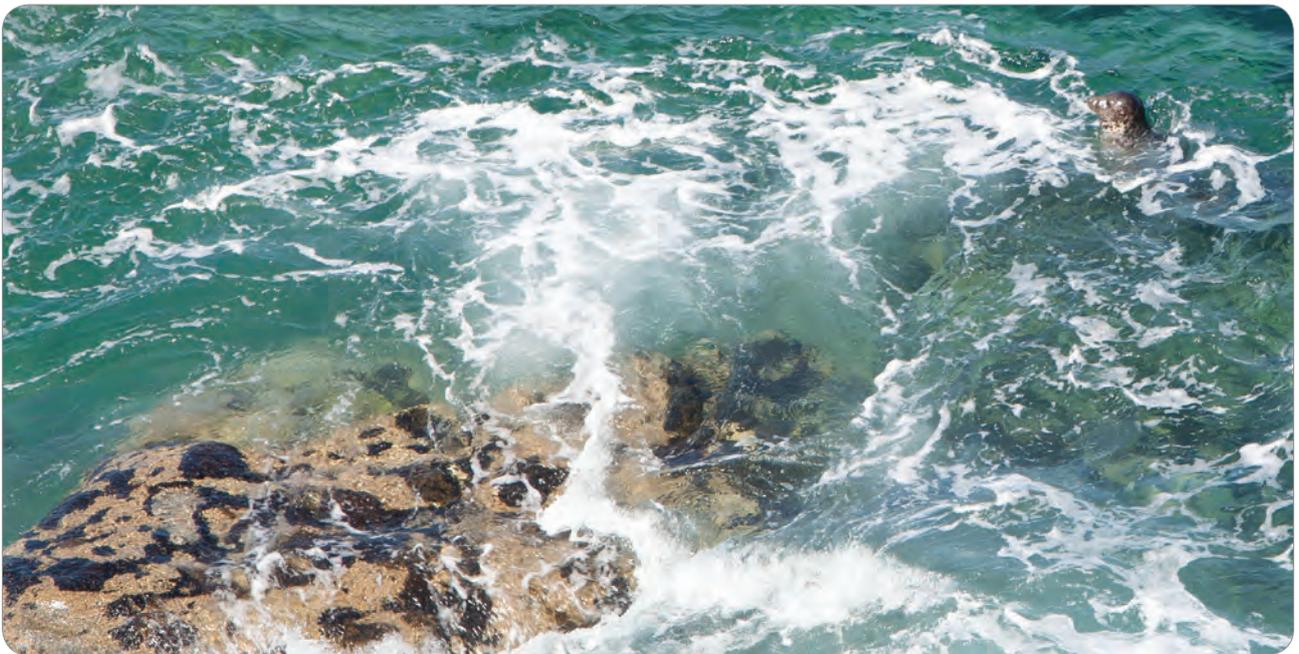
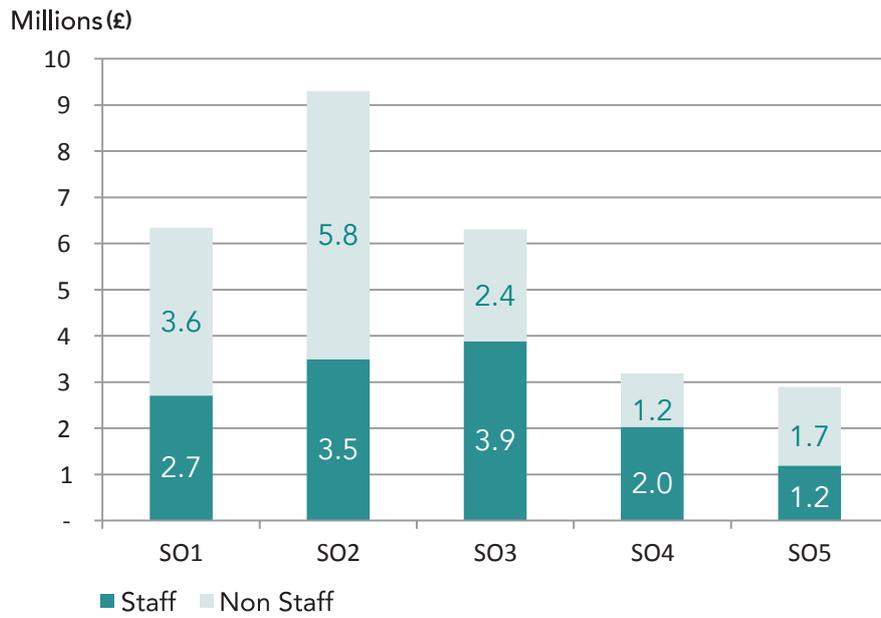
Strategic Outcomes follows a fundamental review of the MMO Corporate Plan which addressed feedback from our sponsors and stakeholders on how the priorities of the MMO over the corporate plan period could be better reflected and communicated. A more detailed analysis of 2013/14 performance is provided in Annex One of this report and a full analysis of 2012/13 performance can be found on the MMO website at the following address: [www.gov.uk/mmo](http://www.gov.uk/mmo)

Our budget for 2013/14 totalled £28.1 million, all of which related to Departmental Expenditure Limit (DEL)<sup>1</sup> and £28.0 million of DEL net expenditure was recognised in delivering the five Strategic Outcomes at 31 March 2014. The allocation of net expenditure to each Strategic Outcome is shown in Figure two.



Figure one – Strategic Outcome Model

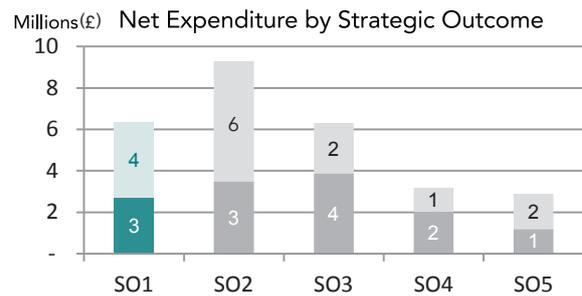
Figure two - 2013/14 allocation of net expenditure by Strategic Outcome



<sup>1</sup> Departmental Expenditure Limit (DEL) budget is a set budget allocated as part of the Comprehensive Spending Review

## One Marine Businesses support sustainable growth in the UK economy

- 88 per cent of licences determined within 13 weeks
- East Inshore and Offshore marine plans prepared and submitted to the Secretary of State, leading to adoption in April 2014
- Coastal Concordat launched in Autumn 2013 to further reduce burdens on customers wherever possible



This year we have continued to license a wide variety of projects and have improved our performance determining licences more quickly than ever before. In total, 392 licences were determined in 2013/14 and 88 per cent of these were within 13 weeks, slightly below the 90 per cent target (2012/13: 446 licences with 76 per cent determined within 13 weeks). Licence determination performance is set out in Figure one and a full breakdown of licensing performance are available at: [www.gov.uk/mmo](http://www.gov.uk/mmo)

Whilst timescales on bespoke projects can vary due to a range of external factors, our performance in the determination of small scale projects and large scale construction applications has exceeded target, with 98 per cent and 91 per cent achieved across these categories respectively (2012/13: 93 per cent and 71 per cent respectively). Although we recognise this is an improvement on performance last year we remain committed to further improvement in order to achieve the overall 90 per cent target required by industry.

We have continued to implement a system of plan-led marine management through the development of East Inshore and East Offshore marine plans. We have engaged with coastal communities, Local Authorities and other stakeholders, the outcomes of which have informed plans throughout the plan production process. The need to ensure support from Defra and other Government departments has extended original timescales; however, fully revised plans which address the priorities of Government have now been published following adoption by the Secretary of State.

In parallel to this, Secretary of State Approval for the Statement of Public Participation for the South Inshore and South Offshore marine plan areas (the second tranche of plans to be announced) has been received, representing a landmark in the production of marine plans three and four.

The Coastal Concordat, which the MMO has in part developed, was launched on 11 November 2013. This important agreement sets out key principles which marine

regulators, marine advisors, estuarine and coastal planning authorities will follow when working together to enable coastal development in England. These principles include reducing unnecessary regulatory duplication, providing better sign-posting, streamlining assessments and increasing

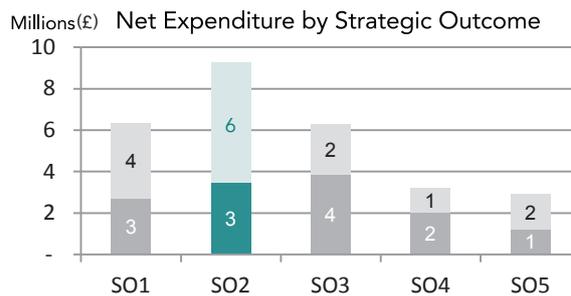
transparency and consistency of advice. We have been pioneering the concordat with Southampton City Council's planning and Development Team, working together to trial the Concordat principles as part of the proposed Royal Pier development on the city's waterfront.

Figure one  
Licence decision making analysis for all tiers

Time taken to determine licence	Total licences determined	% Determined	
0 to 5 weeks	98	25%	88%
5 to 10 weeks	165	42%	
10 to 13 weeks	81	21%	
13 to 20 weeks	27	6%	12%
20 to 30 weeks	13	3%	
30 to 40 weeks	6	2%	
40+ weeks	2	1%	
<b>TOTAL</b>	<b>392</b>	<b>100%</b>	

## Two The marine environment is protected for current and future generations

- Maximising the potential of alternative management measures to promote compliance within the fishing industry
- Lead role in the identification of management measures for the first tranche of Marine Conservation Zones (MCZs)
- Transition to outcome based enforcement as a more effective approach of improving fishing industry compliance



Providing advice and encouraging the fishing industry to be self compliant with domestic and European regulations is central to our work, however, enforcement continues to be a necessary tool in securing compliance. We have deployed the majority of our enforcement activity across high risk fishing activities and we continue to respond with proportionate enforcement action comprising education to promote future compliance, financial penalties, warnings and prosecutions. We have also maintained a presence across low risk fishing activities to ensure we remain visible in the regulated community to deter future non-compliance and also to verify the low risk status. Where enforcement action requires further investigation we have faced challenges in concluding activity in a timely fashion due to both complexities of the cases involved and the internal processes governing our approach. Whilst case complexity will always be a feature, during 2013/14 we have introduced changes to streamline processes with a view to improve investigation timescales.

We have continued to deploy a variety of enforcement tools to deter potential illegal activity. At sea, 587 Royal Navy inspections took place with 142 infringements identified,

most of which resulted in oral advice being offered to achieve compliance. We have deployed a range of surveillance activities through our flexible surveillance programme which have delivered targeted operations through a variety of enforcement methods. In addition aerial surveillance has provided a visual deterrent with over 2,338 sightings of vessels at sea. The effectiveness of our enforcement remains central to our ability to nurture a more compliant industry and our move to outcome focussed enforcement recognises our ongoing commitment to achieve this.

We continue to work with Inshore Fisheries and Conservation Authorities (IFCAs) to support effective marine management decision making. Previously, we worked with the Devon and Severn and Southern IFCAs and carried out an operational trial to test a Vessel Monitoring System (VMS) in Lyme Bay and Torbay sites of community importance. This year we have worked closely with IFCAs to further develop findings from the trial and the opportunity to use such VMS to verify that their potential as an alternative management measure to promote self compliance in the industry can be fully maximised.

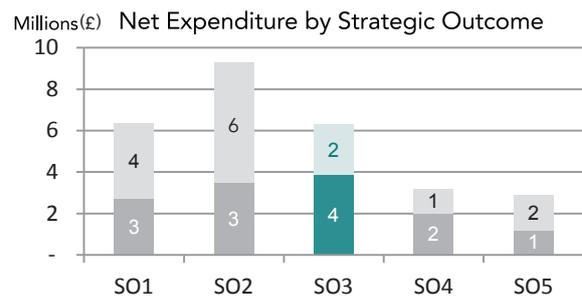
MCZs are Marine Protected Areas (MPAs) designed to preserve nationally important habitats and species. Alongside European marine sites (EMSs), MCZs contribute to an ecologically coherent network of UK MPAs. We have played a leading role alongside Natural England to prioritise the management of the first tranche of 27 MCZ sites which were announced in November 2013. This recognises the need to conserve the diversity of nationally rare, threatened and representative habitats and species and our work in this area will continue through our joint IFCA responsibility to implement management measures on a site by site basis.

We are responsible for managing certain activities to further the conservation objectives of MCZs and EMSs and have the powers to make byelaws in English inshore waters. In 2013/14 we completed byelaws that protect reef features from bottom towed fishing in four sites of community importance. These byelaws are in line with Defra's approach to address the impact of commercial fishing activities under the EU Habitats Directive and also received EU endorsement. In addition to this we have supported IFCAs to make 14 IFCA byelaws to protect EMSs in the IFCA districts, providing a cohesive and consistent approach to regulation across England.



## Three Coastal communities are thriving and engaged

- £30.3 million of EFF funding committed to projects
- Fish landings achieved a value of £22 million
- Initiated a customer journey mapping programme which will result in an enhanced customer experience



We are responsible for the coordination and delivery of the European Fisheries Fund (EFF) operational programme objectives for the UK. This includes delivering the scheme in England and working collaboratively with Devolved Administrations to ensure suitable governance of the scheme in the UK. Since implementation the UK has committed £91.2 million to viable projects in the fisheries sector, of which, £30.3 million has been committed in England, equating to 80 per cent of total funds available in England. Although this is below the 85 per cent target set out in the Corporate Plan we have offered funding equivalent to 97 per cent of available budget to potential projects. However, this figure has been reduced due to projects not being able to complete because of external factors outside the control of the MMO. We continue to work with a wide range of stakeholders in the fisheries sector, including Fisheries Local Action Groups, to ensure that uptake of European funding is maximised.

For the third year running our Catch Quota Trials have demonstrated that discards (where fish are thrown away at sea) had been virtually eliminated for those vessels involved in the

trial with estimated discards of less than 0.01 per cent. The trials carried out in 2013 have focussed on Western Haddock and build on the findings of the trials undertaken in the North Sea and the South West in 2011 and 2012.

Our quota and effort management has looked to maximise opportunities for the fishing industry whilst ensuring England remains in line with requirements set out by the European Union. There have been challenging circumstances from both the adverse fishing conditions and transition issues from a move to electronic recording. Despite this, landings with a value of £22 million (2012/13: £24 million) have been achieved through quota management of the under 10m vessel sector and uptake of 92 per cent has been recorded against overall stocks.

We have continued to implement electronic recording and VMS as part of the ongoing support of fisheries reforms to support fisheries management. Following implementation across the over 15 and over 24 metre fleets we have continued the roll out across the 12 to 15 metre fleet. In parallel we have commissioned a review of implementation of this equipment

to understand and address the problems experienced during transition. The key implementation issue remains to be compliance and data quality and the findings are providing intelligence that will help to develop a revised approach for the future. This will look to improve industry collaboration, system supplier service delivery and data quality.

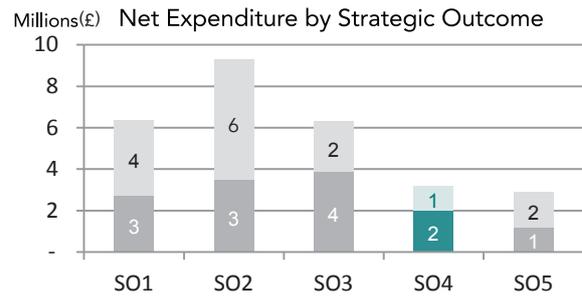
We are committed to responding to all forms of feedback, including insight gained from our customer insight groups, industry

meetings and our customer satisfaction survey where we achieved 65 per cent (2012/13: 70 per cent) overall satisfaction for the level of customer service provided. As a response to feedback received we initiated a customer journey mapping programme that will allow us to better understand the customer experience. This is with a view to reducing constraints where possible and ensuring ease of communication when dealing with our key functional areas.



