

JNCC Support Co

Board of Directors

Adoption of the JNCC Annual Report and Accounts for the year ended 31 March 2019

Cover note by Emer O'Connor

1. Action required

1.1 The Company Board is asked to:

- i. **approve and adopt** the JNCC Annual Report and Accounts (ARA) for the year ending 31 March 2019, and authorise the Chief Executive to sign the ARA on their behalf;
- ii. **authorise** the Company Secretary to lodge the accounts with Companies House;
- iii. **authorise** the Chief Executive to arrange for the ARA to be laid before the Houses of Parliament and the Scottish Parliament; and
- iv. **authorise** the Chief Executive to sign the letter of representation for the year ended 31 March 2019.

2. Key issues

- 2.1 The Company Board is responsible for approval and adoption of the Annual Report and Accounts (ARA) of the JNCC Support Co, following review and recommendation provided by the Audit and Risk Assurance Committee (ARAC).

JNCC Support Co

Board of Directors

Adoption of the JNCC Annual Report and Accounts for the year ended 31 March 2019

Paper by Emer O'Connor

1. The Company board is responsible for approving and adopting the JNCC Support Co Annual Report and Accounts (ARA) in order that the Company Secretary may lodge the Annual Report Accounts with the Registrar at Companies House.
2. Under the governance arrangements of the company, the Audit & Risk Assurance Committee (ARAC) is required to review the ARA for the year ended 31 March 2019 together with the letter of representation that accompanies the ARA when it is sent to the Comptroller and Auditor General (C&AG). ARAC is then required to report to the Board any comments or reservations it may have on these documents prior to the Board approving them.
3. A copy of the ARA is attached at Annex 1. The ARA has been examined by auditors from the National Audit Office (NAO) and although it has yet to be certified by the Comptroller and Auditor General, it includes a copy of the draft audit certificate stating the C&AG's unqualified audit opinion of the accounts.
4. At its meeting on 5 June 2019, ARAC are expected to agree adoption of the 2018/19 JNCC Annual Report and Accounts and to recommend them to the Board for approval.
5. The ARA as circulated has been reviewed by representatives of Defra and the Scottish Government. This version includes some minor amendments arising from these reviews in addition to those previously incorporated following Nigel Reader's review on behalf of ARAC.
6. Attached at Annex 2 is the letter of representation which is to be signed by the Chief Executive on behalf of the Board on the same date that he signs the ARA, confirming that the Board is satisfied as to the completeness of the information provided and disclosures given to the external auditors.
7. All references in the ARA to the EU, Europe or EU Exit have to be cleared by the Department for Exiting the European Union and the Cabinet Office. The latest set of draft ARA has been sent to Defra to be forwarded to them for clearance. The clearance process is currently taking up to seven working days. We do not expect any issues and anticipate no changes to be made.

Joint Nature Conservation Committee and JNCC Support Co Annual Report and Accounts for year ending 31 March 2019

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

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

Ordered by the House of Commons to be printed on **x July 2019**

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JNCC SUPPORT CO
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 MARCH 2019

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Chair's and Chief Executive's Foreword

ARA foreword

During 2018/19, JNCC utilised a budget of £14 million to deliver an extensive programme of work in the UK and internationally. The key components of our work included providing evidence on the status of the natural environment, assessing the impact of human activities, and delivering advice to inform policy development and management interventions.

Nature conservation is primarily a devolved responsibility in the UK. England, Scotland, Wales and Northern Ireland each have their own strategies for biodiversity and the environment. In 2018/19, JNCC worked closely with each administration to support their environmental aims while maintaining the benefits of operating at a UK scale: cost-effective delivery, meeting international obligations, maintaining common standards and addressing cross-border challenges.

JNCC's success during the year was dependent on our dedicated people, who have deep expertise in environmental science and policy, data analysis and business support. We also acknowledge our fruitful partnerships with many organisations in the public sector, third sector and business.

Some of JNCC's achievements from the year are summarised below.

- JNCC worked with partner organisations to co-ordinate long-term species surveillance schemes in which data are captured by volunteer recorders. The schemes provided updated population trends for terrestrial species in the UK (birds, butterflies, bats, plants) and are a key source of evidence for detecting change in the natural environment.
- JNCC undertook four surveys with Cefas, Marine Scotland and the National Oceanography Centre to acquire monitoring data for offshore marine protected areas. We also made significant progress in developing an integrated marine biodiversity monitoring programme for the UK by obtaining endorsement of options from the Marine Science Coordination Committee.
- In July 2018, JNCC published an annual update of the UK biodiversity indicators, including assessments of 24 indicators and 50 component measures. The indicators show trends over time and are used for international reporting.
- In support of national and international obligations, JNCC provided scientific advice to enable governments to complete a network of marine protected areas in UK waters. We delivered post-consultation advice on Tranche 3 Marine Conservation Zones (MCZs) in England and pre-consultation advice on Deep Sea Reserves in Scotland. In Wales we worked in partnership with Natural Resources Wales and Welsh Government to identify options for MCZs.
- JNCC advised public authorities on the regulation of offshore industry activities, including 579 oil and gas applications and 22 aggregate dredging applications. JNCC also provided scientific advice to the country nature conservation bodies on offshore renewables casework. Beyond the UK, we started to work with the Foreign and Commonwealth Office on the development of regulations, standards and guidelines for deep-sea mining in areas beyond national jurisdiction.
- JNCC published the UK's 6th national report under the Convention on Biological Diversity (CBD) which summarised the UK's progress in achieving the 20 Aichi biodiversity targets for the period 2011-2020. Looking to the future, JNCC worked with governments and other partners to generate ideas for a post-2020 global biodiversity framework. In November 2018, JNCC staff participated in the UK delegation to the CBD's 14th Conference of the Parties.
- JNCC is increasingly embedding a natural capital approach in our work, highlighting the value of natural resources and the social and economic benefits they provide. In 2018/19, we undertook projects in several of the UK's Overseas Territories and countries in South America to inform sustainable management of natural resources. The core of the work involved mapping stocks of natural capital and flows of ecosystem services using remote sensing and data modelling.
- In preparation for the UK's departure from the EU, JNCC systematically assessed all of its functions to ensure seamless delivery from day 1. A particular area of attention was

scientific advice on licence applications under the Convention on International Trade in Endangered Species, where the volume of applications is predicted to increase substantially following UK exit.

Many of the key themes of our work in 2018/19 will continue into 2019/20. JNCC will take a flexible approach and will adapt to meet the evolving requirements of the four governments in the UK and other customers.

Professor CA Gilligan (Chair)

Mr MJM Yeo
(Chief Executive)

Facal-tòisich ARA

Chleachd JNCC buidseat de £14 millean ann an 2018/19, airson prògram obrach farsaing a libhrigeadh anns an Rìoghachd Aonaichte agus thall thairis. B' iad prìomh phàirtean ar cuid obrach foillseachadh fianais air inbhe na h-àrainneachd nàdarra, sgrùdadh air buaidh gnìomhan mac-an-duine, agus libhrigeadh comhairle, a chuir ri leasachadh is stiùireadh poileasaidh.

'S e dleastanas glèidhte aig na riaghaltasan nàiseanta san Rìoghachd Aonaichte a th' ann an glèidhteachas nàdair. Tha ro-innleachd fa leth air bith-iomadachd is an àrainneachd ann an Sasainn, Alba, A' Chuimrigh agus Èirinn a Tuath. Dh'obraich JNCC gu dlùth le gach riaghaltas ann an 2018/19, a' cumail taic ri na h-amasan àrainneachail aca ach a' faighinn buannachd à co-obrachadh aig ìre na RA; èifeachdas a thaobh chosgaisean, coileanadh dhleastanasan eadar-nàiseanta, cumail ri ìrean coitcheann agus freagairt ri dùbhlannan thar-chrìochan.