## Four Our decisions are trusted

- We published 11 evidence reports across a range of subjects in line with our Strategic Evidence Plan (SEP)
- Our Marine Planning Portal and Strategic Scoping Report make available the data and evidence gathered to inform the development of marine plans
- We have published a wide range of geographic information system (GIS) datasets so that our key spatial data assets were made publicly available and accessible



Throughout 2013/14 we worked to ensure that our decisions are trusted by continuing to gather a wide range of evidence across marine activities, so that our decision-making is informed by the most current and robust data. We have continued to work with independent marine scientists and researchers across the UK to deliver our SEP which set the focus and direction of our Evidence and Research Programme until 2015. This plan ensures that our evidence is underpinned by sound marine science which supports our operational functions. In line with our SEP, we have published a register of our evidence projects, updated as each new project is commissioned. By 31 March 2014, we published 11 evidence reports on our website so as to increase common understanding.

To demonstrate that we are open in our decision-making, we disseminate and share the data and information used in the making of our decisions, by continuing to publish the evidence behind our decisions. Our public register details current and timely information on areas of interest including marine licence

applications and decisions, environmental impact assessments and the number of wildlife licences issued.

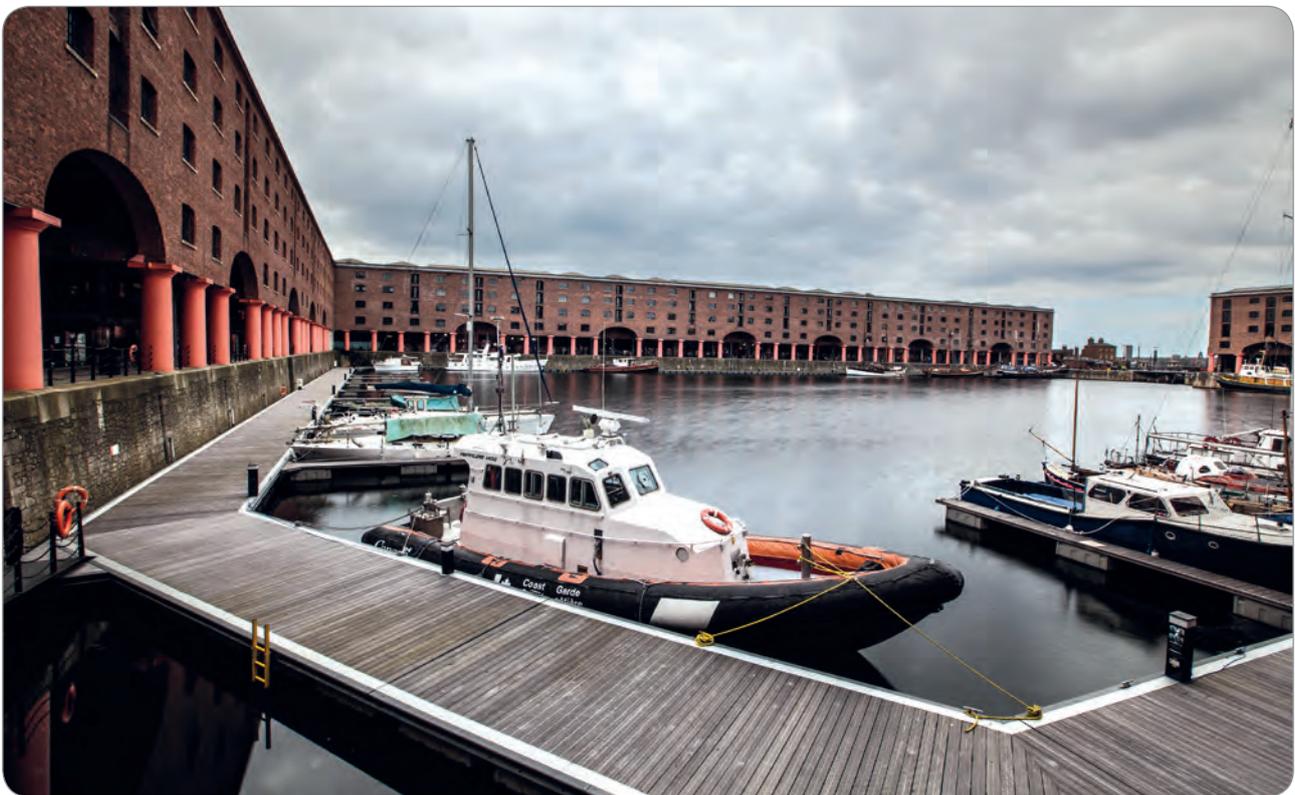
Marine planning is a new approach to the management of our seas and it is essential that marine plans are developed on a robust and strong evidence base. We have used our MPP tool, which details information such as wind farm developments and conservation areas, to allow users to appraise the evidence we are using to develop marine plans and submit their views. We also published a SRR which identifies the natural resources and activities in England's marine area – both recreational and industrial – across each of England's 11 marine plan areas, so that our strategic approach is informed by a national picture of how activities, resources and ecosystems vary.

During 2013/14, we developed a detailed data management process which underpins and supports coherent data collection, storage, management and quality assurance. The data management process covers the full life cycle of a dataset and ensures that high quality data

and evidence are available to us as we make informed decisions.

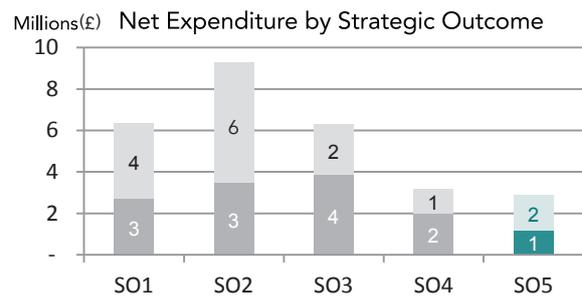
We recognise the value in making environmental information available so as to inform decisions, influence actions and help deliver sustained environmental improvements. In 2013/14, we contributed to this by achieving

a key milestone when we published in excess of 40 geographic information system datasets that had been deemed to fall in scope of the INSPIRE Annex III data theme specifications. This ensured that our key spatial data assets were made publicly available and accessible through the Geostore website and [data.gov.uk](http://data.gov.uk)



## Five Be a highly effective public body

- Delivered within allocated budget of £28.1 million, achieving 31 March 2014 financial position of £28.0 million (within 0.1 per cent of forecast outturn)
- We contributed to the Triennial Review of the MMO which will report on functions and governance
- Review of governance on key projects to improve effectiveness of delivery



We have delivered our objectives within our allocated budget and have achieved net expenditure at 31 March 2014 of £28.0 million which is within 0.1 per cent of the budget. During 2013/14 our approach to financial management and planning has been driven by the savings required over the next two financial years in which our funding envelope reduces to £22.7 million and £22.2 million in 2014/15 and 2015/16 respectively. Effective management of risks and opportunities has allowed us to both deliver the savings required as part of the Comprehensive Spending Review (CSR) period and maximise opportunities to bring forward expenditure that otherwise would have been incurred in future years. As part of this strategy, we have launched a number of initiatives to better place the MMO for the remainder of the CSR period. This included an Organisational Development Programme which looked at delivering efficiencies in our support functions and supported by a voluntary exit scheme. This was coupled with an invest to save initiative which has focussed on activities to strengthen governance, improve value for money and operational effectiveness to help deliver efficiencies in future years.

In September 2013, the Triennial Review of the MMO was launched with the purpose of examining our functions, governance arrangements and to decide if other delivery models would be more appropriate and in keeping with the Government's reform commitments. During this period, we contributed to the review alongside feedback gathered from customers, stakeholders and delivery partners through a consultation process and the final report is expected in 2014/15.

We have remained committed to developing our staff as high performing people and have ensured that there is continued access to a range of development opportunities. The introduction of Civil Service Learning has provided a wealth of e-learning and face to face opportunities this year and all individuals have the opportunity to apply for other bespoke development needs.

The health, safety and wellbeing of our people are central to our values. Our health and safety working group has been key in addressing the issues that matter and has introduced a new set of performance standards to monitor those issues identified as a priority including raising

awareness of individuals health and safety responsibilities and the timely reporting of incidents and near misses.

Throughout 2013/14, we have undertaken a range of activities to continue embedding strong corporate governance. This includes close scrutiny of governance in the delivery of our ICT programme so that we are able to develop and deliver infrastructure to support operational delivery in an effective and cost efficient way. During 2013/14, we have invested in changes required for the revision of licensing fees and charges, in addition to a portfolio of work to better deliver enforcement activities that we undertake in compliance of EU regulations. Our review of governance in this area has led to the identification of changes

required in the way projects are governed going forward in order to better deliver timely solutions to UK Fisheries Administrations.

The MMO Board has delivered its collective responsibility for determining the organisations strategic direction and ensuring that we discharge our statutory duties. It has been supported by an Audit and Risk Assurance Committee (ARAC), providing advice to the Board on matters of financial accountability, risk, control and governance and a Remuneration Committee, recommending policies for the remuneration and performance management of all employees. The effectiveness of both the MMO Board and ARAC has been reviewed in year, concluding its effectiveness with a small number of actions captured in an action plan.



# Financial review

We are funded by Defra through Grant In Aid, the overall financial position is shown in the Taxpayers Equity section of the Statement of Financial Position by means of the General Reserve.

Over the four years since vesting, our budget allocation has reduced from £32.0 million (2010/11) to £28.1 million (2013/14). These savings were delivered as part of the current Comprehensive Spending Review by changing the way we deliver our services, reviewing key contracts and revisions to fees and charges. However, further savings are required over the next two years.

The challenge to the MMO in delivering its remit with a reduced funding envelope is a direct response to wider government reductions in public expenditure. The further reduced allocations of £22.7 million in 2014/15 and indicatively £22.2 million in 2015/16 means that it has been necessary to instigate a number of planned actions to enable us to make future savings as set out below:

- An Organisational Development Plan which reviewed key support functions, identifying efficiencies through better ways of working and supported by a voluntary exit scheme.
- The launch of an invest to save scheme allocating funding in 2013/14 to benefit from improvements in governance, deliver value for money through bought in services and strengthen operational processes for future years.
- Delivery of efficiencies in the marine licensing process to improve our cost recovery through reducing costs and retaining a greater proportion of income received. This is supported by the implementation of a new fees and

charges Statutory Instrument introduced in April 2014.

- Planned activity and corresponding expenditure has been brought forward to 2013/14 which has enabled us to advance marine planning and licensing activities.
- A review of all major contracts which has provided opportunities to make savings across a range of key areas of expenditure.
- The introduction of more stringent governance and compliance reviews for all budget holders which will enable us to better control some discretionary areas of expenditure such as travel and subsistence and overtime.

Robust financial management, regular reporting and the continuous review of risks and opportunities faced have enabled the business to make these informed decisions and provide a sustainable approach to the challenges ahead. Throughout 2013/14 we have worked closely with our Defra finance sponsorship team to ensure financial information and risks are communicated in timely fashion.

In delivering our 2013-16 Corporate Plan, we have spent a total of £28.0 million (£31.0 million in 2012/13) against our Departmental Expenditure Limit (DEL). Expenditure by Strategic Outcome is set out in note two of the Annual Accounts.

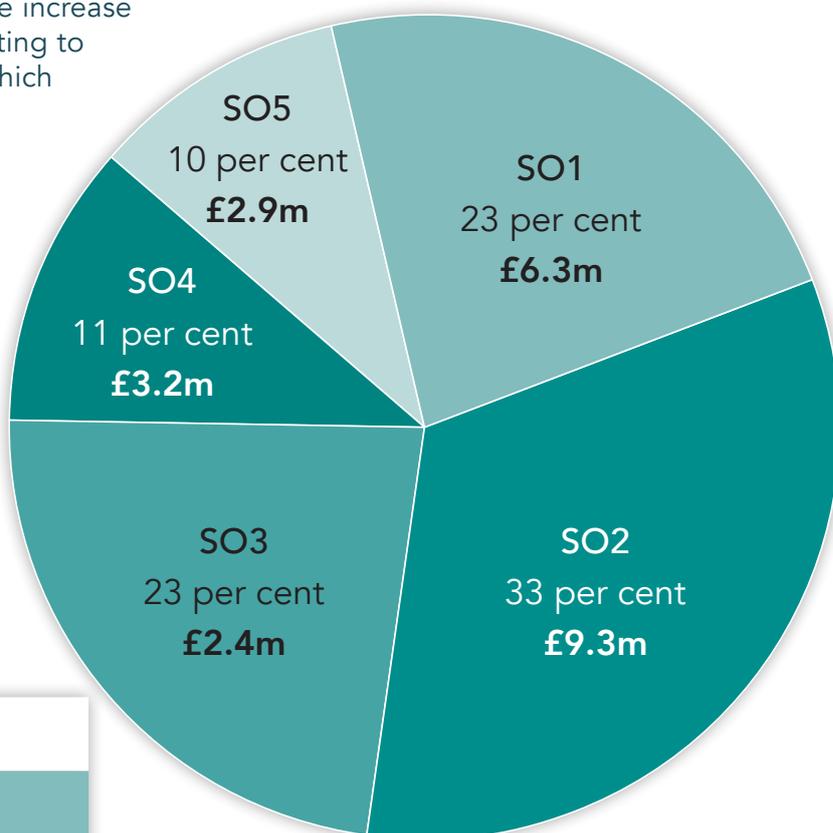
## How we have allocated our spend by Strategic Outcome

The allocation of expenditure in 2013/14 across all Strategic Outcomes is shown in the diagram below.

### Relations with suppliers

The standard terms of payment for suppliers is in line with all government departments, and we are required to pay supplier invoices within five days of satisfactory receipt of goods and services and agreement of a valid invoice.

During 2013/14 we paid 94.8 per cent of invoices within five days (94.4 per cent of suppliers were paid within five days in 2012/13). Creditor days, calculated on an average basis for the year, were 21 days for 2013/14 (15 days for 2012/13), the increase reflects outstanding amounts relating to a number of large commissions which completed in March 2014.



Strategic outcome	Description
1	Marine businesses support sustainable growth in the UK economy
2	The marine environment is protected for current and future generations
3	Coastal communities are thriving and engaged
4	Our decisions are trusted
5	Be a highly effective public body



# Sustainability Report

The MMO is at the heart of ensuring our seas are used sustainably. The decisions that we make as a regulator on fishing activity, marine developments and protection of marine biodiversity must enable growth while ensuring that human activity does not damage the ability of the marine environment to supply us with the services and resources that we rely on. We aim to be an exemplar in our behaviours and the way in which we work in order to make a fitting contribution to the broader sustainable use of resources.

Our environmental performance is assessed by measuring our contribution to the targets set out in the Greening Government Commitments (GGC), which include:

- Reduce greenhouse gas emissions by 25 per cent from a 2009/10 baseline from the whole estate and business-related transport
- Reduce the amount of waste we generate by 25 per cent from a 2009/10 baseline
- Reduce water consumption from a 2009/10 baseline, and report on office water use against best practice benchmarks

Carbon emissions are categorised within three scopes as follows:

**Scope one: Direct impacts** – For the MMO this relates to the emissions from consumption of fuel from vehicles on official travel which are controlled by the MMO and relates to our lease car fleet.

**Scope two: Indirect impacts** – This relates to the emissions from the consumption of gas and electricity through our estates.

**Scope three:** This relates to the emissions from business travel undertaken by MMO staff.

Following a recruitment exercise during 2012/13 our number of MMO employees has grown from an average of 303 full time equivalents (FTE) in 2012/13 to 309 FTE in 2013/14. Over the same period, our reported carbon emissions have reduced by 64 tCO<sub>2</sub>e resulting in a reduction in emissions per person from 1.56 tCO<sub>2</sub>e to 1.33 tCO<sub>2</sub>e.

The table below shows a summary of our performance in 2012/13 compared to 2013/14:

MMO Greenhouse Gas Emissions		31 March 2014	31 March 2013 (Restated)
Non financial indicators (tCO <sub>2</sub> e)	Total Gross Emissions for Scope 1,2 & 3	410	474
	Total Net Emissions for Scope 1,2 & 3 (ie less reductions eg green tariffs)	410	474
	Gross emissions from scope 1 (direct impacts)	92	114
	Gross emissions from scope 2 (indirect impacts)	208	227
	Gross emissions from scope 3 (business travel)	110	133
Related energy consumption (thousand KWh)	Electricity	303	304
	Gas	319	368
Financial indicators (£k)	Expenditure on energy	89	68
	CRC licence expenditure (2011 onwards)	0	0
	CRC income from recycling payments	0	0
	Expenditure on accredited offsets - Woodland Trust Enterprise	1	1
	Expenditure on official business travel	497	555

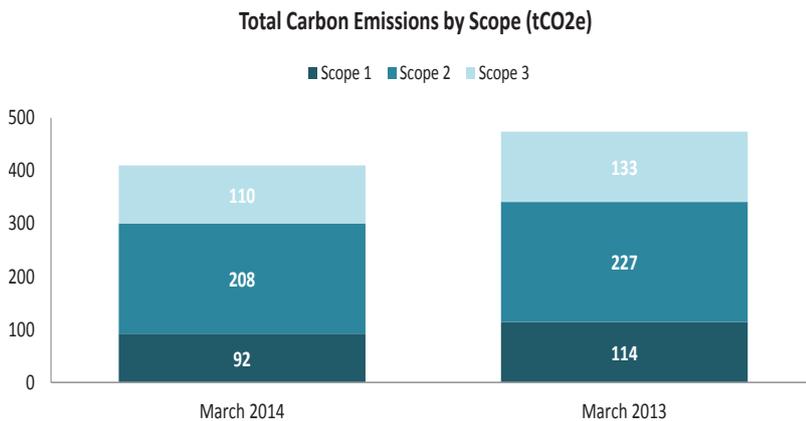
Figures for 2012/13 have been restated to recognise the following:

Scope 1 & Scope 3 – emissions relating to private mileage and hire cars have been re-categorised as Scope 3 in line with the definition of Scope 1 only including vehicles controlled by the MMO. This has resulted in 58 tCO<sub>2</sub>e moving from Scope 1 to Scope 3.

Scope 2 – At the time of preparing the final report for 2012/13 an estimate of consumption was used for the last quarter of the year due to lags in receiving actual information. Actual data is now available and has resulted in an increase of 5 tCO<sub>2</sub>e.

Total carbon emissions have decreased by 64 tCO<sub>2</sub>e compared to 2012/13 with reductions in emissions relating to all three scopes. The breakdown of emissions by scope is shown in figure one below:

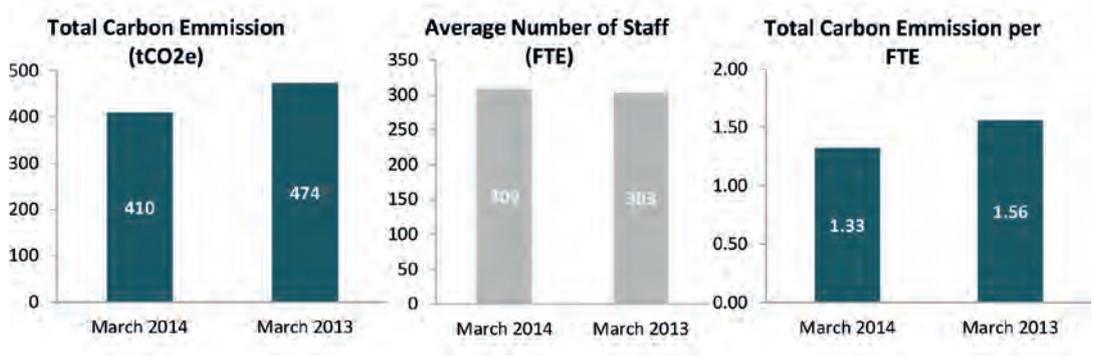
Figure one



The reduction in scope 2 emissions recognises further progress in implementation of the Defra network estates strategy, which the MMO contributes and continues to support. In addition we have continued to raise awareness of sustainability issues across the business to improve internal behaviours in reducing emissions. The geographical spread of the business and our obligations to ensure our stakeholders are engaged in the matters which affect them continues to create pressure on emissions from our business travel shown in scope 3. However, progress has been made in reducing the total number of emissions from business travel despite the increase in staff numbers.

The change in staff numbers is shown against the change in emissions in figure two below, and an increase in average FTE of 2 per cent has corresponded with a reduction in total emissions of 14 per cent.

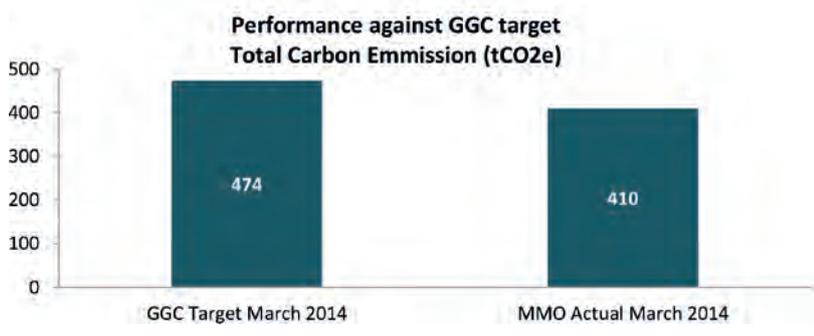
Figure two



Performance against GGC Targets

The Greening Government Commitments (GGC) requires a 25 per cent reduction in carbon emissions by 2014/15. The GGC target for March 2014 is 474 tCO<sub>2</sub>e and as can be seen in figure three below, actual reported emissions are 410 tCO<sub>2</sub>e. Although we are currently within the GGC target, the impact of business travel continues to present a pressure to future years and we will continue to focus on reducing our impact to mitigate this.

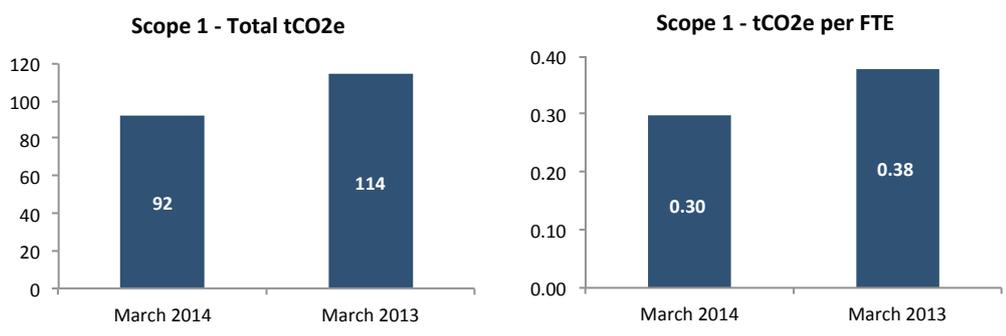
Figure three



Analysis by Scope

Scope 1: Direct Impacts

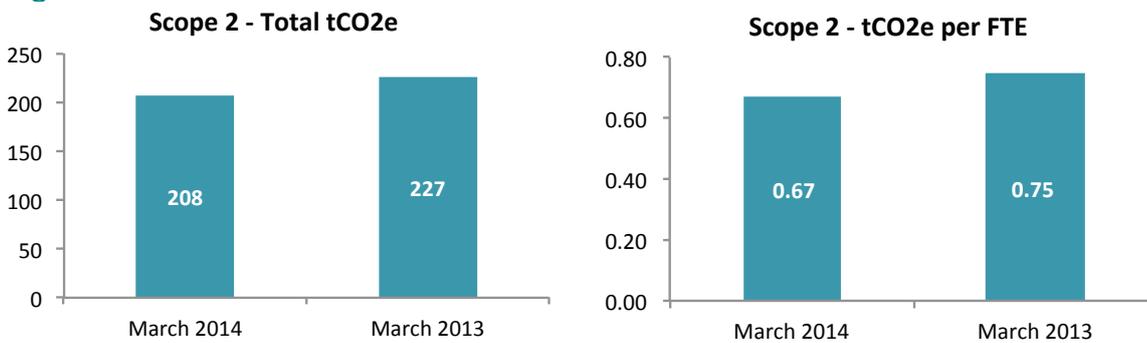
Figure four



- This relates to direct travel and includes mileage travelled by coastal staff to deliver frontline duties.
- Emissions have reduced by 19 per cent and is due to the realisation of efficiencies from switching to a lower emission fleet and a 14 per cent reduction in the number of miles recorded from 293k in 2012/13 to 253k in 2013/14. This reduction in mileage corresponds with the recruitment pause which resulted in a number of marine officer posts remaining vacant until the Organisational Development Plan was finalised.

### Scope 2: Indirect Impacts

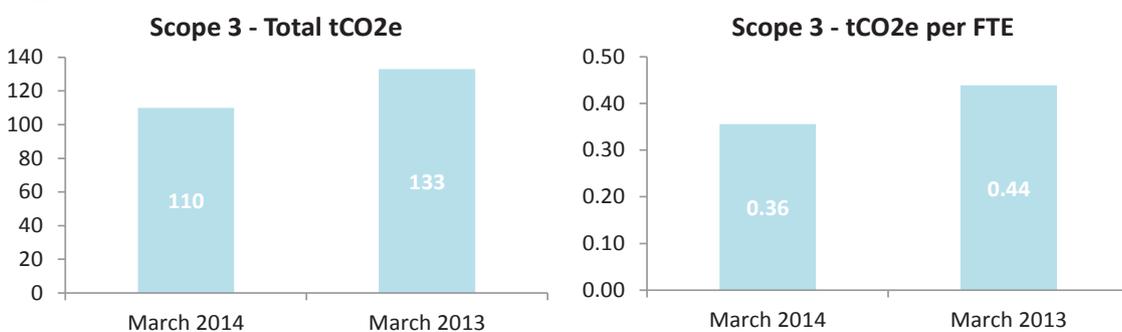
Figure five



- This relates to gas and electricity consumption across MMO sites and total reduction is reflective of benefits arising from MMO estates rationalisation strategy.
- The reduction in emissions of 8 per cent is reflective of the initiatives to reduce overall carbon across the Defra estate. This includes the use of real time monitoring of energy usage at a site level and a continued drive to raise sustainability awareness. As a result, total emissions per FTE have reduced compared to last year.

### Scope 3: Business Travel

Figure six

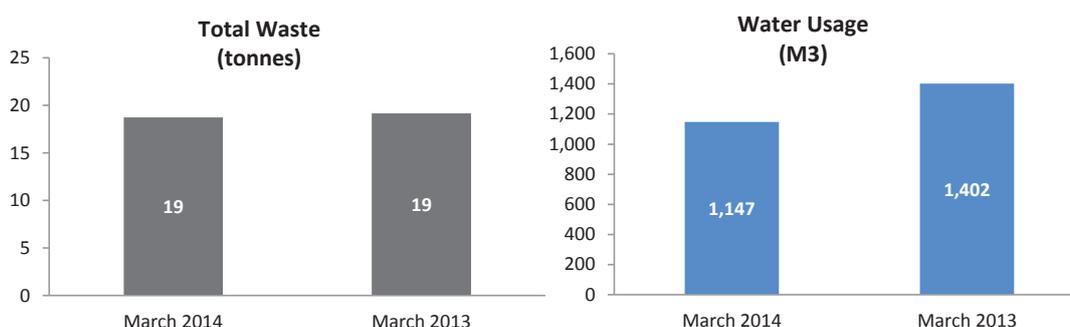


- This relates to indirect travel carried out by the business, not only for business meetings but key stakeholder events such as marine planning workshops and coastal engagement on European Fisheries Funds.
- The rate of growth in emissions from business travel in 2012/13 was significant with an increase in emissions per FTE of 27 per cent. Addressing this trend has been a priority for the sustainability working group and in response team carbon reporting was introduced during

2013/14. These targets were intended to raise team awareness of the impact of their travel and help inform future decision making. This year, total emissions have reduced by 17 per cent despite an increase of 2 per cent in average FTE. Although it is not possible to directly link this reduction to any one initiative, a number of factors can be identified including revisions to the MMO travel and subsistence policy, the introduction of compliance checks on expense claims and the introduction team carbon reporting described above. This continues to be an area of focus for the MMO Sustainability Working Group.

## Waste and Water

Figure seven



Information relating to total waste and water consumption are shown in the tables below. Water consumption has improved over the year with a reduction of 18 per cent, and total waste remains unchanged. Water usage has been reduced in part by using consumption data to identify those comparatively high use sites across the MMO estate and follow up with corrective maintenance works to resolve any issues found.

Waste for Head Office		2013-14	2012-13 (Re-stated)
Non financial indicators (t)	Total Waste	19	19
	Non-hazardous landfill	5	4
	Non-hazardous reused/recycled	14	15
	Non-hazardous incinerated	0	0
Finite Resource Consumption - Water		2013-14	2012-13 (Re-stated)
Non financial indicators (M <sup>3</sup> )	Water Consumption	1,147	1,402
Financial indicators (£)	Water Supply Costs	8	8

James Cross  
 Chief Executive Officer and Accounting Officer  
 4 July 2014

# Directors Report

## Responsibility for the direction of the MMO

### Non-Executive Board members

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

At the 31 March 2014 there were nine Non-Executive Board members in post in line with that reported at 1 April 2013. The composition of the Board for 2013/14 was as follows:

Non-Executive Board Member	Role	Appointment date	End date
Sir William Callaghan	Chair	01/05/2011	30/04/2017
Jayne Scott	Non-Executive Member	01/02/2010	31/01/2017
	Deputy Chair	01/12/2010	31/01/2013
Derek Langslow	Non-Executive Member	01/02/2010	31/01/2017
	Interim Chair and Handover	01/12/2010	30/06/2011
Robert James	Non-Executive Member	01/02/2010	31/01/2017
Jeremy Loyd	Non-Executive Member	01/02/2010	31/01/2016
Nigel Reader	Non-Executive Member	01/02/2010	31/01/2017
Jane Ryder	Non-Executive Member	01/02/2010	31/01/2016
Lord Teverson	Non-Executive Member	18/02/2013	31/01/2016
Andrew Wells	Non-Executive Member	18/02/2013	31/01/2016

The Audit and Risk Assurance Committee (ARAC) members are Nigel Reader (Chair), Derek Langslow and Jane Ryder.

The Remuneration Committee members are Jayne Scott (Chair), Jeremy Loyd and Andrew Wells.

Dr Mel Austen was appointed as the Chief Scientific Advisor (CSA) to the MMO on 6 September 2010, this appointment ended on 5 September 2013. A new CSA, Sam Burgess, was appointed from 1 January 2014 for an initial period of one year.

## Executive Team

The Executive Team have authority and responsibility for directing the activities of the MMO and the composition from 1 April 2013 was as follows:

Executive Team Member	Role	Appointment date	End date
James Cross	Chief Executive Officer	14/12/2011	13/12/2014
Andy Beattie	Director of Operations	18/02/2013	-
Steve Brooker	Acting Director of Marine Development	05/03/2013	-
Michelle Willis	Chief Finance Officer	18/02/2013	-
Liz Humphreys	Director of Corporate Services	18/11/2010	31/12/2013
Carolyn Cadman	Director of Customers and Partnerships	04/05/2010	-

## Executive Directors' interests

The Accounting Officer and Executive Team Members held no interests outside of the MMO relating to the MMO's business.