Bha soirbheachas JNCC tron bhliadhna an eisimeil nan daoine èasgaidh againn, aig a bheil sàr eòlas air saidheans is poileasaidh àrainneachail, sgrùdadh dàta agus taic gnìomhachais. Tha sinn cuideachd a' comharrachadh nam com-pàirteachasan soirbheachail againn le iomadh buidheann anns an roinn phoblach, an treas roinn agus ann an gnìomhachas.

Tha cuid de na choisinn JNCC sa bhliadhna rim faicinn gu h-ìosal.

- Cho-obraich JNCC le buidhnean com-pàirteachaidh airson sgeamaichean sgrùdaidh fad-ùine air seòrsachan anns a bheil dàta ga chlàradh le luchd-clàraidh saor-thoileach a cho-ordanachadh. Bha gluasadan ann an àireamhan sheòrsachan talmhainn san RA (eòin, dealanan-dè, ialtagan, lusan) gan toirt am follais anns na sgeamaichean a tha mar phrìomh thùs fianais airson atharrachadh san àrainneachd nàdarra a thoirt am follais.
- Ghabh JNCC ceithir sgrùdadh os làimh le Cefas, Marine Scotland agus National Oceanography Centre airson dàta sgrùdaidh fhaighinn do roinnean dìon mara. Rinn sinn adhartas mòr air leasachadh prògram sgrùdaidh ceangailte air bith-iomadachd mara don RA le bhith a' faighinn aonta air roghainnean le Marine Science Coordination Committee.
- Anns an Iuchar 2018, dh'fhoillsich JNCC ùrachadh bliadhna air comharraidhean bith-iomadachd don RA, a leithid sgrùdadh air 24 comharraidhean agus 50 ceum cho-phàirtean. Tha gluasadan thar ùine rim faicinn anns na comharraidhean agus tha iad air an cleachdadh airson aithrisean eadar-nàiseanta.
- Airson taic a chumail ri dleastanasan nàiseanta is eadar-nàiseanta, dh'fhoillsich JNCC comhairle shaidheansail a leigeas le riaghaltasan lionra de roinnean dìon mara san RA a choileanadh. Thug sinn comhairle seachad an dèidh a' cho-chomhairleachaidh air na roinnean Tranche 3 Marine Conservation Zone (MCZ) ann an Sasainn agus comhairle ro cho-chomhairleachaidh air Stòrasan Cuain ann an Alba. Anns a' Chuimrigh, bha sinn a' co-obrachadh le Natural Resources Wales agus Riaghaltas na Cuimrigh airson roghainnean a shònrachadh do na roinnean MCZ.
- Chum JNCC comhairle ri ùghdarrasan poblach air riaghladh gnìomhachas an cois cladaich, a leithid 579 iarrtasan ola is gas agus 22 iarrtas obair agragaid. Chum JNCC comhairle shaidheansail cuideachd ri buidhnean glèidhteachais air obair-cùise co-cheangailte ri cumhachd ath-nuadhachail far cladaich. Thaobh a-muigh na RA, thòisich sinn air obrachadh le Oifis nan Cùisean Cèin is a' Cho-fhlaitheis air leasachadh riaghailtean, ìrean is stiùiridh airson mèinnearachd cuain ann an raointean thaobh a-muigh riaghladh nàiseanta.
- Dh'fhoillsich JNCC an t-siathamh aithisg nàiseanta aig an RA fo Convention on Biological Diversity (CBD) anns an robh geàrr-iomradh air adhartas na RA mu choinneimh coileanadh 20 targaid bith-iomadachd Aichi airson 2011-2020. Le sùil air na tha romhainn, cho-obraich JNCC le riaghaltasan is com-pàirtichean eile air frèam bith-iomadachd na cruinne an dèidh 2020. Anns an t-Samhain 2018, ghabh luchd-obrach JNCC pàirt ann an sgioba na RA aig 14mh Co-labhairt nam Pàrtaidhean aig CBD.
- Tha JNCC a' sìor fhilleadh dòigh-obrach calpa nàdarra nar cuid saothrach, a' sònrachadh an luach ann an goireasan nàdarra agus na buannachdan sòisealta is eaconamach anna. Ann an 2018/19, ghabh sinn pròiseactan os làimh ann an grunn Ranntairean Breatannach Thall Thairis agus dùthchannan ann an Ameireaga a Deas a chuireas ris an eòlas air stiùireadh seasmhach ghoireasan nàdarra. Tha crìdhe na h-obrach seo co-

cheangailte ri clàradh stòrasan calpa nàdarra agus shruthan de sheirbheisean eag-siostaim tro sgrùdadh air astar agus dealbhadh dàta.

- Rinn JNCC lèir-sgrùdadh air a h-uile modh-obrach, mar ullachadh air an RA a' tarraing às an AE, gus an dèanar cinnteach gu bheil seirbheisean gan libhrigeadh mar bu chòir bhon fhìor thoiseach. Chaidh cuideam a chur air comhairle shaidheansail air ceadan iarrtais fo Convention on International Trade in Endangered Species, agus dùil ann gun tèid an àireamh de dh'iarrtasan am meud gu mòr an dèidh don RA tarraing às an Roinn Eòrpa.

Leanaidh mòran de na prìomh chuspairean nar cuid obrach ann an 2018/19 air adhart gu 2019/20. Bidh JNCC sùbailte agus ag obair a rèir toil nan ceithir riaghaltasan san RA agus luchd-cleachdaidh eile.

Professor CA Gilligan (Cathraiche)

Mgr. MJM Yeo
(Àrd-oifigear)

Rhagair Adroddiad Blynyddol a Chyfrifon

Yn ystod 2018/19, bu i JNCC ddefnyddio cyllideb o £14 miliwn i gynnis rhaglen waith eang ym Mhrydain a ledled y byd. Ymysg elfennau allweddol ein gwaith oedd cynnis tystiolaeth ynghylch statws yr amgylchedd naturiol, asesu effaith gweithgareddau pobl a chynnis cyngor er mwyn bod yn sail i ddatblygu polisiau ac ymyrryd mewn dulliau rheoli.

Mae cadwraeth natur yn gyfrifoldeb datganoledig yn bennaf ym Mhrydain. Mae Lloegr, yr Alban, Cymru a Gogledd Iwerddon i gyd yn meddu ar eu strategaethau eu hunain ynghylch bioamrywiaeth a'r amgylchedd. Yn 2018/19, bu i JNCC gydweithio'n agos gyda phob gweinyddiaeth i gefnogi eu nodau amgylcheddol wrth gynnal buddion gweithio ledled Prydain gyfan: gwaith cost-effeithiol, bodloni goblygiadau rhyngwladol, cynnal safonau cyffredin a mynd i'r afael â heriau trawsffiniol.

Bu llwyddiant JNCC yn ystod y flwyddyn yn ddibynnol ar ein pobl ymroddgar, sy'n meddu ar arbenigedd sylweddol o wyddoniaeth amgylcheddol a pholisiau, dadansoddi data a chefnogaeth busnes. Rydym hefyd yn cydnabod ein partneriaethau llwyddiannus gyda sawl mudiad yn y sector cyhoeddus, y trydydd sector a'r sector busnes.