# Statement of Accounting Officer's responsibilities

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

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Marine Management Organisation and of its net expenditure outturn, expenditure applied to objectives, changes in taxpayers' equity, and cash flows for the financial year.

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

- Observe the Accounts Direction issued by the Secretary of State, 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.

The Accounting Officer of Defra has appointed the Chief Executive Officer as Accounting Officer of the Marine Management Organisation.

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

# Our people

Our most important asset is our people and we owe our successes to them. Our people are committed experts in their area of work who show great dedication and expertise. We have cultivated an organisation that is underpinned by strong, shared values and where people are treated equally and with respect. We are committed to developing our staff so that they can realise their potential.

At 31 March 2014, we employed 299 people (289 full time equivalent) primarily delivering the front line operations of our coastal operations, marine planning, licensing marine works and managing the UK fishing fleet capacity and fishing quotas.

All staff are committed to achieving our mission of enabling sustainable growth in our marine area and we deliver this mission according to a set of values we have identified as those we care about, which are:

- We are committed to doing our best
- We promote and support the wellbeing of our people
- We value integrity by being open, honest and fair
- We focus on the needs of both our internal and external customers
- We value highly effective and quality leadership
- We use all of our talent to achieve success.

We are committed to the principle of equality and will not tolerate discrimination on grounds of a protected characteristic such as age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation. We value the diversity amongst our workforce and are committed to providing a fair and equal working environment for all MMO employees. The MMO aims to ensure that any employee with a disability is provided with an equal, safe, harassment and discrimination free working environment.

As an organisation that cares about its people we ensure that our staff have a voice within our organisation. We have a staff suggestion scheme which has already seen a number of innovative suggestions implemented this year. The Board and other Committee meetings are also open to MMO staff to observe so that they can see how decisions are made. Our executive and management team regularly deliver messages to staff in person as part of an information cascade which allows staff to ask questions, share views and generally express opinions directly to senior levels within our organisation.

This communication process is further aided by monthly one to ones between staff and managers complemented by half yearly and end of year reviews.

In addition we assess the level of communication with our staff through our internal people survey and our communication survey on an annual basis. These surveys help us to understand what we do well, what we can do better and ensure that our organisation continues to cultivate a strong and supportive culture.

Training and development is very important to us and many staff have undertaken professional development this year leading to industry accredited qualifications. We recognise that constantly enhancing the knowledge and skills of our staff is fundamental to the continued success of our organisation.

During 2013/14 the average number of days sickness for our staff was 5.6 days (2012/13 5.4 days), with the wider civil service average being eight days. A breakdown of the number of people by gender employed by the MMO at the end of the reporting period is shown in the table below.

We also work closely with our trade unions – the Public and Commercial Services Union (PCS), Prospect, and First Division Association (FDA) to facilitate employee relations which are mutually beneficial.

Analysis of gender split at 31 March 2014	Male	Female	Total
Executive Directors (SCS level or equivalent)	3	3	6
Other Staff	166	127	293
<b>Total</b>	<b>169</b>	<b>130</b>	<b>299</b>

## Other Information

### Likely future events affecting the MMO

The Common Fisheries Policy (CFP) is the European Commissions (EC) regulation for the management of fisheries and aquaculture and associated negotiations on reform of the current policy concluded in December 2013. We are committed in our statutory obligations to preserving fishing opportunities for this generation and the next through reform of the CFP and the protection of fish stocks in our seas.

The EC published their proposals for the European Maritime and Fisheries Fund (EMFF)

that will replace the European Fisheries Fund (EFF) from 1 January 2014 until 31 December 2020. We will work with the relevant bodies in the transition to the new fund by 2015.

The Marine Spatial Planning Directive is expected to be adopted during 2014. The MMO will continue to work closely with Defra policy to ensure that the requirements and timescales of the Directive are met. However, it is not thought that the Directive will require a material change on England's approach to marine planning.

The Triennial Review of the MMO commenced in September 2013, examining functions, governance arrangements and to decide if other delivery models would be more

appropriate and in keeping with the Government's reform commitments. Whilst the outcome of the review will not be known until 2014/15, it is not thought the MMO will be abolished and therefore continues to operate as a going concern as set out in Note 1.3 in the Annual Accounts.

## Research and development

The costs arising from development of intangible assets (both internal and external) are capitalised only if the criteria as outlined in International Accounting Standard 38 (IAS 38) is met. During 2013/14, internally developed intangible assets totalled £0.5 million and are recorded as assets under construction (£0.4 million 2012/13). Further details are provided in Note 6 of the Annual Accounts.

## Pensions

Details of the pension schemes used by our staff and the MMO's pension costs are set out in the Annual Accounts, Staff Costs Note 3.

## Accounts Direction

The Annual Accounts have been prepared in accordance with the Accounts Direction issued by the Secretary of State for the Environment, Food and Rural Affairs with the approval of HM Treasury in accordance with Schedule 1 of the Marine and Coastal Access Act 2009.

## Auditor

Under Schedule 1, Section 27(4) of the Marine and Coastal Access Act 2009, the Comptroller and Auditor General shall examine and report on the statements of account. The costs of work

performed by the auditor for statutory work in respect of the financial year 2013/14 is £55,000 for the Annual Accounts audit (2012/13 £60,000). No fees were paid to the Comptroller and Auditor General for non-statutory work in 2013/14 (2012/13: nil).

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

James Cross  
Chief Executive Officer and Accounting Officer  
4 July 2014



# Remuneration Report

## Remuneration Committee terms of reference

The MMO Remuneration Committee is a committee of the Board that has been set up to provide assurance to the Board on the governance of remuneration and other staffing systems and processes. Members of the committee are appointed by the Board but must not include the Chair of the Board. The committee is made up of three Non-Executive Board members.

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

All decisions relating to Chief Executive Officer's (CEO) remuneration are decided by the Board following recommendations by the Remuneration Committee, and decisions on the Executive Directors' remuneration are taken by the CEO for approval by the Remuneration Committee.

## 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 2013/14 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 use the Consumer Price Index (CPI) as the measure used to update civil service pensions.

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

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

## Taxable expenses classified as benefits in kind

Taxable expenses classified as benefits in kind cover any business expenses incurred by the MMO to the extent that they are subject to UK taxation together with the associated tax. For the 2013/14 financial year this consists of costs of accommodation, travel and subsistence incurred by Non-Executive Board members and Directors where the place of work in their contract is their home. MMO pay the benefit in kind for Non-Executive Directors to HMRC as part of a PAYE settlement agreement.

We publish all other business expenses incurred by our Non-Executive Board members while on official duty which are not subject to UK taxation on our website. These are published quarterly reflecting the MMO's commitment to transparency. Expenses may be travel, hotel and other costs, including details of hospitality given and received.

Non-Executive Board Member	Role	Appointment date	End date	2013/14 fee £'000	2012/13 fee £'000	Taxable expenses classified as benefits in kind 2013/14 to nearest £100	Taxable expenses classified as benefits in kind 2012/13 to nearest £100
Sir William Callaghan	Chair	01/05/2011	30/04/2017	40 - 45	40 - 45	1,200	3,300
Jayne Scott	Non-Executive Member	01/12/2010	31/01/2017	10 - 15	0 - 5 (FYE 10 - 15)	1,200	1,700
	Deputy Chair	01/12/2010	31/01/2013	-	10 - 15 (FYE 15 - 20)	-	
Derek Langslow	Non-Executive Member	01/02/2010	31/01/2017	10 - 15	10 - 15	2,200	2,300
Rodney Anderson	Non-Executive Member	01/02/2010	31/01/2013	-	5 - 10 (FYE 10 - 15)	-	1,500
Richard Birmingham	Non-Executive Member	01/02/2010	31/01/2013	-	5 - 10 (FYE 10 - 15)	-	-
Robert James	Non-Executive Member	01/02/2010	31/01/2017	10 - 15	10 - 15	3,500	2,600
Jeremy Loyd	Non-Executive Member	01/02/2010	31/01/2016	10 - 15	10 - 15	500	2,500
Nigel Reader	Non-Executive Member	01/02/2010	31/01/2017	10 - 15	10 - 15	2,300	2,800
Jane Ryder	Non-Executive Member	01/02/2010	31/01/2016	10 - 15	10 - 15	1,700	1,800
Lord Teverson	Non-Executive Member	18/02/2013	31/01/2016	10 - 15	0 - 5 (FYE 10 - 15)	1,900	-
Andrew Wells	Non-Executive Member	18/02/2013	31/01/2016	10 - 15	0 - 5 (FYE 10 - 15)	2,400	100

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

Non-Executive Board members' remuneration is determined by Defra; however, their fees and expenses are paid by the MMO. Appointments to the Board are on either three or four year terms, in line with the code of practice from the Commissioner for Public Appointments. The remuneration reported in the table is actual expenditure incurred in the year. 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 members have no entitlement to performance related pay or pension contributions.

### Notes

- A.** Fixed term appointments for Richard Birmingham and Rodney Anderson ended on 31 January 2013.
- B.** Fixed term appointments for Jeremy Loyd and Jane Ryder ended on 31 January 2013 and they were re-appointed for a further three years.
- C.** Lord Teverson and Andrew Wells were appointed to the Board on 18 February 2013 for a fixed period of three years.
- D.** Fixed term appointments for Derek Langslow, Robert James and Nigel Reader ended on 31 January 2014 and they were reappointed for a further three years.
- E.** Jayne Scott reverted to a Non-Executive Board member on 1 February 2013 following review of the Board structure by the Chair.
- F.** Remuneration Committee members are Jayne Scott (Chair), Rodney Anderson (until 31 January 2013), Jeremy Loyd and Andrew Wells (from 18 February 2013).

**G.** ARAC members are Nigel Reader (Chair), Derek Langslow and Jane Ryder.

**H.** No additional paid work was carried out on behalf of the MMO by any Non-Executive Board member.

Dr Mel Austen was appointed as Chief Scientific Advisor (CSA) to the MMO on 6 September 2010. Although technically an employee of the MMO, the CSA is responsible and accountable to the Chair and Board and, as a Non-Executive, is independent of the CEO and Executive Team. This part time appointment is to ensure that all scientific evidence and analysis used by the MMO can be robustly defended if subject to external scrutiny. Her actual salary earned during 2013/14 was within the range £5,000 to £10,000 (FYE £65,000 - £70,000). Equivalent figures for 2012/13 were £10,000 to £15,000 (FYE £60,000 - £65,000). Dr Mel Austen's appointment ended on 5 September 2013.

Dr Samantha Burgess was appointed to the role of Chief Scientific Advisor and Director of Evidence on 13/01/14. Her actual salary earned during 2013/14 was within the range £10,000 - £15,000 (FYE £55,000 - £60,000).

### Executive Directors' remuneration - (subject to audit)

The MMO Executive Directors and the Chief Financial Officer have the authority and responsibility for directing and controlling the major activities during 2013/14 and have influence over the entity as a whole. The salaries reported are actual expenditure incurred in the year; where an Executive Team member 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 Team Member	Role	Appointment date	End date	Salary (£'000)		Bonus Payments (£'000)		Benefits in Kind (to nearest £100)		Pension Benefits (£'000)		Total (£'000)	
				2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13
James Cross	Chief Executive Officer	14/12/2011	-	110 - 115	110 - 115	-	5 - 10	-	-	26	22	135 - 140	140 - 145
Andy Beattie	Director of Operations	18/02/2013	-	75 - 80	70 - 75	0 - 5	-	-	-	30	29	110 - 115	100 - 105
Steve Brooker	Acting Director of Marine Development	05/03/2013	-	65 - 70	0 - 5 (FYE 65 - 70)	-	-	-	-	24	0	70 - 75	0 - 5
Michelle Willis	Chief Finance Officer	18/02/2013	-	60 - 65	5-10 (FYE 60 - 65)	0 - 5	-	-	-	40	4	105 - 110	10 - 15
Liz Humphreys	Director of Corporate Services	08/11/2010	31/12/2013	50 - 55 (FYE 65 - 70)	75 - 80	-	-	700	2,000	3	10	70 - 75	85 - 90
Carolyn Cadman	Director of Customers and Partnerships	04/05/2010	-	60 - 65	65 - 70	-	-	-	-	(6)	4	55 - 60	50 - 55
Alison Thompson	Director of Corporate Support and Governance	19/07/2010	22/02/2013	-	60 - 65 (FYE 65 - 70)	-	5-10	-	-	-	7	-	70 - 75
Debbie Moore	Acting Director of Customers and Partnerships	23/01/2012	11/01/2013	-	45 - 50 (FYE 65 - 70)	-	-	-	-	-	33	-	75 - 80
Band of highest paid executive disclosed in remuneration report (£'000)				110 - 115	115 - 120								
Median total remuneration (£)				25,845	26,163								
Ratio				4.4	4.5								

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

The remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and cash equivalent transfer of pensions. The banded remuneration of the highest-paid Director in the MMO in the financial year 2013/14 was £110,000 to £115,000 (2012/13: £115,000 to £120,000). This was 4.4 times the median remuneration of the workforce, which was £25,845 (2012/13: 4.5 times median of £26,163). In 2013/14, one employee received remuneration of £140,000 to £145,000 which was in excess of the highest-paid director, and this included departure costs paid under the MMO 2013/14 Voluntary Exit Scheme.

Overall performance has been assessed against work objectives, the MMO core competence framework and role profiles. Bonus payments for each of the performance years have been made as a non-consolidated pay award where an individual has been awarded an exceeded mark. Bonus payments have been subject to moderation the awards made to Andy Beattie and Michelle Willis were within the parameters set out in the MMO Pay Remit approved by the DEFRA Secretary of State and the MMO Remuneration Committee.

## Notes

- A.** James Cross was appointed Chief Executive Officer on 15 December 2011 for a fixed term of three years with the potential for reappointment of a further two years.
- B.** Liz Humphreys, Director of Corporate Services, left the MMO on 31 December 2013.
- C.** Alison Thompson, Director of Corporate Support and Governance, left the MMO on 22 February 2013.
- D.** Debbie Moore, Acting Director of Customers and Partnerships, left the MMO on 11 January 2013.
- E.** Michelle Willis was appointed to the role of Chief Finance Officer following Alison Thompson's departure from the MMO.
- F.** Bonuses awarded in the 2013/14 year are in respect of performance in the 2012/13 year and bonuses awarded in the 2012/13 year are in respect of performance in the 2011/12 year.

## Retirement and pensions

(further details can be found in note 3 to the accounts)

### Pensions

Pension benefits were provided through the Principal Civil Service Pension Scheme (PCSPS). No Executive Directors retired in the year to 31 March 2014.

### Early departure costs

The MMO is required to meet the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early. No Executive Directors retired early in the year ended 31 March 2014 (2012/13: none).

were engaged for a duration of three years from 2010/11 to 2013/14 for a fee of over £220 per day this has not been on a full time basis. MMO have received assurances from both individuals that appropriate tax arrangements are in place.

As at 31 March 2014 there were no remaining off-payroll engagements.

James Cross  
Chief Executive Officer and Accounting Officer  
4 July 2014



### Off-payroll engagements

The MMO engaged two individuals who were not paid through the MMO payroll. These engagements were not in an Executive or Non Executive capacity and although the individuals

### Pension benefits - (subject to audit)

Executive Directors	Real increase in pension (£'000)	Real increase in lump sum (£'000)	Value of pension at 31/03/2014 (£'000)	Value of lump sum at 31/03/2014 (£'000)	CETV at 01/04/2013 (£'000)	CETV at 31/03/2014 (£'000)	Real increase in CETV (£'000)
James Cross	N/A	0.0 - 2.5	20 - 25	N/A	215	246	10
Andy Beattie	N/A	0.0 - 2.5	5 - 10	N/A	45	65	13
Steve Brooker	N/A	0.0 - 2.5	5 - 10	N/A	49	71	15
Michelle Willis	2.5 - 5.0	(0.0 - 2.5)	15 - 20	5 - 10	151	190	21
Liz Humphreys	0.0 - 2.5	0.0 - 2.5	20 - 25	60 - 65	311	332	3
Carolyn Cadman	(0.0 - 2.5)	(0.0 - 2.5)	10 - 15	35 - 40	141	148	(5)

# Governance Statement

## Introduction

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

The MMO Executive Team, which comprises four Executive Directors a Chief Finance Officer and myself and which as Chief Executive I chair, has a collective responsibility for the management of the MMO and its business, in line with the Minister's priorities and the business strategy set by the MMO Board.

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

The MMO functions and responsibilities are provided under the Marine and Coastal Access Act 2009. The Department for Environment, Food and Rural Affairs (Defra) is the MMO's sponsoring department and the MMO is accountable to Defra for its use of resources and its performance. The corporate governance arrangements between Defra and the MMO are set out in a Framework

Document which can be found at <http://www.marinemanagement.org.uk/about/documents/mmo-framework-update.pdf>

## Governance within the Marine Management Organisation

The MMO Board is responsible for setting the overall strategic direction of the MMO and evaluating its performance. Sir Bill Callaghan is Chair of the Board and has responsibility for ensuring that MMO policies and activities support the wider policies of the Secretary of State (SoS) and its decisions comply with statute and any direction given by the SoS.

The Board comprises nine Non-Executive Board members. A full list of Non-Executive Board members is included at page 28.

Governance arrangements are currently detailed in the MMO Code of Conduct for standards of behaviour and the MMO Framework Document for accountabilities and responsibilities, planning, budgeting and control and external accountabilities. This is supported by the MMO Corporate Plan which sets out the operational and financial framework to which the MMO is required to adhere.

Based on this structure, executive governance is taken forward through the Executive Team which is led by myself; this is supported by the Heads of Functions that, together with their functional teams, all interact to achieve delivery of the corporate objectives.

The MMO has in place financial and non-financial Schemes of Delegation; guidance on regularity and propriety; anti-fraud policy and

procedure together with a whistle blowing procedure to comply with the Public Interest Disclosure Act 1998. This has been reviewed during 2013/14 to ensure that it meets all statutory requirements.

The Board delegates certain responsibilities to its principal committees: the Audit & Risk Assurance Committee (ARAC) and the Remuneration Committee. The Terms of Reference for these committees are approved annually by the Board and they are each chaired by a Board member. In addition to these committees, the MMO is supported by a Chief Scientific Advisor on matters of science and evidence.

## Board and Committee Activity and Performance

### Board

The MMO Board considers standard agenda items which include the approval of previous Board minutes, a Chief Executive Officer's report, a Health, Safety and Wellbeing report, corporate performance against the Strategic Outcomes as set out within the Corporate Plan, financial reporting and risk management and reports from its committees and reviews of their Terms of Reference. Attendance at Board meetings in 2013/14 was good.

During 2013/14, the Board considered the following which were identified as principal areas of progress or to be significant issues:

- Development of the East and South Inshore and Offshore marine plans
- 2014/17 Corporate Plan
- Contract for new shared service provider (Shared Services Connected Limited)
- European Fisheries Fund / European Maritime and Fisheries Fund

- Triennial Review
- One Business (Strategic Alignment) Programme
- Organisational Development Programme
- Staff Survey Results
- Customer Service Satisfaction Survey Results
- Organisational Strategy
- Delegation of fishing vessel licences
- Leadership and capability
- Internal Auditing

This approach has ensured that appropriate direction and escalation has been provided following substantive challenge and debate; all of which are formally documented.

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

The Board held a facilitated workshop to review its effectiveness informed by the results of questionnaires completed by Board members and regular attendees from the Executive Team. The review of effectiveness was designed to test the following principles:

- Objectives, strategy and remit
- Performance measurement
- Relationships with key stakeholders
- Risk management
- ARAC, internal audit, propriety and corporate reporting
- The Boardroom

During the workshop, Board members and attendees discussed the points flagged by participants in respect of the principles tested. Consequently, the Board agreed that it was performing effectively and a number of actions, identified to further enhance performance during 2013/14 were captured in an action plan and approved by the Board in January 2014. The Board also agreed that issues raised in the previous review had been addressed.

The MMO Chair has completed performance reviews of all Non-Executive Board members in the reporting period, taking account of performance during 2013/14 and reflecting on individual portfolios of responsibility and discussing priorities for the future.

I can confirm that no Ministerial Directions have been received this year in the MMO.

## Audit & Risk Assurance Committee (ARAC)

The ARAC currently comprises three Non-Executive Board members. The Board receives ARAC minutes and reports from the ARAC Chair concerning the work of the Committee. An Annual Report on the key business conducted through the year is produced in support of this Governance Statement. The principal focus for activities is documented in the ARAC Terms of Reference. Attendance at ARAC meetings in 2013/14 was good.

The ARAC provides an independent view on the appropriateness and adequacy of MMO governance, risk management and assurance processes. It provides constructive challenge, opinion and advice, taking account of risks, on effectiveness of the MMO control environment.

The ARAC also conducted its annual review of its effectiveness, which built upon a comprehensive exercise undertaken to review current ARAC practices following the publication of HM Treasury's Audit and Risk

Assurance Committee Handbook. The overall conclusion was that the ARAC is effective. A small number of areas, from both the review of effectiveness and the exercise to demonstrate compliance with HM Treasury's guidance, were identified and agreed for improvement and have been incorporated into a composite action programme. The ARAC confirmed that all actions arising from the previous review had been implemented. The output from the process also informed revisions to the ARAC Terms of Reference and which were approved in March 2013.

During the year, the ARAC considered a variety of items which included:

- Annual Report and Accounts
- Assurance Framework
- ICT Strategy
- MMO data entry processes and practices
- Drill downs including ICT and legal procurement, travel and subsistence, EU Aid, governance and commercial competence.

At the Chair's and/or Board's request, particular scrutiny has been applied to the income from licensing charges and recovery of chargeable costs; MMO compliance with its regulatory and operational framework; application of the compliance and enforcement strategy; data and other matters related to Western Waters; and performance in achieving compliance with information rights legislation. The ARAC will continue to apply appropriate levels of scrutiny in completing its assurance work to ensure robust conclusions which inform performance improvements and the reduction of any residual risk to levels deemed acceptable.

The ARAC Chair will refer to the Board all such issues that, in posing a major risk or threat to the business integrity or reputation of the MMO, in his judgement require disclosure to the full Board or needs executive or immediate action. In addition, the Chair of the Committee

will inform the Board (via the Board Chair) of any fraud, misappropriation or malpractice immediately that it is discovered or suspected. During the year, no issues were escalated to the Board.

## Remuneration Committee

The Remuneration Committee currently comprises three Non-Executive Board members. The Remuneration Committee met three times during 2013/14. The objective of the Committee is to provide assurance to the Board on the governance of remuneration and other staffing systems and processes, with the principal focus of activities disclosed within 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 Board after every meeting and to produce a formal annual report on key business conducted at the end of each financial year. Attendance at Remuneration Committee meetings in 2013/14 was good.

## Data Quality to support the 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 Board for discussion are validated and approved by each Executive 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 Board consideration.

The Board has not raised any specific concerns with the quality of the information provided.

## Compliance with the Corporate Governance Code

The MMO is required to comply with the provisions in the Corporate Governance Code or explain where it has not done so. The only provision of the code that the 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 Board and senior leadership;
- Scrutinise governance arrangements.

The Board is satisfied that the relevant assurance covering each of these aspects is obtained through both the Director of Corporate Support (subsequently Chief Finance Officer) and Head of Human 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. This has been provided as evidence of good corporate governance to the Triennial Review.

## Risk, controls and compliance

The MMO operates a structured risk and control framework which enables the identification, prioritisation and escalation of key strategic risks. As part of the 2012/13 annual review, a number of revisions have been made to the risk management strategy to better reflect developments in the organisation as it continues to grow and how it manages risk.

This follows a risk management workshop during the year which explored the current approach and how this could be developed to be more effective.

Changes to the risk management strategy include the articulation of MMO risk appetite and the defining of the four layers of stratified risk, i.e. strategic, corporate, key operational and business as usual.

The Performance and Risk Management Board, chaired by the Accounting Officer, scrutinises organisational progress on performance, risk management and financial management on a monthly basis. This ensures risk is managed in a way that coordinates effort, minimises duplication, sets direction, creates an audit trail and enables timely decision making around risk management.

During the year, the following key risks were recorded on and mitigated through the MMO's corporate risk register as having the potential to affect our business success, credibility and relationships with partners:

*If MMO fail to respond quickly enough to reduced funding in 2014/15, 2015/16 and beyond there is a risk that we fail to deliver our statutory duties and damage staff morale.* This risk was mitigated in year by the Executive Team progressing a planned Organisational Development Programme to both bring forward expenditure and review costs. This programme included the prioritisation of posts to front line delivery, a review of support functions, a voluntary exit scheme and a review of commercial contracts.

*Due to the contentious nature of MMO's remit, a complex legislative framework, the emergence of new policy and differing stakeholder views MMO decisions are challenged and overturned.* During the year, the MMO took a number of measures to

mitigate this risk and meet its obligations which included publishing a range of evidence reports, 40 spatial data sets, the licensing case register, and key decisions for Marine Protected Areas and fisheries management. Additionally, hosting stakeholder engagement to inform marine planning, revision to licensing fees and charges and continued engagement of the Stakeholder Focus Group. Internal processes have been fully reviewed and documented to ensure consistency underpinned by a robust evidence base.

*Failure to reconcile the principles of Better Regulation, Hampton, findings of the Red Tape Challenge review and wider Government initiatives with the requirements of complex statutory responsibilities result in failure to deliver the objectives of the Government and the EU.* This risk remained in scope due to the conflicts that arise from the requirements of domestic government initiatives (such as Hampton and Better Regulation) and that of wider EU policy (such as Common fisheries Policy). During the year this risk has been mitigated through regular review of EC and domestic regulation in line with operational delivery to understand where potential conflicts exist.

The letters of assurance completed by the Executive Team and Heads of Function at the end of the financial year included all risks which continue to be managed and confirmed that the MMO risk process has been followed. It is considered appropriate that three of the strategic risks discussed above will be carried forward into 2014/15. During the year, MMO has undertaken a fundamental review of a range of HR policies and procedures, including strategic HR approach, scheme of delegation, commercial competence and in the overall compliance framework across functional areas. When complete this will result in a range of actions which will be addressed in the 2014/15 audit assurance programme.

## Information risk management

The MMO is not a major holder of protected personal or otherwise sensitive information. However, we recognise the risks to information assets and security is of a high importance. Our information risk governance structures have an Executive Director as Senior Information Risk Owner (SIRO) with responsibility for managing information risk. Additionally, all IT projects are considered by the appointed IT Security Officer for appropriate accreditation and compliance.

There have been no incidents of data loss involving personal information over the reporting period.

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

## Findings from Internal Audit, External Audit and other reviews

### Internal Audit

The Head of Internal Audit's (HIA's) Annual Report has provided an opinion of 'sufficient assurance' over the framework of risk management, governance and internal control for 2013/14. This opinion is based on an Audit Programme that reflects the areas of importance and highlighted within team risk registers. These activities are prioritised in an audit plan which is agreed ahead of each financial year and monitored throughout the reporting period.

The conclusions reached by Internal Audit and their view of the MMO's response to recommendations is summarised in the HIA's report, providing the assurance necessary of overall effectiveness. Additionally, Executive Directors and Heads of Function provided letters of assurance which confirmed that they have complied with the MMO risk procedures and controls. Specific concerns raised have been reflected as corporate risks under the risk assessment section of this Statement.

A revised approach to the management of the Internal Audit Programme was implemented during the year to address concerns of slippage in the previous year. Audits have remained on track with additional work being approved in year to address irregularities raised during the mid year review.

### External Audit

There are no outstanding management issues from the 2012/13 audit and all management actions were reviewed as part of the 2013/14 Interim Audit. During the year, MMO has been subject to an external Triennial Review and HMRC compliance audit.

### Other reviews (including whistleblowing)

#### Whistleblowing

During 2012/13 we reported that an allegation was made under the whistle blowing policy and remained under investigation at 31 March 2013. This related to allegations of conduct which have been subject to full investigation in accordance with MMO policy and full oversight provided by ARAC, CEO and Executive Team. The allegation was not upheld, however a number of internal procedural improvement actions were identified and are currently being implemented.

### *Regulation of Investigatory Powers Act 2000*

During this period, an investigation into the potential misuse or misapplication of RIPA (Regulation of Investigatory Powers Act 2000) commenced, which could mean the MMO acted unlawfully and a final report was received in May 2014 which will be considered. Additionally, a full review of all MMO and legacy matters inherited from the MFA is in progress and due to complete in 2014/15.

## Internal Control Issues

The Executive Team has identified four internal control issues, which remain on the agenda for ARAC and continue to be reflected in the 2013/14 Internal Audit Plan. Progress has been made throughout the year to improve control; however, further work is required to satisfy both the Executive Team and Board that the risks can be fully mitigated. The four areas are:

### *Data Entry and Accuracy*

The MMO has a regulatory role to ensure the timely submission of accurate fisheries activity data for England and more widely for the UK Devolved Administrations. This has increased the need to find more efficient ways to report fishing activity to the EU and to manage the transition from paper-based recording to electronic. During this transition for England specifically, we have prioritised accuracy over speed in the collation of fishing records. The additional time taken to assure information through the electronic system has created challenges in ensuring the timely collation of data used to inform fisheries management decisions. This has remained a priority in the 2013/14 reporting year and the outcomes of a holistic review of the end to end process will be known in 2014/15.

### *Electronic Recording System*

In year, the Executive Team has worked to mitigate internal control challenges arising in respect of Electronic Recording Systems (ERS) and continues to actively manage the risks. Internal control challenges encompass high

level risks such as:

- Failure to comply with EU regulations due to reporting incomplete and/or inaccurate fisheries statistical data.
- MMO monitoring of fish quota uptake is undermined.
- MMO statistical data entry backlogs arise.
- MMO monitoring and control of fishing activity in line with the EU control regulation is undermined leading to a possible EU infraction risk against the UK Government.
- Loss of credibility and inability to influence stakeholders such as the fishing industry, other UK fisheries administrations, the EU and IFCAs.

Historic design factors outside of MMO control have given rise to a number of serious technical and user difficulties associated with electronic logbooks and Vessel Monitoring Systems (VMS). MMO is taking a lead in responding to these by developing an action plan to raise compliance and enforcement levels whilst addressing the issues. All 12-15m vessels have been issued a letter setting out the aim to move to electronic logbook only by the end of September 2014. This remains the target but, due to the scale of the issues, may be very challenging to meet.

### *Regulation of Investigatory Powers Act 2000*

During this period, an investigation into the potential misuse or misapplication of RIPA (Regulation of Investigatory Powers Act 2000) commenced, which could mean the MMO acted unlawfully and remains outstanding, pending a final report, expected in 2014/15. The MMO's ARAC continues to provide oversight as to an action plan that is underpinned by four workstreams that capture and govern a range of actions identified in the mitigation of the internal control challenges arising in this matter. The cumulative outcome of the four workstreams will provide the

Executive Team with assurance about the legitimacy of previous and current activities that have taken place since vesting.

### *Procurement*

There is one specific area where risk management was identified as requiring improvement. This was during the procurement and contract management of EU-related pan-UK projects, overseen by the Fisheries Information Systems Strategy (FISS) Board. However, responsibility for this does not sit wholly with the MMO but involves other entities, such as core Defra, Marine Scotland, Department of Agricultural and Rural Development of Northern Ireland (DARDNI), Welsh Government and the Isle of Man. The MMO is working to address the issues identified and to ensure risks are effectively identified and managed in future development of the FISS strategy.