Dyma rai o lwyddiannau JNCC yn ystod y flwyddyn :

- Bu i JNCC gydweithio gyda mudiadau partner i gydlynu cynlluniau cadw golwg ar rywogaethau hirdymor lle gaiff data eu cadw gan gofnodwyr gwirfoddol. Bu i'r cynlluniau gynnis data diweddar am boblogaethau rhywogaethau daearol Prydain (adar, gloynnod byw, ystlumod a phlanhigion). Mae'r cynlluniau yn ffynhonnell allweddol o dystiolaeth ar gyfer canfod newidiadau yn yr amgylchedd naturiol.
- Bu i JNCC gynnal pedwar arolwg gyda Cefas, Marine Scotland a'r Ganolfan Cefnforeg Genedlaethol er mwyn meddu ar ddata monitro ar gyfer ardaloedd morol alltraeth wedi'u gwarchod. Bu inni hefyd wneud cynnydd sylweddol gyda datblygu cynllun monitro bioamrywiaeth morol cyfannol ar gyfer Prydain drwy ennill cadarnhad o ddewisiadau gan Bwyllgor Cydlynu Gwyddoniaeth Morol.
- Ym mis Gorffennaf 2018, bu i JNCC gyhoeddi diweddiariad blynyddol o ddangosyddion bioamrywiaeth Prydain, ynghyd ag asesiadau o 24 dangosydd a 50 mesurau cydrannol. Mae'r dangosyddion yn dangos tueddiadau dros amser ac fe gân nhw eu defnyddio ar gyfer llunio adroddiadau rhyngwladol.
- Er mwyn cefnogi goblygiadau cenedlaethol a rhyngwladol, bu i JNCC gynnis cyngor gwyddonol er mwyn i lywodraethau fedru cwblhau rhwydwaith o ardaloedd morol gwarchodedig yn nyfroedd Prydain. Bu inni gynnis cyngor cyn yr ymgynghoriad ar Barthau Cadwraeth Morol Cyfran 3 yn Lloegr a chynnis cyn yr ymgynghoriad ar Gadwraethau Cefnforoedd yn yr Alban. Yng Nghymru, bu inni gydweithio gyda Chyfoeth Naturiol Cymru a Llywodraeth Cymru er mwyn adnabod dewisiadau ar gyfer Parthau Cadwraeth Morol.
- Bu i JNCC gynghori awdurdodau cyhoeddus ynghylch rheoleiddio gweithgareddau diwydiannol alltraeth, gan gynnwys 579 cais olew a nwy a 22 cais carthu agregau. Bu i JNCC hefyd gynnis cyngor gwyddonol i gyrrff cadwraeth natur gwledig ar waith achos ynghylch adnoddau adnewyddadwy alltraeth. Y tu hwnt i Brydain, bu inni fynd ati i gydweithio gyda'r Swyddfa Dramor a Chymanwlad ynghylch datblygu rheoleiddiadau, safonau a chanllawiau yn ymwneud â mwylgloddio'r cefnfor mewn mannau y tu hwnt i awdurdodaeth genedlaethol.
- Bu i JNCC gyhoeddi 6^{ed} adroddiad cenedlaethol Prydain o dan y Confensiwn Amrywiaeth Fiolegol (CBD) wnaeth grynhoi cynnydd Prydain i gyflawni 20 targed bioamrywiaeth Aichi ar gyfer y cyfnod o 2011 – 2020. Gan edrych tua'r dyfodol, bu JNCC yn cydweithio gyda llywodraethau a phartneriaid eraill i gynhyrchu syniadau ar gyfer fframwaith bioamrywiaeth byd-eang ar ôl 2020. Ym mis Tachwedd 2018, bu i staff JNCC gymryd rhan yn nirprwyaeth Prydain ym mhedwaredd Gynhadledd ar ddeg y Partion y Confensiwn Amrywiaeth Fiolegol.
- Mae JNCC yn prysur ofalu dull yn ymwneud â chyfalaf naturiol, gan amlygu gwerth adnoddau naturiol a'r buddion cymdeithasol ac economaidd ynghlwm â nhw. Yn 2018/19, bu inni lansio prosiectau yn sawl un o Dirioogaethau Tramor Prydain a gwledydd yn Ne America i fynd ati i reoli adnoddau naturiol yn gynaliadwy. Bu rhan graidd y gwaith yn

ymwneud â mapio cyflenwadau o gyfalaf naturiol a llifoedd o wasanaethau ecosystem gan ddefnyddio synhwyro o bell a modelu data.

- Fel rhan o baratodau at ymadawiad Prydain o'r UE, bu i JNCC asesu eu holl swyddogaethau yn systematig er mwyn sicrhau ein bod yn cynnig ein gwasanaeth yn ddidrafferth o'r diwrnod cyntaf un. Bu inni ganolbwyntio'n benodol ar gyngor gwyddonol ar geisiadau trwyddedau o dan y Confensiwn ar Fasnachu Rhyngwladol mewn Rhywogaethau sydd Dan Fygythiad. Rydym yn rhagweld y bydd y nifer o geisiadau yn cynyddu'n sylweddol unwaith i Brydain adael yr UE.

Byddwn yn parhau gyda sawl un o'n themâu gwaith allweddol o 2019/19 yn 2019/20. Bydd JNCC yn hyblyg ac yn addasu er mwyn bodloni gofynion datblygiadol y pedwar llywodraeth ym Mhrydain ynghyd â gofynion cwsmeriaid eraill.

Yr Athro CA Gilligan (Cadeirydd)

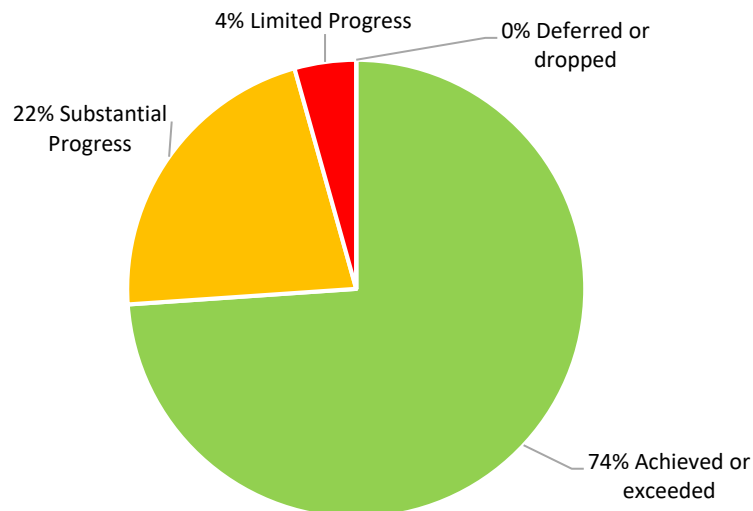
Mr MJM Yeo
(Prif Weithredwr)

Performance Report

Performance against success measures for 2018/19

Success Measure Ratings	Description	Number of success measures reporting in this category at end of year
Green	Achieved or exceeded	17
Amber	Substantial progress made with full achievement anticipated early in 2019/20	5
Red	Limited progress	1
Black	Deferred or dropped	0

JNCC summary



Strategic outcome 1. High-quality evidence on biodiversity and ecosystems to inform decisions affecting the environment

Objectives

Produce robust evidence of environmental status and change
Provide standards for environmental evidence that are shared by voluntary, public and private sectors
Provide mechanisms for open and efficient sharing of environmental data
Provide tools and analytical services that can be rapidly deployed in support of decision-making

Success Measures

Success Measure number	Success Measure	Year end rating
1.1	Provide population trends for a wide range of species in the UK and complete the review of terrestrial surveillance to inform future requirements	Green
1.2	Build test products that combine species data with Earth Observation to indicate ecosystem condition/resilience	Green
1.3	Lead the delivery of the marine monitoring options package through the UK Marine Monitoring and Assessment Strategy's Monitoring Assessment and Reporting Group to Marine Science Coordination Committee, subject to contributions from Healthy and Biologically Diverse Seas Evidence Group partners	Green
1.4	Following the Marine Evidence-based Sensitivity Assessments method, determine the feasibility of completing sensitivity assessments for deep sea biotopes, and where possible complete for 30% of biotopes	Amber
1.5	Produce an efficient and General Data Protection Regulation-compliant framework for holding and managing open, closed and personal data	Amber
1.6	Create a data hub to underpin the refreshed JNCC website that will support a wide variety of data and support our open data aspirations	Amber