### *Downwards revaluation (impairment) of pan-UK projects*

Fisheries Information Surveillance System (FISS) – At 31 March 2013 an amount of £554k was held as an asset under construction in the MMO financial statements. This reflected capital investment made by the MMO in the development of Englands requirements as part of the EU Aid project to refresh fisheries systems. The project has continued to progress slowly, largely as a result of a lack of agreement as to the overall solution that would deliver a 'Pan-UK' system. During the year further slippages were identified with no firm view of how the timeline for this project would be recovered. A further and more fundamental issue is that current fisheries systems are not owned by the MMO, presenting issues on both asset ownership and intellectual property rights. In the absence of holding or procuring the refresh it is unreasonable to retain an asset under construction and as a result a decision to revalue

the asset downwards (impair) was taken. Vessel Monitoring System (VMS) – Due to contractor performance issues a decision to terminate the contract with the supplier responsible for developing the VMS hub was taken prior to the system being complete. Under the terms of the settlement reached, MMO expenditure to date was irrecoverable, however, the MMO had no further financial obligations for outstanding amounts. An amount of £105k was held as an asset under construction in the MMO financial statements reflecting capital investment made by the MMO to date. Following termination of the contract, asset ownership and intellectual property rights were retained by the supplier and as a result a decision to revalue the asset downwards (impair) was taken.

Both of these issues have been reviewed and lessons learned are being used to mitigate risks in future programme governance and supplier management.

### *Conclusion*

The issues set out above remain a priority for the MMO; however, mitigating actions, together with close monitoring, are in place to address these control weaknesses. Overall, there are no significant control weaknesses to report and the effectiveness of the overall governance and risk frameworks has continued to be demonstrated. A comprehensive process of risk management was in place throughout the year and the three key risks identified in this Governance Statement have been effectively monitored and managed through the control frameworks.

James Cross  
Chief Executive Officer and Accounting Officer  
4 July 2014



# Marine Management Organisation

Annual accounts

For the year ended 31 March 2014

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

I certify that I have audited the financial statements of the Marine Management Organisation for the year ended 31 March 2014 under the Marine and Coastal Access Act 2009. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

### Respective responsibilities of the Accounting Officer and Auditor

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

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial

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

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

### Opinion on regularity

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

## Opinion on financial statements

### In my opinion:

- the financial statements give a true and fair view of the state of the Marine Management Organisation's affairs as at 31 March 2014 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Marine and Coastal Access Act 2009 and Secretary of State directions issued thereunder.

## Opinion on other matters

### In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the Marine and Coastal Access Act 2009; and
- the information given in Strategic Report, Director's Report and Annex 1 for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which I report by exception

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

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

## Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse

8 July 2014

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

Statement of Comprehensive Net Expenditure  
for the year ended 31 March 2014

	Note	2013/14 £'000	2012/13 £'000
<b>Expenditure</b>			
Staff Costs	3	13,022	11,740
Other Expenditure	4	17,625	21,594
<b>Total Expenditure</b>		<b>30,647</b>	<b>33,334</b>
<b>Income</b>			
<b>Total income</b>	5	<b>(2,842)</b>	<b>(2,616)</b>
<b>Net Expenditure</b>		<b>27,805</b>	<b>30,718</b>
Net Loss / (Gain) on revaluation of Property, Plant and Equipment		1	(1)
Net Loss / (Gain) on revaluation of Intangibles	4,6	128	(283)
<b>Total Comprehensive Expenditure for the year ended 31 March 2014</b>		<b>27,934</b>	<b>30,434</b>

The notes on pages 55 to 76 form part of these accounts.

## Statement of Financial Position as at 31 March 2014

	Note	31 March 2014		31 March 2013	
		£'000	£'000	£'000	£'000
<b>Non-current assets:</b>					
Property, plant and equipment		151		46	
Intangible assets	6	1,504		2,446	
<b>Total non-current assets</b>			<b>1,655</b>		<b>2,492</b>
<b>Current assets:</b>					
Trade and other receivables	9	1,376		1,552	
Cash and cash equivalents	10	5,069		199	
<b>Total current assets</b>			<b>6,445</b>		<b>1,751</b>
<b>Total assets</b>			<b>8,100</b>		<b>4,243</b>
<b>Current liabilities:</b>					
Trade and other payables	11	(11,059)		(11,023)	
Provisions		(489)		(365)	
<b>Total current liabilities</b>			<b>(11,548)</b>		<b>(11,388)</b>
<b>Total assets less current liabilities</b>			<b>(3,448)</b>		<b>(7,145)</b>
<b>Non-current liabilities:</b>					
Other payables	11	(160)		(238)	
<b>Total non-current liabilities</b>			<b>(160)</b>		<b>(238)</b>
<b>Assets less liabilities</b>			<b>(3,608)</b>		<b>(7,383)</b>
<b>Taxpayers' equity:</b>					
General reserve			(3,682)		(7,602)
Revaluation reserve			74		219
			<b>(3,608)</b>		<b>(7,383)</b>

Prior year figures have been reclassified in line with the HM Treasury exercise to streamline and simplify the Annual Report and Accounts.

The Accounting Officer authorised these financial statements for issue on 4 July 2014.

James Cross  
Chief Executive Officer and Accounting Officer  
4 July 2014



The notes on pages 55 to 76 form part of these accounts.

## Statement of Cash Flows for the year ended 31 March 2014

	Note	2013/14 £'000	2012/13 £'000
<b>Cash flows from operating activities</b>			
Net Surplus		(27,805)	(30,718)
Adjustments for depreciation and amortisation	4	636	897
Adjustment for net loss on revaluations of PPE and Intangibles	4	20	0
Adjustment for gain on disposal of PPE	4	(31)	(13)
Adjustments for non-cash transactions	4	(197)	100
(Increase)/decrease in trade and other receivables	9	176	(234)
Decrease in trade payables and other liabilities	11	(42)	(2,227)
Impairment of intangible construction in progress	8	659	0
Less movements in payables relating to IFRIC 12	11	125	157
Use of provisions	4	124	(300)
<b>Net cash outflow from operating activities</b>		<b>(26,335)</b>	<b>(32,338)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(30)	0
Purchase of intangible assets	6	(463)	(568)
Proceeds of disposal of property, plant and equipment		31	14
<b>Net cash outflow from investing activities</b>		<b>(462)</b>	<b>(554)</b>
<b>Cash flows from financing activities</b>			
Grant from Defra		31,707	32,250
Capital element of payments in respect of finance leases	11	(40)	(71)
<b>Net financing</b>		<b>31,667</b>	<b>32,179</b>
<b>Net increase in cash and cash equivalents in the period</b>		<b>4,870</b>	<b>(713)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	10	<b>199</b>	<b>912</b>
<b>Cash and cash equivalents at the end of the period</b>	10	<b>5,069</b>	<b>199</b>

The notes on pages 55 to 76 form part of these accounts.

Statement of Changes in Taxpayers' Equity  
for the year ended 31 March 2014

	Note	General Reserve £'000	Revaluation Reserve £'000	Total £'000
<b>Balance at 31 March 2012</b>		<b>(9,214)</b>	<b>15</b>	<b>(9,199)</b>
<b>Changes in Taxpayers' Equity for 2012/13</b>				
Grants from parent department - revenue		31,484	0	31,484
Grants from parent department - capital		766	0	766
Net gain on revaluation of property, plant and equipment		0	1	1
Net gain on revaluation of intangible assets		0	283	283
Transfers between reserves		80	(80)	0
Non cash Transfer of PUS Fixed Assets from Defra		0	0	0
Recognised in Statement of Comprehensive Net Expenditure		(30,718)	0	(30,718)
<b>Balance at 31 March 2013</b>		<b>(7,602)</b>	<b>219</b>	<b>(7,383)</b>
<b>Changes in Taxpayers' Equity for 2013/14</b>				
Grants from parent department - revenue		31,214	0	31,214
Grants from parent department - capital		493	0	493
Net loss on revaluation of property, plant and equipment		0	1	1
Net loss on revaluation of intangible assets		0	(128)	(128)
Transfers between reserves		18	(18)	0
Non cash Transfer of PUS Fixed Assets from Defra		0	0	0
Recognised in Statement of Comprehensive Net Expenditure		(27,805)	0	(27,805)
<b>Balance at 31 March 2014</b>		<b>(3,682)</b>	<b>74</b>	<b>(3,608)</b>

The notes on pages 55 to 76 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 2014 and have been prepared in accordance with the Marine and Coastal Access Act (MCAA) 2009 and the Secretary of State direction there under.

The financial statements have been prepared in accordance with the 2013/14 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Marine Management Organisation (MMO) for the purpose of giving a true and fair view, has been selected.

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

#### 1.2 Accounting convention

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

#### 1.3 Going concern

The accounts have been prepared on a going concern basis. In common with other Non Departmental Public Bodies (NDPBs) within the Defra group, the future financing of the MMO's liabilities is accordingly to be met by future supplies of grant-in-aid and the application of future income, both to be approved annually by Parliament. Approval for amounts required for 2014/15 has already been given and there is no reason to believe that future approvals will not be forthcoming. As part of the Governments' commitment to increase transparency and accountability of public services, Defra completed a review of its arms length bodies in October 2010, and confirmed that the MMO will be retained as an executive NDPB, on the grounds of performing a technical function which should remain independent.

## 1.4 Non-current assets

### 1.4.1 Property, plant and equipment: recognition and measurement

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

During 2013/14, the MMO held no freehold property in its own control, but occupied 21 properties where the freehold was held by Defra or private landlords. Where these constitute non-current assets, they are reported in the accounts of Defra. MMO's occupation of these properties is accounted for on an operating lease basis.

The MMO has no heritage or infrastructure assets.

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

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

## 1.5 Revaluation

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

## 1.6 Depreciation and amortisation

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

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

## 1.7 Impairment

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

## 1.8 Service concession arrangements

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

## 1.9 Employee benefits

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

The MMO recognises in its accounts those costs collected from it by the scheme administrators in respect of Accruing Superannuation Liability Charges (ASLCs), which are shown as "pension costs". The MMO recognises a liability and expense for all other employee benefits, including unused annual leave, accrued at the Statement of Financial Position date, provided these amounts are material in the context of the overall staff costs. IAS 19.17 states that the expected costs of bonus payments should be recognised when a legal or constructive obligation to make such payments, as a result of past events, exists and a reliable estimate can be made.

## 1.10 Grants and subsidies

The MMO has a role designated by the Secretary of State as the UK European Fisheries Fund (EFF) Managing Authority and the Intermediate Body for England, carrying out duties in the capacity as Agent for Defra, as the Principal. The transactions of grant expenditure and the

funding amounts reclaimed from the European Commission (EC) feature in Defra's Resource Accounts and not the MMO's Accounts. The Defra Resource Accounts include only those transactions which are in relation to the activities of the England Intermediate Body only.

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

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

### 1.11 Income

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

1. From 6 April 2011, fees and charges are issued under the regulations made under powers in the MCAA 2009. This statutory instrument allows charging for marine licensing activities on a tier basis, depending on the criteria of an application

The income recognition point for MCAA 2009 Tier 1 and 2 fixed fees is based on issuing the licence and fees are designed to recover the upfront administration costs of issuing. The deferred income accounting policy for MCAA 2009 marine licences is based on the MMO having 13 weeks to issue a new licence (previously 10 weeks to either issue or provide an application status update) and an estimate is made to measure the amount of work completed on licence applications progress. The most appropriate means of recognising deferred income is by reference to the 13 week period. With effect from 6 April 2014, a new licensing Statutory Instrument came into force and any licence applications in progress at the time of implementation will be charged the lower of the two fee structures on licence determination. In preparation of this, up front payments relating to Tier 2 licence applications received after 1 February 2014 were not requested to reduce the risk of overcharging customers and issuing refunds.

The income recognition point for MCAA Tier 3 licences is at the point of invoice, until such time activity is recorded, accrued and invoiced monthly in arrears. The requirement for the upfront payment of a deposit on tier 3 applications ceased on 2 September 2013. This was changed to remove the need for refunds to be made on applications where the size and scope of the activity undertaken was below the level estimated. The unutilised element of deposits received prior to 2 September 2013 are held in the MMO bank account and recognised as a Third Party Asset (see Note 20).

2. Fees for dredging licences issued under the Food and Environment Protection Act 1985 (FEPA) in respect of dredging, construction and disposals of waste material in the marine environment. The income recognition for FEPA licences is based on the arrangements made with the applicant for an annual charge which is invoiced monthly in arrears.
3. Fees for dredging licences are issued under the Marine Works Regulations (as amended in April 2011) and inshore and offshore Habitats Regulations. Fees for Environmental Impact Assessment (EIA) decisions relating to marine works are charged under the Marine Works Regulations (as amended in April 2011). New and outstanding applications for extraction of minerals by marine dredging have transitioned into marine licence applications. The income recognition point for Marine Mineral Dredging depends upon the stage that the application has reached. For pre-application advice the receipt is deferred until the MMO and the Centre for Environment, Fisheries and Aquaculture Science (Cefas) have completed both a full consultation and advisory review. The yearly interpretation and assessment of monitoring results income is recognised over the time period of the reviews.
4. The MMO recognises income earned from the EC as a contribution to the MMO's expenditure on enforcing fisheries regulations (EU Aid) and preparing statistical reports on the condition of UK fisheries (EU Data Collection Regulations). Income is recognised upon confirmation from the EU of the amount payable.
5. A contribution from the Welsh Government towards the cost of aerial surveillance of fishing activity in English and Welsh waters. Income is recognised on an accruals basis.
6. All other programme income is recognised when the outcome is delivered to the customer.

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

### 1.12 Provisions

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

### 1.13 Value Added Tax (VAT)

As an executive NDPB the MMO is unable to recover VAT on any non statutory services received, with two exceptions; the input tax recovered on the taxable aerial surveillance outputs charged to the Welsh Government and 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.

## 1.14 Contingent liabilities and remote liabilities

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

## 1.15 Financial instruments

### 1.15.1 Financial assets

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

### 1.15.2 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.

### 1.15.3 Derivative financial instruments and hedging

The MMO is required to disclose the role that financial instruments had at 31 March 2014 in creating or changing the risks faced by the MMO in undertaking its activities.

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

## Note 1.16 Impending application of newly issued accounting standards not yet effective

All International Financial Reporting Standards (IFRS), Interpretations and Amendments to Published Standards, effective at 31 March 2014, have been adopted in these financial statements, taking into account the specific interpretations and adaptations included within the FReM.

The MMO has reviewed the IFRSs in issue but not yet effective, to determine if there is a requirement to make any disclosures, in line with IAS 8.30. None are thought to be of significant impact to the MMO and no disclosures have been made.

## Note 2 Analysis of net expenditure by segment

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

Strategic Outcome	Description	2013/14		
		Gross Expenditure £'000	Income £'000	Net Expenditure £'000
1	Marine businesses support sustainable growth in the UK economy	8,388	(2,081)	6,307
2	The marine environment is protected for current and future generations	9,506	(500)	9,006
3	Coastal communities are thriving and engaged	6,258	(199)	6,059
4	Our decisions are trusted	3,248	(49)	3,199
5	Be a highly effective public body	3,247	(13)	3,234
<b>Total</b>		<b>30,647</b>	<b>(2,842)</b>	<b>27,805</b>

Following a review of the MMO Corporate Plan the number of Strategic Outcomes were revised down from ten in 2012/13 to five in 2013/14. Comparison of the two years is therefore not available and analysis of net expenditure by Strategic Outcome in 2012/13 can be found in Note 2 of the MMO 2012/13 Annual Report and Accounts.

### Note 3 Staff numbers and related costs

	2013/14 Permanently employed £'000	2013/14 Others £'000	2013/14 Total £'000	2012/13 Total £'000
Wages and salaries	9,710	161	9,871	9,402
Pension costs	1,834	0	1,834	1,614
Social security costs	786	0	786	724
Voluntary Early Release	531	0	531	0
<b>Total Staff Costs</b>	<b>12,861</b>	<b>161</b>	<b>13,022</b>	<b>11,740</b>

All of the MMO's permanently employed staff are public servants. Others include staff on inward secondments from other government departments.

Information relating to senior MMO staff salaries and other benefits in kind is disclosed within the Remuneration Report on page 34 of the Annual Report.

Average Number of Full Time Equivalent Staff	2013/14 Number of people	2012/13 Number of people
Directly Employed	307	287
Inward Secondments	2	16
<b>Total</b>	<b>309</b>	<b>303</b>

### Pensions

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

From 1 April 2013 to 31 March 2014, employers' contributions of £1,822k were payable to the PCSPS (2012/13: £1,599k) at one of four rates in the range of 16.7 per cent to 24.3 per cent of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2013/14, 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 £11k were paid to one or more of the panel of three appointed stakeholder pension providers (2012/13: £14k). Employer contributions are age-related and range from three per cent to 12.5 per cent of pensionable pay. Employers also match employee contributions up to three per cent of pensionable pay. In addition, employer contributions of £1k, 0.8 per cent of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

No employees have retired early on ill health grounds (2012/13: none). Ill health retirements are met by the pension scheme and are not included in the table.

### Reporting of Civil Service exit packages

During 2013/14 MMO undertook a Voluntary Exit Scheme. A total of 14 MMO employees took early release through the scheme. Their departure costs were paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 2010.

Exit package cost band	Total number of exit packages by cost band	Total resource cost £'000
£10,000 - £25,000	7	116
£25,000 - £50,000	3	136
£50,000 - £100,000	4	279
<b>Total number of exit packages</b>	<b>14</b>	<b>531</b>

## Note 4 Other expenditure

	Note	2013/14 £'000	2012/13 £'000
CEFAS Scientific Support for Marine Environment Work		3,720	3,916
Aerial, Surface and Satellite Surveillance		3,633	8,385
IBM Service Concession Arrangement		1,899	1,979
Data and Evidence		1,278	640
Estate Management		953	980
Travel, Subsistence and Hospitality		905	1,205
Other ICT		828	491
Rentals payable under operating leases		559	459
Defra Support Charges		446	630
Prosecutions and Legal Services		444	421
EU Aid		347	562
Training		286	260
Shared Services (SSCL)		211	0
Other Programme Costs		209	210
Data Collection Framework		189	210
Grant Expenditure		178	167
Consultancy Charges		152	168
Audit Fees - Internal Audit (Defra)		122	72
Audit Fees - External Audit (National Audit Office)		55	60
Profit on disposal of PPE		(31)	(13)
<b>Non-cash</b>			
Impairment of intangible construction in progress	8	659	0
Amortisation	6	598	785
Provisions provided for in period		387	71
Depreciation		38	112
Loss on revaluation		20	0
Utilisation of provision		(58)	0
IBM Service Concession Arrangement		(197)	100
Provisions not required and written back		(205)	(276)
<b>Total</b>		<b>17,625</b>	<b>21,594</b>

Prior year figures have been reclassified in line with the HM Treasury exercise to streamline and simplify the Annual Report and Accounts. Revisions made have not changed the overall position.

## Note 5 Income

	2013/14 £'000	2012/13 £'000
Marine Licences (Marine and Coastal Access Act 2009)	1,746	1,513
Food and Environment Protection Act licence fees	272	540
Proceeds of Crime Act	179	0
Welsh Government Aerial Surveillance contribution	42	42
EU Data Collection	40	180
EU Aid for Fisheries Enforcement	526	306
Professional Training	22	33
Other Income	15	2
<b>Total Programme Income</b>	<b>2,842</b>	<b>2,616</b>

Prior year figures have been reclassified in line with the HM Treasury exercise to streamline and simplify the Annual Report and Accounts. Revisions made have not changed the overall position.

### Fees and charges (recovered costs)

Financial objective 2013/14	Income £'000	Full Cost £'000	(Deficit) £'000
Marine Licences (Marine and Coastal Access Act 2009)	1,746	3,094	(1,348)
Food and Environment Protection Act licence fees	272	482	(210)
	<b>2,018</b>	<b>3,576</b>	<b>(1,558)</b>

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

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

On 6 April 2011, the MMO implemented a new fees and charging instrument, underpinned by the MCAA 2009. Fees are charged for licensing activities on a tier basis using either a fixed fee (Tier 1, Tier 2) or hourly charge (Tier 3) depending on the criteria of the application.

The MMO continued to receive annual instalments relating to Food and Environment Protection Act (FEPA) licence fees during 2013/14, and will do so until such arrangements mature.

Cost recovery deficit of £1,348k relating to MCAA 2009 marine licences has materialised due to limitations within the current statutory instrument which restrict MMO ability to recover all chargeable costs, where appropriate.

Cost recovery deficit of £210k relating to FEPA reflect that the legacy statutory instrument in its design was not able to recover full costs.

## Note 6 Intangible assets

	Software & Licences £'000	Construction in Progress £'000	Intangible Assets £'000
<b>Cost or valuation</b>			
At 1 April 2013	3,331	903	4,234
Additions	0	463	463
Transfers (Completed / Capitalised CIP)	204	(204)	0
Impairment	0	(659)	(659)
Revaluation	(298)	0	(298)
<b>At 31 March 2014</b>	<b>3,237</b>	<b>503</b>	<b>3,740</b>
<b>Amortisation</b>			
At 1 April 2013	1,788	0	1,788
Charged In period	598	0	598
Revaluation	(150)	0	(150)
<b>At 31 March 2014</b>	<b>2,236</b>	<b>0</b>	<b>2,236</b>
<b>Net Book Value at 31 March 2013</b>	<b>1,543</b>	<b>903</b>	<b>2,446</b>
<b>Net Book Value at 31 March 2014</b>	<b>1,001</b>	<b>503</b>	<b>1,504</b>

	Software & Licences £'000	Construction in Progress £'000	Intangible Assets £'000
Owned	1,001	503	1,504
On-balance sheet (SoFP) other service concession arrangements	0	0	0
<b>Net Book Value at 31 March 2014</b>	<b>1,001</b>	<b>503</b>	<b>1,504</b>

Internally generated intangible assets classified as construction in progress are development costs for a number of information systems. Development costs this year relate to the Marine Case Management System (£280k), the Electronic Reporting System (£113k), FEDE (£57k) and the Stakeholder Database (£13k).

The impairment of assets under the course of construction relate to the Vessel Monitoring System and the Fisheries Information Surveillance System (see note 8).

	Software & Licences £'000	Construction in Progress £'000	Intangible Assets £'000
<b>Cost or valuation</b>			
<b>At 1 April 2012</b>	2,514	746	3,260
Additions	0	766	766
Transfers (completed / capitalised construction in progress)	411	(411)	0
Transfers to DEFRA	0	(198)	(198)
Revaluation	406	0	406
<b>At 31 March 2013</b>	<b>3,331</b>	<b>903</b>	<b>4,234</b>
<b>Amortisation</b>			
<b>At 1 April 2012</b>	880	0	880
Charged In period	785	0	785
Revaluation	123	0	123
<b>At 31 March 2013</b>	<b>1,788</b>	<b>0</b>	<b>1,788</b>
<b>Net Book Value at 31 March 2012</b>	<b>1,634</b>	<b>746</b>	<b>2,380</b>
<b>Net Book Value at 31 March 2013</b>	<b>1,543</b>	<b>903</b>	<b>2,446</b>

	Software & Licences £'000	Construction in Progress £'000	Intangible Assets £'000
Owned	1,543	903	2,446
On-balance sheet (SoFP) other service concession arrangements	0	0	0
<b>Net Book Value at 31 March 2013</b>	<b>1,543</b>	<b>903</b>	<b>2,446</b>

## Note 7 Financial instruments

As the cash requirements of the MMO are met through Grant-in-Aid provided by Defra, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with the MMO's expected purchase and usage requirements and the MMO is therefore exposed to little credit, liquidity or market risk.

## Note 8 Impairments

	2013/14 £'000	2012/13 £'000
Charged to SoCNE	659	0
<b>Total Impaired</b>	<b>659</b>	<b>0</b>

Impairments during 2013/14 have been recognised in the Statement of Comprehensive Net Expenditure across strategic outcomes two and three with no associated movement between the revaluation reserve and the general reserve.

Impairment of the Vessel Monitoring System has arisen following termination of the contract with the developer prior to completion of the asset. Expenditure to date is irrecoverable under the terms of the settlement and the MMO have no further financial commitment.

Impairment of the Fisheries Information Surveillance System is the result of a decision to revise the strategic approach to developing a system in conjunction with other devolved UK Fisheries Administrations. As the development timeline and longer term asset ownership arrangements are currently unclear, there has been a reduction in the fair value assessment of work completed to date.

## Note 9 Trade receivables and other current assets

	31 March 2014 £'000	31 March 2013 £'000
<b>Amounts falling due within one year</b>		
Trade Receivables	667	731
Impairment of Trade Receivables	(103)	(64)
Deposits and Advances	32	28
Prepayments and Accrued Income	780	857
<b>Total due within one year</b>	<b>1,376</b>	<b>1,552</b>

There were no receivables falling due after more than one year at 31 March 2014 or 31 March 2013.

### Analysis by sector

	31 March 2014 £'000	31 March 2013 £'000
Other central government bodies	128	153
Bodies external to government	1,248	1,399
<b>Total</b>	<b>1,376</b>	<b>1,552</b>

Prior year figures have been reclassified in line with the HM Treasury exercise to streamline and simplify the Annual Report and Accounts.

## Note 10 Cash and cash equivalents

	31 March 2014 £'000	31 March 2013 £'000
<b>Balance at 1 April 2013</b>	<b>199</b>	<b>912</b>
Net changes in Cash and Cash Equivalent balances	4,870	(713)
<b>Balance at 31 March 2014</b>	<b>5,069</b>	<b>199</b>

Cash is held in accounts which are provided by Government Banking Services, the current provider is Citibank.

## Note 11 Trade payables and other current liabilities

	31 March 2014 £'000	31 March 2013 £'000
<b>Amounts falling due within one year</b>		
Trade Payables	3,782	2,133
Other taxation and social security	250	242
Accruals and Deferred Income	2,911	2,416
Other Payables:		
Defra Network	3,282	4,537
IBM Service Concession	60	67
Aerial & Surface Surveillance	774	1,628
<b>Total due within one year</b>	<b>11,059</b>	<b>11,023</b>
<b>Amounts falling due after more than one year</b>		
IBM Service Concession	160	238
<b>Total due after more than one year</b>	<b>160</b>	<b>238</b>
<b>Total</b>	<b>11,219</b>	<b>11,261</b>

## Analysis by sector

	31 March 2014 £'000	31 March 2013 £'000
Other central government bodies	7,895	6,616
Local authorities	7	2
Bodies external to government	3,317	4,643
	<b>11,219</b>	<b>11,261</b>

Prior year figures have been reclassified in line with the HM Treasury exercise to streamline and simplify the Annual Report and Accounts.

## Note 12 Commitments under leases

### Operating leases

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

	31 March 2014 £'000	31 March 2013 £'000
<b>Buildings</b>		
Not later than one year	368	383
Later than one year and not later than five years	353	504
Later than five years	36	21
	<b>757</b>	<b>908</b>
<b>Other</b>		
Not later than one year	116	124
Later than one year and not later than five years	85	146
Later than five years	0	0
	<b>201</b>	<b>270</b>

As at 31 March 2014, 36 cars were leased over a period of three to four years which is reflected in the other operating lease commitments above.

### Note 13 Commitments under PFI and other service concession arrangements contracts

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

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

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

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

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

<b>Total obligations under on-balance sheet (SoFP) service concession arrangements for the following periods comprise:</b>	<b>31 March 2014 £'000</b>	<b>31 March 2013 £'000</b>
Not later than one year	65	72
Later than one year and not later than five years	195	302
Later than five years	0	0
	<hr/>	<hr/>
	260	374
Less interest elements	(39)	(69)
<b>Present value of obligations</b>	<b>221</b>	<b>305</b>

<b>Present value of obligations under on-balance sheet (SoFP) service concession arrangements for the following periods comprise:</b>	<b>31 March 2014 £'000</b>	<b>31 March 2013 £'000</b>
Not later than one year	60	67
Later than one year and not later than five years	161	238
Later than five years	0	0
	<hr/>	<hr/>
<b>Total present value of obligations</b>	<b>221</b>	<b>305</b>

#### Note 14 Other financial commitments

The MMO entered into non-cancellable contracts (which are not leases or PFI contracts) as detailed below. The payments to which the MMO were committed at 31 March 2014, analysed by the period during which the commitment expires, are as follows:

	31 March 2014 £'000	31 March 2013 £'000
Not later than one year	4,995	9,236
Later than one year and not later than five years	9,441	17,873
Later than five years	1,779	1,975
<b>Total present value of obligations</b>	<b>16,215</b>	<b>29,084</b>

#### Note 15 Contingent liabilities

The MMO has no contingent liabilities at 31 March 2014 and had none at 31 March 2013.

## Note 16 Related party transactions

The MMO is an Executive NDPB sponsored by Defra. During the period, the MMO carried out a number of material transactions with Defra and other agencies and NDPBs of Defra. There were also material transactions with other Government departments. These are regarded as related parties.

	31 March 2014		31 March 2013	
	Transactions £'000	Outstanding payable £'000	Transactions £'000	Outstanding payable £'000
Defra	4,488	1,316	5,383	1,863
Cefas	4,502	261	3,918	3,541
Sea Fish	594	88	213	70
Department of Energy and Climate Change	165	0	206	0
Natural England	17	0	0	0
<b>Total</b>	<b>9,766</b>	<b>1,665</b>	<b>9,720</b>	<b>5,474</b>

Defra provided shared services support for information technology infrastructure, estates and accommodation, procurement, HR, the internal audit function, secondees and other services.

Cefas, an Executive Agency of Defra, provided scientific research and advisory work to the MMO.

The Sea Fish Industry Authority is a Defra NDPB working across all sectors of the seafood industry. It provides surveys and statistics on UK fish processing and the UK fishing fleet for use in the EU Data Collection Framework.

Department for Energy and Climate Change (DECC) provide hosting and support services for some of the MMO's IT systems.

Jane Ryder OBE is Non-Executive Board member and also holds position of Deputy Chair on Sea Fish Board. There have been financial transactions between MMO and Sea Fish as disclosed above, however, Jane had no personal involvement in these transactions.

Jayne Scott is Non-Executive Board member and is a partner in the consultancy firm Scott Ross Partnership. During the year, MMO received human resource advice from the Scott Ross Partnership amounting to £6k, Jayne had no personal involvement in these transactions. Jayne also holds a position of Audit Committee Member on DECC. There have been financial transactions between MMO and DECC as disclosed above, however, Jayne had no personal involvement in these transactions.

Nigel Reader CBE is a Non-Executive Board member and also chairs the MMO Audit and Risk Assurance Committee. Nigel holds a position on the Board of Natural England (NE) and also chairs the Audit and Risk Committee. There have been financial transactions between MMO and NE as disclosed above, however, Nigel had no personal involvement in these transactions.

The MMO maintains a formal register of interests which is referred to at each of its Board and Committee meetings, providing a mechanism for handling any conflicts of interest.

## Note 17 Third-party assets

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

During 2013/14 the MMO received financial 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.

Funds received from Home Office through the Proceeds of Crime Act are a share of penalties imposed by the courts following the successful prosecution of offenders by the MMO during the period. Funds must be utilised within the financial year in which they are earned. At 31 March 2014 unutilised funds are held as a third party asset pending their return to Home Office.