Strategic outcome 2. Beneficial environmental outcomes for the UK through international leadership

Objectives

Support governments in achieving their environmental ambitions by shaping international initiatives and supporting implementation, taking full account of devolved
Provide evidence and advice in support of environmental priorities in the UK's Overseas Territories

Success Measures

Success Measure number	Success Measure	Year end rating
2.1	Work with Defra and the UK stakeholders on the IPBES (Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services) work programme and contribute to the final draft of the global assessment prior to its presentation to the Platform members in April 2019 and the external review of the Platform due to conclude in April 2019	Green

2.2	Provide advice in support of UK engagement in the Convention on Biological Diversity (Conference of the Parties November 2018), Agreement on the Conservation of African-Eurasian migratory waterbirds (Meeting of the Parties December 18), Convention on International Trade in Endangered Species of Wild Fauna and Flora, Convention on Migratory Species and Oslo and Paris Convention (OSPAR) and, in particular, contribute to the development of a post-2020 biodiversity framework	Green
2.3	Complete Conflict, Stability and Security Fund supported natural capital work in the Caribbean and South Atlantic Overseas Territories through socio-economic assessments, GIS and EO based value mapping, development of natural capital indicators and delivery of training programmes	Green

Strategic outcome 3. Cost-effective delivery of devolved environmental priorities through shared solutions and joint working

Objectives

Create tailored products and advice to support integrated approaches for managing biodiversity and ecosystems, in line with country priorities
Produce scientifically robust standards and methods for use across the UK, that enable governments to meet international obligations consistently and efficiently, and provide consistency and certainty for industry and regulators
Convene partners from across the UK and internationally to identify and solve emerging problems and exploit shared opportunities

Success Measures

Success Measure number	Success Measure	Year end rating
3.1	Continue to promote the natural capital concept both internally and externally and provide information and advice to help society (people, governments, businesses, NGOs etc) take informed decisions that take account of natural capital	Green
3.2	Produce reports to meet UK, European and international reporting obligations including UK biodiversity indicators (July 2018), Marine Acts (2018), Birds Directive Derogations (September 2018), the Convention on Biological Diversity (December 2018), Habitats Directive Article 17 (April 2019), Birds Directive Article 12 (June 2019) and Marine Strategy Framework Directive (July 2018)	Green
3.3	Complete review of common standards for site condition monitoring on behalf of the country nature conservation bodies	Red
3.4	Provide advice and support to the UK government and devolved administrations in preparation for the UK's exit from the EU	Amber

Strategic outcome 4. Sustainable economic growth through a healthy environment in the UK's offshore waters

Objectives

Advise on the establishment of a well-managed network of marine protected areas
Provide clear and proportionate advice to public authorities to support their management of fisheries, offshore industries and other human activities
Provide evidence-based advice on the benefits derived from healthy marine ecosystems

Success Measures

Success Measure number	Success Measure	Year end rating
4.1	Provide scientific support to governments in their designation of further marine protected areas in UK offshore waters (Marine Conservation Zones in England and Wales; Deep-Sea Marine Reserves around Scotland)	Green
4.2	Provide scientific support to governments in their delivery of fisheries management in offshore marine protected areas	Green
4.3	Provide advice to competent authorities, within agreed consultation periods, for the regulation of offshore industry activities	Green
4.4	Provide evidence and advice to support the effective discharge of offshore industry casework by the country nature conservation bodies, including the use of high-quality science to improve ecological understanding of the interaction between offshore industry and marine biodiversity	Green

Strategic outcome 5. Excellent, customer-focused delivery

Objectives

Provide a high-quality and cost-effective service to our customers
Maximise the usefulness and impact of JNCC as a shared centre of scientific and technical expertise
Establish a sustainable financial model for JNCC and a resilient and flexible workforce
Protect the interests of stakeholders through effective corporate governance

Success Measures

Success Measure number	Success Measure	Year end rating
------------------------	-----------------	-----------------

5.1	Achieve at least £2.5m income with an average contribution to overhead of 25%	Green
5.2	Provide assurance for the effectiveness of systems of internal control (health and safety, environmental, equality and diversity, fraud and losses, data security, internal audit)	Green
5.3	Develop information management systems and business practices to strengthen resource management	Green
5.4	Implement a new communications strategy to raise JNCC's profile and promote business development, and launch a revised JNCC website	Amber
5.5	Implement changes to JNCC's leadership and organisation design to increase resilience and flexibility	Green
5.6	Assess staff morale by undertaking a people survey in 2018 and prepare an action plan to address the main issues raised	Green

JNCC Sustainability Report

This report is not subject to audit

JNCC has a well-established but informal culture of working sustainably. In 2018 JNCC agreed to formalise efforts to reduce our environmental impact wherever possible and start work to achieve ISO 14001 certification. This report details current informal practices and sets the baseline for practices and procedures for ISO 14001 pre-assessment that will be undertaken in 2019/20.

Environmental compliance is a standing item on quarterly Audit and Risk Assessment Committee (ARAC) meetings. Duty of Care compliance and internal audits are reported to ARAC.

Internal Audits

Two internal audits are carried out annually. In 2018/19 internal audits included: staff energy and clinical waste transfer note duty of care. One non-compliance was found on the last two staff energy audits; both non-compliances have been followed up with staff and reported internally.

Electronic waste

JNCC disposes of all electronic equipment in compliance with WEEE Directive requirements. Due to low volumes of waste produced, and the desire to be cost neutral, JNCC does not dispose of electronic waste annually. In 2018 no electronic equipment was disposed. However, all electronic equipment is sent for recycling, reuse or restoration and JNCC maintains a 100% recycle/reuse rate for our electronic equipment.

Clinical and Hazardous waste

Hazardous waste – fluorescent bulbs are disposed of through the Mechanical and Engineering contractors who manage the building on a weekly basis.

Waste transfer notes for clinical waste are disposed of through Initial Hygiene. These are held within Office Services

Waste disposal

All waste disposal figures are provided to Central Estates in Defra annually. These figures include costs and energy usage. For 2018-19 weights were: 1.6 tonnes to landfill, 1.1 tonnes to recycling. This is an increased figure due to compost waste being stopped. All recycling has transfer note certification. Separate processes are in place for recycling of tonners and cartridges and batteries. A 100% recycled rate is achieved through the relevant contracts.

Utilities

Figures below are for JNCC Peterborough Office only. The Aberdeen office is BREEAM build and all utilities are provided through SEPA returns.

Energy

For 2018/19 energy consumption JNCC used 110,883kwh. This is a decrease on 2017/18 (116,007kwh) despite an increase in staff numbers. However, we are paying more due to price increase per kilowatt hour.

Gas and water usage and costs are included in our Landlord service agreement so cannot currently be calculated.

Business travel

JNCC's travel policy supports the most cost-effective and sustainable travel options wherever possible. The use of conferencing technology supports JNCC in reducing business travel where possible.

Staff greening group

JNCC staff are in the process of setting up the informal Greening Group which will meet quarterly. Our staff have already introduced 'meat free Wednesday', plastic awareness campaign around lunchtime single use plastics and are scoping future initiatives.

As a public sector body, we adhere to the Public Contracts Regulations 2015 for our procurement. We also have a sustainable procurement policy. All tenders are required to state whether they have ISO 14001 certification and/or an Environmental Policy. While this does not preclude tender success, it is a criterion in the decision-making process.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

Joint Committee and Support Company

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

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

Support is provided to the Joint Committee by the JNCC Support Co, a company limited by guarantee. The company was established with the consent of the Secretary of State for Environment, Food and Rural Affairs under the provisions of Schedule 4 para 13 (1) of the Natural Environment and Rural Communities Act 2006. The Company Board consists of the Joint Committee members and the Chief Executive.

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

JNCC Support Co information

Company number: 05380206 (England and Wales)

Peterborough office and registered office

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

Aberdeen office

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

Senior staff in JNCC in 2018/19

Chief Executive	Mr MJM Yeo
Chief Scientist and Deputy Chief Executive	Professor CA Maggs
Director of Finance and Resources	Mr CM Brooks (Appointed 4 June 2018)
Director of Corporate Services	Mrs SE McQueen (resigned 4 May 2018)
Science Director	Mr PM Rose
Science Director	Dr JC Goold
Science Director	Dr SD Gibson

Company directors in 2018/19

Professor MCV Austen
Mr CER Banner
Professor IJ Bateman
Rt Hon Lord Blencathra (appointed 12 September 2018)
Dr MB Cantlay
Ms CS Denholm (appointed 1 April 2018)
Professor CA Galbraith
Professor CA Gilligan
Dr MSC Havard (resigned 31 October 2018)
Dr JW Horwood (resigned 30 September 2018)
Dr AH Kirkpatrick
Ms D McCrea (resigned 19 July 2018)
Professor SJ Ormerod (appointed 1 November 2018)
Professor HM Platt
Professor EM Scott
Professor DM Winter (appointed 12 September 2018)
Mr MJM Yeo

Company secretary Mr CM Brooks

Donations

There were no political or charitable donations made in the financial year ending 31 March 2019.

Losses and special payments

JNCC reported one loss of £0.3k and no special payments during the year to 31 March 2019 (none reported in the year to 31 March 2018). 11 fruitless payments were recorded in 2018/19 with a total value of £4.4k (22 fruitless payments totalling £8.2k were reported in 2017/18).

Personal data

In the year to 31 March 2019 there were no cyber-breaches or incidents of fraud at JNCC. Following the previous year's attempted fraud, a thorough review has taken place and controls have been tightened where appropriate. Staff have also received additional fraud training.

Events since the end of the financial year

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

Results and dividends

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

Directors' interests

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

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

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

Sickness absence

In 2018/19 the average sickness absence per full-time employee was 3.5 days (5 days in 2017/18).

Health and Safety

JNCC is committed to complying with all legal obligations for health and safety and is proactive in anticipating and assessing problems to remove or reduce any risks to staff. The table below details the number of health and safety incidents recorded at JNCC for the past two years.

Table 1: Recorded health and safety incidents for the past two years

	2018/19	2017/18
Minor Accidents	3	8
Near Miss Incidents	3	2
Lost Time	0	0

Trade Union Facility Time

Under the Trade Union (Facility Time Publication Requirements) Regulations 2017, JNCC is required to disclose information relating to paid Trade Union activities undertaken by relevant union officials.

Table 2: Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalents (FTEs)
5	5

Table 3: Percentage of time spent on facility time

Percentage of time	Number of employees
0%	213
1% - 50%	1
51% - 99%	0
100%	0

Table 4: Percentage of pay bill spent on facility time

Total cost of facility time	£8.5k
Total pay bill	£8.395m

Percentage of the total pay bill spent on facility time	0.10%
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Table 5: Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time	0.10%
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Pension liabilities

Full details of pension liabilities and their accounting treatment are given in the accounting policies note on page 54 of this report.

Responsibilities of the Chief Executive

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

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

Auditors

Following the passing of the Government Resources and Accounts Act 2000 (Audit of Non-profit-making Companies) Order 2009 the Comptroller and Auditor General (C&AG) is empowered to audit JNCC Support Co's financial statements. The C&AG's certificate and report (Auditors' Report) commence on page 47. The audit fee charged in the Profit and Loss Account was £18k (£18k in 2017/18). The auditor received no fees for non-audit services.

The Directors confirm that:

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

Mr MJM Yeo
Chief Executive
On behalf of the board of directors
6th June 2019

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2019

The directors present their report and the financial statements for the year ending 31 March 2019. This report should be read in conjunction with the Governance Statement commencing on page 24 and the Directors' report commencing on page 13.

JNCC Support Co

The Joint Nature Conservation Committee (JNCC) is the statutory adviser to the UK Government and devolved administrations on UK and international nature conservation. Our vision is to be a world-leading provider of innovative solutions, placing nature at the heart of sustainable wealth and wellbeing.

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

JNCC's strategy to 2020 is delivering five high-level outcomes:

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

Business model

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

JNCC Support Co is funded primarily by grant-in-aid, with additional monies received for other work related to non-core activities.

The total budget for JNCC's core activities is set each year by Ministers of the Department for Environment, Food and Rural Affairs (Defra) after consultation and in agreement with their Scottish, Welsh and Northern Irish counterparts. Additionally, the Committee agrees longer term financial plans related to its non-core activity.

Budget

The budget for 2018/19 comprised two parts:

Core activities

Grant-in-aid for JNCC's core activities is from four sources:

- UK co-ordination work funded through Natural England, Scottish Natural Heritage and Natural Resources Wales (the GB conservation bodies) and the Department of Agriculture, Environment and Rural Affairs in Northern Ireland, for work which applies across the UK including UK marine waters, for example development of common guidelines, standards and tools and UK-level co-ordination;
- Funding provided by Defra for work relating to territories outside Great Britain and Northern Ireland and work in support of, or on behalf of, UK Government in contributing to international, European or regional fora;
- Funding provided by Defra for operational work in offshore waters (beyond 12 nautical miles); and
- Governance and corporate services, funded by all funding bodies, in proportion to their contributions to the other three funding streams.

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

Non-core activities

Non-core activities are funded from a range of sources, including from EU grants and royalties and fees. Financial plans and risks related to such activities are reported on a quarterly basis.

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

Risks

Overall responsibility for risk lies with the Joint Committee. Responsibility for the effective management of risk within JNCC rests with the Executive Leadership Team, with leadership of the risk management process provided by the Chief Executive and Accounting Officer. Effective risk management and governance is critical to the ability of JNCC to achieve its objectives and manage the risks it faces. Any significant risks identified by management considered likely to affect the performance of the business have been reported as part of the Governance Statement commencing on page 24 of this report.

Review of business

During the financial year ending 31 March 2019, the company made a significant contribution to nature conservation on both the national and international level through an extensive and varied programme of work.

Seventeen of the 23 success measures were fully achieved, and substantial progress was made on five other success measures, with completion expected in early 2019/20. Limited progress was made against one success measure (review of common standards for site condition monitoring). The limited progress was caused by resource constraints for protected area monitoring across the statutory nature conservation bodies, compounded by difficulties in securing input of appropriate quality from a contractor. The inter-agency Chief Scientists Group has committed to reinvigorate the work and oversee its completion in 2019/20. Further details of performance against success measures are given on pages 7 to 11.

For the year-ending 31 March 2019 the company made a surplus on ordinary activities of £198k (loss on ordinary activities of £235k in 2017/18). The surplus has changed our reserves to £680k as at 31 March 2019 (£482k as at 31 March 2018).

JNCC manages both its core and non-core activities closely, evaluating the extent to which value for money has been achieved and costing, where practicable, its activities according to its strategic outcomes.

JNCC plans for activities related to its statutory responsibilities to operate on a break-even basis. Cash-flow forecasting largely mirrors its budgeted funding profile. Non-core activities are planned to generate a nominal surplus, providing opportunities to pump-prime future activity and to enhance JNCC's financial resilience and ability to withstand, to an extent, decreases in grant-in-aid funding.