Bond receipts are sums of money deposited with the MMO by suspects or defendants as security against their failure to submit to the jurisdiction of English courts and pay the penalties for their alleged wrongdoing. They are collected when foreign fishing vessels are detained by the MMO and released from detention before the court case is concluded or the fines paid. 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.

Following a review of the outstanding balances of all third-party assets, balances relating to disposal levy income, Tier 3 Marine Licence deposits and EU aid were brought into use during the year. The amounts brought into use are shown as Gross Outflows and at 31 March 2014 there were no amounts held as third-party assets for these categories.

The amounts are set out in the table below:

Monetary assets and monies on deposit	31 March 2013 £'000	Gross inflows £'000	Gross outflows £'000	31 March 2014 £'000
Court Costs	16	313	(299)	30
Fishing Admin Penalties	46	30	(62)	14
Sales of Confiscated Fish	0	0	0	0
Proceeds of Crime Act Incentivisation from Home Office	80	371	(225)	226
Bonds	65	3	(65)	3
Disposal Levy Income	300	140	(440)	0
Tier 3 Marine Licence Deposits	121	120	(241)	0
EU Aid	214	0	(214)	0
<b>Total</b>	<b>842</b>	<b>977</b>	<b>(1,546)</b>	<b>273</b>

### Note 18 Events after the reporting date

There have been no significant events since 31 March 2014 that require disclosures. IAS 10 requires MMO to disclose the date on which the accounts are authorised for issue. This is the date of the Certificate and Report of the Comptroller and Auditor General.

It was announced on 26 June 2014 that James Cross, Chief Executive Officer and Accounting Officer, would be leaving the MMO following his appointment as Chief Executive Officer at Natural England. James will commence his new role from 1 September 2014.



# Annex 1 - End of year status report

Strategic Outcome 1 Corporate Plan 2013 - 2016 Key Performance Indicators		Target	Year to date achievement	%
				0 25 50 75 100
1A4	80 per cent of people are satisfied that the MMO has taken all reasonable steps to engage them in the marine planning process	80%	66%	
1E1	Alternative measures are considered before implementation of MMO byelaws in all cases	100%	100%	
1F1	90 per cent of licences determined within 13 weeks of receipt of a valid application	90%	88%	
1F2	Enquiries to the Marine Licensing Team (including Harbour Revision Orders) are responded to within 10 working days	95%	99%	
	Screening or Scoping Opinions are provided within 8 weeks from acceptance of formal request	95%	69%	
	Validated applications are consulted upon appropriately	100%	100%	
	Customers of the marine licensing function are satisfied with the overall service provided	70%	62%	
1G2	Respond to formal requests under the Planning Act 2008 within the agreed deadline	100%	100%	

Strategic Outcome 1 Corporate Plan 2013 - 2016 Key Steps		Status		Additional Information
1A1	Deliver the East inshore and offshore marine plans through to Secretary of State for adoption in accordance with agreed timescales		Achieved	
1A2	Deliver the South inshore and offshore marine plans through to Secretary of State for adoption in accordance with agreed Statement of Public Participation		Not achieved	Agreed revisions to the delivery of the East Inshore and Offshore Plans have impacted timescales on South plans
1A3	Produce Statements of Public Participation for each plan		Achieved	
1B1	Provide advice and guidance on the application of marine plans to all marine users from first day of public consultation		Achieved	
1C1	Measure investor and developer confidence in plan-led marine management before adoption and post adoption in each marine plan area		Achieved	
1D1	Complete annual assessment against Government Better Regulation agenda by October 2013		Achieved but outside original timescale	Assessment completed by November 2013
1D2	Implement and publish findings of annual assessment by March 2014		Achieved	
1D3	The Compliance and Enforcement Model complies with the Hampton Principles and is operated in line with the regulatory compliance code		Achieved	
1G1	Establish a baseline for time taken from initial contact to consent for major projects (not including Nationally Significant Infrastructure Projects) and re-assess annually		Achieved	

Strategic Outcome 2 Corporate Plan 2013 - 2016 Key Performance Indicators		Target	Year to date achievement	%
				0 25 50 75 100
2A2	Total risk score assigned to the marine protected area network decreases through proportionate and risk based deployment of management effort	- % change	- 7%	n/a
2B1	100 per cent of wildlife licence applications for marine protected species are determined within 10 working days of receipt of all required information	100%	100%	
2D1	100 per cent of dispersant product approvals are issued within five working days of receipt of all required information	100%	100%	
2E1	Deployment of risk based enforcement approach increases levels of compliance as measured by a reduction in overall risk scores	+% change	n/a	There were no risk scores generated at year end to compare against those at the start of the year due to resources being deployed onto the superseding Outcome Focused Compliance project
2E2	At least 60 per cent of inspections are directed to high risk activities and no more than 15 per cent are low risk activities	> 60%	72%	
		< 15%	20%	
2E4	100 per cent of investigations to be progressed in line with timescales set by the Investigations Review Group (IRG)	100%	22%	
2F1	Quality assure completed IFCA byelaw applications within 28 days of receipt prior to submission to Defra	100%	100%	

Strategic Outcome 2 Corporate Plan 2013 - 2016 Key Steps		Status		Additional Information
2A1	Maintain and make publicly available our management information for the status of marine protected areas frequently through regular updates		Achieved	
2B2	Develop and publish guidance for marine protected species offences and licensing requirements by September 2013		Achieved but outside original timescale	MMO internet page updated in October 2013 providing guidance on the legislation and offences relevant to protected marine species
2C1	Support Defra in the reporting of monitoring programmes in 2014 and in the development of Programmes of Measures by 2016 as part of Good Environmental Status		Achieved	
2D2	Participation in two planned exercises every six months		Achieved	
2E3	Publish risk based enforcement process by October 2013		Achieved	
2E5	Deliver our Illegal, Unregulated and Unreported (IUU) responsibilities for fishing activities through joint working with our delivery partners across the world		Achieved	
2F2	Support the IFCA's with their process of reviewing former Sea Fisheries Committee legacy byelaws		Achieved	
2F3	We will work with all IFCA's to promote joint working, training and sharing intelligence at both national and regional level		Achieved	
2G1	Guidance is issued before new regulations come into force		Achieved	

Strategic Outcome 3 Corporate Plan 2013 - 2016 Key Performance Indicators		Target	Year to date achievement	0 25 50 75 100 %
3A1	A minimum of 85 per cent of European Fisheries Funds are committed to eligible England projects by December 2013	> 85%	80%	
3A2	Limit de-commitment for England to no more than 10 per cent of total programme funding	< 10%	9.7%	
3D2	Fishing vessel licences and standard variations, where fishing opportunity is reduced or a fishery is closed, are published on the MMO website at least 24 hours before the variation comes into effect in 100 per cent of cases	100%	100%	
3D3	No over-fishes on UK quota species or effort exceeded on UK allocations within MMO management responsibilities	- % differentiation	+ 2% differentiation	n/a
3D4	Uptake of 95 per cent is achieved for 80 per cent of key stocks listed	80%	84%	
3D6	95 per cent of data from over 10m vessel log sheets are entered within 5 working days of receipt	95%	94%	
	Fisheries Activity Data for quota and non-quota species from under 10m sales notes are input correctly, as a result of adequate sampling techniques (95 per cent within 15 working days of receipt for quota species)	95%	99%	
	Fisheries Activity Data for quota and non-quota species from under 10m sales notes are input correctly, as a result of adequate sampling techniques (95 per cent within 20 working days for non quota species)	95%	99%	
3F1	Achieve at least 70 per cent overall satisfaction rating for the level of customer service provided	70%	65%	

Strategic Outcome 3 Corporate Plan 2013 - 2016 Key Steps		Status		Additional Information
3A3	Conclude the European Fisheries Fund (EFF) scheme for England and UK in accordance with European Commission (EC) timeliness		On track	As stated in the measure itself progress has been subject to European timeliness. As the implementation of EMFF has been delayed until January 2015 MMO has had to work to the revised timescales, however, this has been in line with European timeliness
3B1	Support Defra to agree the European Maritime and Fisheries Fund implementation arrangements by Summer 2013 (subject to EC timeliness)		On track	
3B2	Develop and submit Operational Plan by Autumn 2013 (subject to EC timeliness)		On track	
3C1	Continue to manage resources effectively in order to support policy development, preparation and implementation of CFP and domestic reform		Achieved	
3C2	Pilot and deliver policies as part of the reform process including catch quota trials and community quota projects within agreed specifications		Achieved	
3D1	Producer organisations and other government departments are alerted at published levels of uptake of fishing quotas		Achieved	
3D5	Fishing vessel effort allocations issued within agreed timescales		Achieved	
3E1	Continue to roll out E-log books/sales notes and Vessel Monitoring Systems and evaluate effectiveness of implementation by December 2013		Not Achieved	Due to the technical and user problems associated with the operation of e-logs this measure has been assessed as not achieved. A review of implementation has been completed, the recommendation of which will be used to improve future implementation, in addition to other actions such as the establishment of a national MMO / industry user group to help mitigate the risks
3E2	Publish guidance on compliance with e-management solutions on MMO website one month prior to implementation		Achieved	
3F2	MMO performance against customer service standards is published on a quarterly basis		Achieved	
3F3	Regularly report across MMO on new legislation and policy decisions and any implications this may have on our working arrangements with delivery partners		Achieved	
3F4	Identify and engage with people through appropriate forums and initiatives		Achieved	

## Strategic Outcome 4

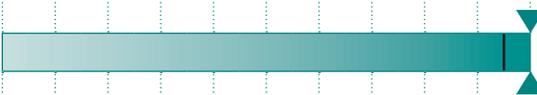
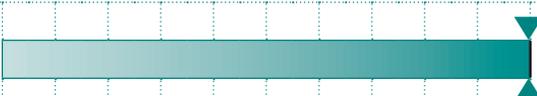
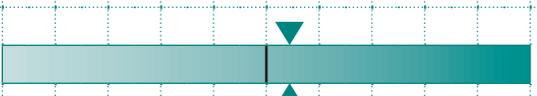
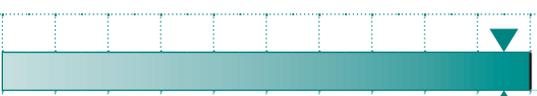
Corporate Plan 2013 - 2016  
Key Performance Indicators

		Target	Year to date achievement	%
				0 25 50 75 100
4A1	100 per cent of evidence reports are quality assured and published within six weeks of receipt	100%	100%	
4A2	100 per cent of all new data is processed and made accessible to our decision makers within six weeks of receipt	100%	100%	
4D2	FOIA: MMO must respond no later than 20 working days after receipt of the request (not more than 40 working days when considering a public interest text in the lead to applying a 'qualified' exemption to facilitate the non-disclosure of information)	100%	100%	
	EIRs: MMO must respond no later than 20 working days after receipt of the request (extensions to 40 working days are permitted when requests are considered complex or where information falling within scope is voluminous)	100%	99%	
4E1	100 per cent of consents go onto public register within five working days of decision	100%	99%	
4F3	100 per cent of research projects are consistent with the Strategic Evidence Plan	100%	100%	
4H2	100 per cent of statutory statistical reports are submitted to required quality within timescales	100%	97%	

Strategic Outcome 4 Corporate Plan 2013 - 2016 Key Steps		Status		Additional Information
4A3	Desk notes are reviewed and updated bi-annually to ensure that they are reflective of current law and best practice		Not Achieved	Desk notes have been reviewed once in year and not twice as the key step states. The decision to review once follows an assessment of risks and agreement that regularity of review only needs to be on an annual basis. We view the non achievement of this target to have minimal business impact
4B1	Quality assurance processes are updated annually in line with current best practice and published		Achieved	
4C1	MMO web-page for evidence base implemented by December 2013		Achieved	
4C2	Schedule of evidence projects and external version of master data register are published on our website quarterly		Achieved	
4C3	Develop and publish corporate datasets for fisheries activity data by December 2013		Achieved	
4D1	Undertake assessment of transparency across key MMO business areas by October 2013 and act on recommendations by March 2014		Achieved	
4F1	Meet annually with relevant Chief Scientific Advisors to ensure appropriate alignment on evidence priorities and delivery		Achieved	
4F2	The Strategic Evidence Plan is reviewed annually and published on the MMO website		Achieved	
4G1	Attend twice yearly meetings with public body delivery partners to ensure efficient and effective evidence commission and coordination		Achieved	
4G2	MMO representation at relevant technical meetings with the marine science community to keep informed of relevant science that impacts marine management		Achieved	
4H1	Publish annual statistical reports by September 2013		Achieved	
4I1	Ensure compliance with the INSPIRE Directive for Annex III data by December 2013		Achieved	

## Strategic Outcome 5

Corporate Plan 2013 - 2016  
Key Performance Indicators

		Target	Year to date achievement	%
				0 25 50 75 100
5B1	Line managers will start investigating at least 95% of reported incidents no later than 10 working days after receiving a report, sharing lessons learned across MMO	95%	100%	
	95 per cent of MMO staff have completed a valid DSE workstation assessment and all risks identified within the assessment have been addressed accordingly by line managers within 20 working days	95%	99%	
	95 per cent of MMO staff confirm they have seen and understood the H&S policy and understand their personal accountabilities and 95 per cent of managers comply with their personal Health, Safety and Well Being accountabilities	95%	n/a	This will be reported at the Audit and Risk Assurance Committee in their July 2014 meeting
5F2	Year end expenditure is within allocated budget	Within budget (< 100%)	99.93%	
5F3	No more than 22 per cent of spend is attributed to back office activities	< 22%	18%	
5G1	At least 50 per cent of our total procurement spend is in partnership with other public bodies	> 50%	54%	
5H1	Continue to improve our occupancy per square metre in line with government targets	< 10m <sup>2</sup> per FTE (by 2015)	10.1m <sup>2</sup>	n/a
5H2	Carbon dioxide emissions per person are reduced year on year	- % change	- 15%	n/a
5J3	100 per cent appropriate projects are governed through an agreed change management process	100%	95%	

Strategic Outcome 5 Corporate Plan 2013 - 2016 Key Steps		Status		Additional Information
5A1	Build on Investors in People status to achieve Gold Standard by March 2015		On track	
5C1	Achieve Gold Health Award (or equivalent) by March 2015		On track	
5D1	Continue to implement all the outcomes from the MMO 2012/13 People Plan		Achieved	
5E1	Continue to drive improvements through the MMO's equality and diversity staff forum		Achieved	
5E2	Conduct Equality Analysis for all appropriate decisions		Achieved	
5F1	Financial risks and opportunities are shared monthly with our government sponsorship team		Achieved	
5G2	Analyse and prioritise potential procurement opportunities with Small and Medium Enterprises (SME's) and develop a target at the next Comprehensive Spending Review		Achieved	
5I1	Following conclusion of the Triennial Review, work with Defra to publish actions in a timely manner		Achieved	
5I2	Publish our response to the Civil Service Reform Plan by March 2014		Achieved	
5J1	Unqualified Annual Report and Accounts which are published and laid in Parliament before summer recess		Achieved	
5J2	Carry out a governance review by March each year		Achieved	
5K1	Implement the Information Communications Technology (ICT) strategy in line with three year plan		Not Achieved	The broader concerns regarding the downward revaluations of two IT projects due to issues with project governance has been reflected in the assessment of this measure
5L1	Information assurance assessment completed by March each year		Achieved	
5M1	Initiate annual review of Board and Audit and Risk Committee effectiveness in December 2013 and implement any actions thereafter		Achieved	

Marine Management Organisation  
Lancaster House  
Hampshire Court  
Newcastle Business Park  
Newcastle upon Tyne

Telephone: 0300 123 1032

[www.marinemanagement.org.uk](http://www.marinemanagement.org.uk)  
[info@marinemanagement.org.uk](mailto:info@marinemanagement.org.uk)



Marine  
Management  
Organisation