Future developments

Priorities for 2019/20 have been determined in consultation with Defra and the devolved administrations. JNCC supports the integration of ecosystem services into decisions to enable more sustainable use of natural resources across both land and sea within the UK and internationally. The approach requires extensive use of data and scientific evidence but also developing the capabilities of others to enable more rapid scaling and adoption of the approaches.

There are three key areas where JNCC will provide expertise:

- **Monitoring.** Monitoring provides insight into the status of the natural environment, how it is changing and why. This information can be used to help direct policies and management interventions, as well as to assess their effectiveness. JNCC has a valuable role in co-ordinating monitoring at a UK scale, particularly the various terrestrial species surveillance schemes which provide some of the longest running and most robust measures of change in the UK natural environment. JNCC has a track record of using the best available science, techniques and technologies to collect, analyse, disseminate and interpret data, in both the marine and terrestrial environments. Technological advances and the development of innovative methods provide opportunities to increase the cost-effectiveness and scope of environmental monitoring
- **Evaluating options.** Almost every human activity impacts the environment in some way. Often, many different activities may be simultaneously having an impact, and it is therefore important to determine what these impacts are, and

which activities are having the greatest effect. This involves integrating evidence from the scientific literature with monitoring observations and analysing the likely outcomes. JNCC has developed several tools which build on expert judgement and bring together different pieces of evidence, to help identify impacts and drivers of change, and to assess interventions and mitigation measures, and which can ultimately be used to inform choices. The organisation maintains a strong capability in data analysis to complement its scientific core.

- **Advice.** Good policy-making, planning, development and risk management all depend on good advice, based on reliable and up-to-date evidence on biodiversity status and trends. The evidence needs to be balanced with an understanding of the costs and potential benefits of the various interventions. JNCC's sound understanding of the natural environment, and knowledge of the relevant evidence sources, means that it is well-equipped to produce evidence, information and advice for, and with, a range of stakeholders, including the country nature conservation bodies, governments and businesses, to ensure that decisions are made that protect natural resources and systems, and that use of the natural environment is undertaken sustainably, both within the UK and internationally.

In 2019/20, our performance will be measured primarily in terms of delivering outputs of advice, evidence and services, described in terms of success measures set out in JNCC's business plan. Following final consultation with Defra and the devolved administrations, the plan will be submitted to ministers for approval.

The work described in the business plan for 2019/20 will contribute to the achievement of the national and international obligations of the UK Government, the Scottish Government, the Welsh Government and the Northern Ireland Executive.

Going concern

The balance sheet at 31 March 2019 shows the reserves of the company as £680k (£482k in 2017/18). The future financing of JNCC is to be met by grant-in-aid from Defra and the devolved administrations. Grant-in-aid for the year ending 31 March 2019, taking into account the amounts required to meet JNCC's liabilities falling due in that year, has already been included in Defra's and the devolved administrations' estimates for that year. Consequently, it is considered appropriate to adopt the going concern basis for the preparation of these financial statements.

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

Our staff

During the year ending 31 March 2019 JNCC Support Co employed, on average, 186 full-time equivalent staff, based primarily in offices in Peterborough and Aberdeen. Our staff bring together scientific and technical expertise, extensive knowledge of policy at global, European and national levels, and skills in working with other organisations.

Appointments are made in line with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition. We promote equality of opportunity for all staff, irrespective of their gender, sexual orientation, marital status, age, disability, race, religion or belief. We seek to provide learning and development opportunities for all staff to maximise effectiveness, increase performance and develop staff for the future. Conditions of employment, policies and procedures are available on the JNCC website, www.jncc.defra.gov.uk. A performance management system was in operation throughout the year ending 31 March 2019.

We set out to be a socially responsible organisation, providing flexibility to enable our staff to combine work with family responsibilities and to contribute to the communities they live in.

JNCC employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). Details of the scheme and the company's liabilities in this regard can be found in the remuneration report and account policies note.

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

Table 6: Breakdown of staff by gender

Staff by gender	Number of staff			Percentage of total	
	Male	Female	Total	2018/19	2017/18
Directors of the company (Joint Committee members and Chief Executive)	10	4	14	6	5
Executive directors	4	1	5	2	2
Other staff	72	136	208	92	93
Total	86	141	227	100	100

Sustainability

Whilst JNCC is exempt from the requirement to provide a Sustainability Report under the government's Greening Government Commitments, a Sustainability Report for 2018/19 has been provided on page 12.

JNCC is committed to continual improvement in environmental performance through:

- Striving to meet, and where appropriate exceed, all relevant UK, European and international environmental legislation, regulatory codes of practice and Government mandates;
- Minimising waste products from all activities;
- Improving housekeeping and maximising the efficient use of energy and water;
- Preventing pollution wherever possible.

The JNCC will achieve these commitments by:

- Setting and reviewing progress towards environmental objectives and targets and management programmes;
- Integrating the sustainable procurement policy into business practice and working towards Level 3 of the Government's Flexible Framework;
- Working with suppliers and contractors to encourage the adoption of environmentally responsible practices in line with the sustainable procurement policy;
- Working towards establishing an environmental management system to the requirements of British Standard BS8555;
- Providing training for all employees to understand the company's environmental policies, objectives and programmes and their role in achieving them; and
- Ensuring staff understand the requirements of all environmental legislation, guidelines and codes of practice applicable to the organisation.

Mr MJM Yeo
Chief Executive
On behalf of the board of directors
6th June 2019

Annual Governance Statement for the Joint Nature Conservation Committee for the year ending 31 March 2019

1. Introduction

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

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

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

The system of internal control has been in place in JNCC for the year ended 31 March 2019, up to the approval of the Annual Report and Accounts, and accords with HM Treasury guidance.

2. Effectiveness of governance arrangements

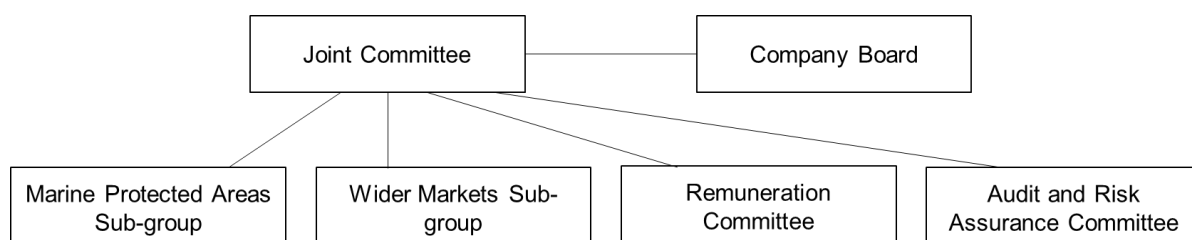
The governance framework

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

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

Governance arrangements for JNCC, and the relationship between JNCC, UK government departments, devolved administrations and the country nature conservation bodies, are described in a Governance Framework document which was approved in 2018. This is available at http://jncc.defra.gov.uk/pdf/JNCC_Framework_Document.pdf.

A diagram of the governance structure is presented below.



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

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

Joint Committee

The Joint Committee has overall responsibility for fulfilling the statutory functions of JNCC, maintaining an effective framework of corporate governance, and promoting the efficient and effective use of resources. The Joint Committee is responsible for setting the strategic direction of the organisation, for ensuring that JNCC has appropriate policies and procedures in place to fulfil its statutory and administrative obligations with regard to the use of public funds, and for challenging and supporting organisational performance. It meets four times a year.

The Joint Committee consists of 14¹ non-executive members and is chaired by Professor Chris Gilligan (see Table 7). The membership of the Committee is defined in Schedule 4 of the Natural Environment and Rural Communities Act 2006. Membership should provide an appropriate balance of skills, experience, independence and knowledge to discharge duties effectively.

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

Attendance at meetings of the Joint Committee during 2018/19 is detailed in Table 7. At the September 2018 meeting, the Committee was not quorate, so decisions were deferred and agreed via intersessional correspondence following the meeting.

Table 7: Attendance at Joint Committee meetings in 2018/19

Member	Total possible	Total attended
Professor Melanie Austen (Independent)	4	2
Mr Charles Banner (Independent)	4	2
Professor Ian Bateman (Independent)	4	3
Rt Hon Lord Blencathra (NE)	2	2
Dr Mike Cantlay (SNH)	4	0
Ms Cath Denholm (SNH)	4	4
Professor Colin Galbraith (Independent, Deputy Chair)	4	4
Professor Chris Gilligan (Independent, Chair)	4	4
Dr Madeleine Havard (NRW)	2	1
Dr Joe Horwood (NE)	3	3
Dr Hilary Kirkpatrick (CNCC)	4	4
Ms D McCrea (NRW)	1	0

¹ Since November 2018, Natural Resources Wales has nominated only one Board member to the Joint Committee.

Member	Total possible	Total attended
Professor Steve Ormerod (NRW)	2	2
Professor Howard Platt (CNCC)	4	0
Professor Marian Scott (Independent)	4	3
Professor Michael Winter (NE)	2	2

The Joint Committee welcomes a diverse range of members and considers diversity to be a key strength. Differences in ideas, backgrounds, patterns of thinking and approaches to work generate value for the organisation and its stakeholders. The gender and occupational background of members are depicted in Figures 1 and 2.

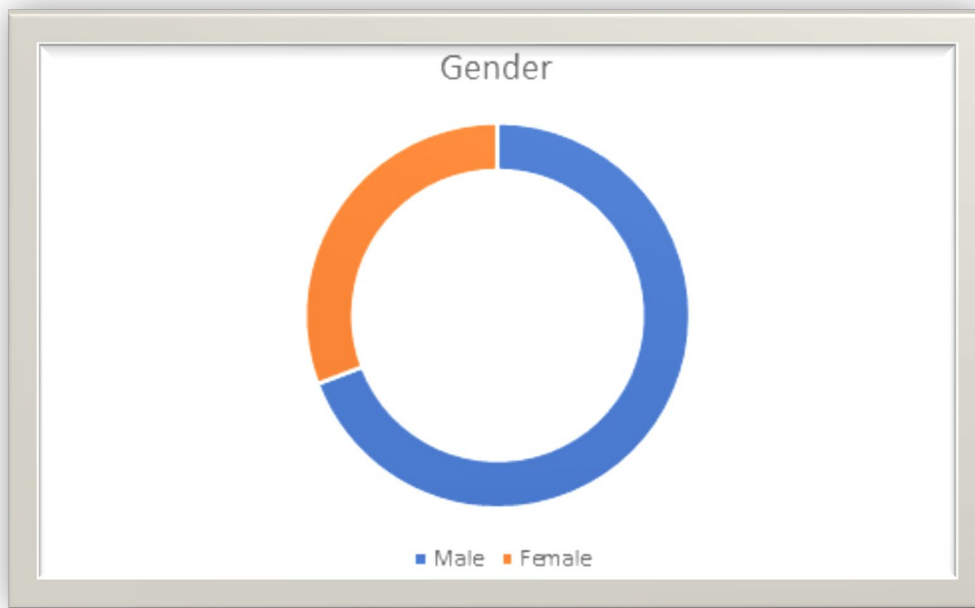


Figure 1. Gender of Joint Committee members (as at 31 March 2019).

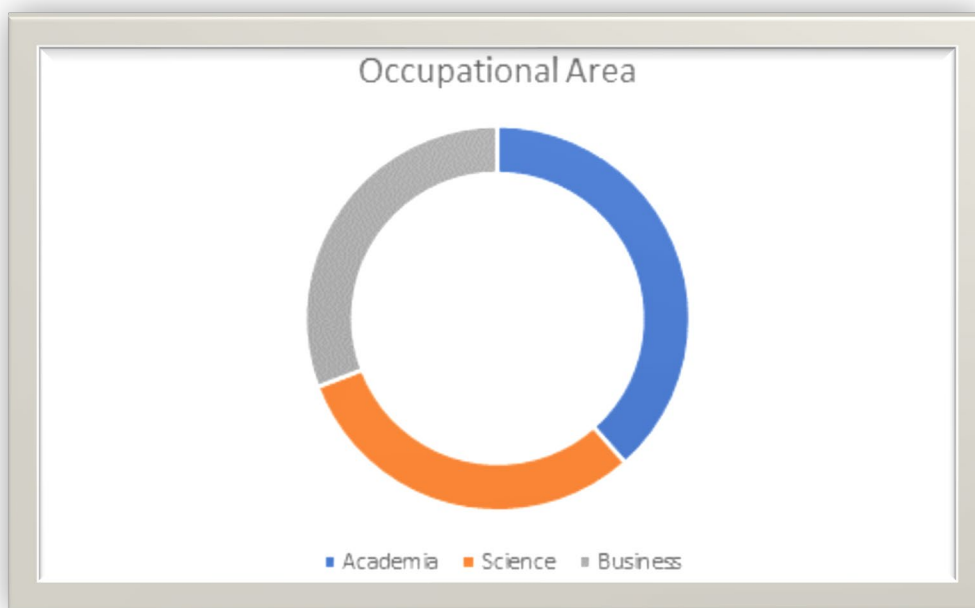


Figure 2. Occupation of Joint Committee members (as at 31 March 2019).

Standing agenda items for the Joint Committee include a report from the Chief Executive on topical issues, a report on discussions held at meetings of the inter-agency Chief Scientists Group, the Committee's forward programme, reports from the Audit and Risk Assurance Committee and the Marine Protected Areas Sub-group, the UK's exit from the EU and strategic developments.

In 2018/19 key items of business included:

- overseeing delivery of the 2018/19 business plan through the scrutiny of quarterly performance reports, and discussing preparation of a business plan for 2019/20;
- undertaking a quarterly review of significant risks and an annual review of risk management in JNCC, including annual approval of the risk appetite statement;
- revising the schedule of delegations to staff;
- business development strategy;
- corporate communications strategy;
- findings from a science audit; and
- providing direction for areas of JNCC's work, such as use of eDNA and metabarcoding for nature conservation; future direction on air pollution; opportunities in the Overseas Territories; international opportunities; and Habitats Directive Article 17 Report 2013-2018.

The Joint Committee undertakes an assessment of its performance every three years. The most recent assessment was undertaken in January 2019. The results of the assessment indicated that the Committee worked well, with good dynamics and complementary skill sets, and provided appropriate challenge to JNCC's management. Regular updates on actions arising from the assessment will be presented to the Committee through 2019/20.

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

The Joint Committee is supported by four sub-committees: Audit and Risk Assurance Committee, Remuneration Committee, Marine Protected Areas Sub-Group and Wider Markets Sub-Group. The Marine Protected Areas Sub-Group and the Wider Markets Sub-Group are both time-limited groups.

In 2018, the schedule of delegations was revised and updated to reflect the responsibilities of the Joint Committee, Company Board and sub-committees and the updated Framework Document. JNCC's Financial Scheme of Delegation was also thoroughly revised. The revisions push decision-making down to the most appropriate level within JNCC and also align with new delegations from Defra.

The **Audit and Risk Assurance Committee** (ARAC) meets four times a year. Its meetings are attended by JNCC's internal audit providers (Government Internal Audit Agency) and the National Audit Office.

ARAC was chaired by Professor Colin Galbraith during 2018/19. ARAC's membership consisted of two Joint Committee members and two independent external members from April to August. From 1 September, membership was reduced to one external member. ARAC

monitors JNCC's corporate governance and control systems and advises on internal and external audit matters, risk and governance in JNCC. Key topics during the year included delivery of the annual audit programme, reviewing the financial statements and annual report, seeking assurance on information risk, cyber security, General Data Protection Regulation (GDPR) implementation, and monitoring the adequacy and efficacy of JNCC's approach to corporate risk management.

ARAC undertakes assessments of its performance annually. The most recent review took place in July 2018. The results of this exercise indicated that ARAC is an effective committee which has provided an appropriate level of challenge and oversight, ensuring that sufficient and relevant assurance was provided to the Joint Committee and to me as Accounting Officer. There were, however, some recommendations to increase effectiveness further, including:

- i. improving communications and building better relationships between JNCC's ARAC and Defra;
- ii. exploring options to share information and best practice with audit committees across the Defra group;
- iii. exploring options for filling the IT skills gap on ARAC through the recruitment of a new external member; and
- iv. improving ARAC induction processes.

The Remuneration Committee sets the overall pay remit for staff employed by the company on the Joint Committee's behalf (with the approval of Defra and Treasury as required) and sets and reviews the terms and conditions and performance objectives for the Chief Executive. The Committee met three times, in March, June and September. It is chaired by Professor Chris Gilligan, with two additional members from the Joint Committee.

The Marine Protected Areas Sub-Group advises the Joint Committee, and in some cases makes decisions on the Joint Committee's behalf, on matters relating to the identification, designation and management of the various types of Marine Protected Area (primarily in offshore waters) and the achievement of an ecologically coherent site network in UK waters. Between April and September 2018, the Sub-Group was chaired by Dr Joe Horwood; in October, Professor Mel Austen took over as chair. In 2018/19, the Sub-Group held two teleconferences: in October 2018 and March 2019. The Sub-Group is composed of members of the Joint Committee (including independent members and representatives from the country nature conservation bodies). Scottish Natural Heritage is represented by a member of their board who is not a member of the Joint Committee.

The Wider Markets Sub-Group was established in October 2018 to provide direction for JNCC's income generation activities. The Sub-Group is chaired by Charles Banner and has three additional members from the Joint Committee. It held three teleconferences during the year.

4. Company Board

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

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

5. Executive governance

Executive Leadership Team

In 2018, JNCC restructured its teams and senior management structure. A key feature of the redesign was the creation of fewer, larger teams with shared responsibilities for team leadership. These changes have provided greater resilience and flexibility in the face of change and simplified financial management as team-based cost centres have replaced programmes.

In 2018, the Executive Management Board (EMB) was replaced by the Executive Leadership Team (ELT) with a different composition of members. ELT is a corporate decision-making group, chaired by me as Chief Executive. It agrees issues pertaining to the management of JNCC, in relation to the authority delegated by the Company Board and supports me in my role as Accounting Officer.

During 2018/19, membership of ELT consisted of:

- Chief Executive (Chair of ELT), Marcus Yeo
- Chief Scientist and Deputy Chief Executive, Christine Maggs
- Director of Finance and Resources, Chris Brooks

During 2018/19, ELT:

- held formal business meetings every four weeks to oversee corporate performance, agree policies and approaches, and undertake forward planning. Attendance at meetings was excellent with full attendance at each meeting;
- held strategy meetings every three months to discuss issues of strategic importance. These meetings were extended to include the three science directors;
- held weekly meetings to allow members to keep abreast of 'live' issues and make timely decisions when required.

ELT is supported by a Science Management Board (established in April 2018) and a comprehensive schedule of delegations is in place. The schedule of delegations was revised in 2018.

Science Management Board

The Science Management Board (SMB) was established in 2018 to oversee JNCC's scientific and technical work. This Board has specific responsibilities to support the Chief Scientist and Directors in ensuring coherent delivery of scientific and technical components of JNCC's strategy and business plan.

Membership includes:

- Chief Scientist and Deputy Chief Executive (Chair)
- Science Directors
- Science Team Leaders
- Head of Business Development
- Finance, HR and Communications representatives

6. Financial management and control

JNCC's system of internal financial control is based on a framework of administration procedures including the segregation of duties, and a system of delegation and accountability. Financial management is supported through monthly management accounts and quarterly financial reporting to the Executive Leadership Team and Joint Committee. Financial information is available to all budget holders so that they can monitor performance against budget through the year.

7. Internal control framework

The internal audit function is independent of management and is overseen by the Audit and Risk Assurance Committee. It provides assurance that financial and operational risks are being managed appropriately and the internal control framework is operating effectively. In 2018/19, internal audit of JNCC and JNCC Support Co was carried out by the Government Internal Audit Agency (GIAA).

The Head of Internal Audit (HIA) role was undertaken by a staff member of the GIAA from April until November. Since November, JNCC have not had a named HIA. During the year, the Audit and Risk Assurance Committee received regular reports from internal audit in accordance with the requirements of Government Internal Audit Standards. Internal audit activity is targeted at assessing the adequacy and effectiveness of the systems of internal control and governance in the areas reviewed. The areas for review were determined by reference to JNCC's risk registers and through discussion with directors, senior managers and members of ARAC.

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

For 2018/19, the annual opinion of the Head of Internal Audit was to give a moderate assurance rating over the framework of governance, risk management and control.

8. JNCC strategy and values

JNCC'S strategy sets out the direction of the organisation and contains five high-level strategic outcomes:

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

Alongside the strategy, JNCC has a set of values which help to shape the culture of the organisation. Communicating and 'living' these values provides standards to guide actions, judgements and attitudes. Our values are:

- **Be agile and embrace change** – We operate in a rapidly changing world and are quick to adapt skills to meet new situations
- **Meet challenges creatively** – We apply our expertise to continuously improve and innovate what, and how, we deliver
- **Communicate openly** – We maximise benefits from our expertise and develop and work to common goals because we share information, ideas and concerns
- **Grow our expertise** – We are great at what we do because we invest in continuously developing and updating our skills and knowledge
- **Deliver quality** - We create and provide excellent products and services – fit for purpose and right the first time
- **Work collaboratively** – We maximise impact through teamwork across the organisation and with our partners
- **Be accountable for our actions and decisions** – We create trust by meeting our commitments, being transparent and acting with integrity
- **Be respectful** – We enjoy great relationships and high levels of engagement because we are respectful

9. Income diversification

Non-core work helps us to invest in our people and systems, ensuring resilience for the future by maintaining a critical mass of expertise and better value for money for government. In 2018/19, we continued to diversify our income and optimise the use of JNCC's evidence and expertise, providing services to, and partnering with, organisations in both the private and public sectors in the UK and overseas.

In 2019/20, JNCC will continue to pursue suitable opportunities to diversify income to increase the organisation's long-term resilience, where this is consistent with HM Treasury's *Managing Public Money* and does not impact adversely on the organisation's core purpose and delivery for Government customers. We will begin mapping our strategy to defined customer needs.

10. Information management and cyber security

JNCC is an information-rich organisation. This information needs to be managed appropriately. JNCC maintains an information management policy which details processes and procedures to be used by staff when handling both scientific data and personal information. This policy was updated in 2018/19 with major changes to policy around staff Wi-fi usage outside of the office. All JNCC staff undergo annual information management training in line with standard civil service policy. Through the processes of financial management and control the Audit and Risk Assurance Committee considers the information used by the Joint Committee to be of good quality.

2018/19 has seen a step change in how JNCC perceives and responds to information risk. High levels of work around the General Data Protection Regulation (GDPR) and subsequent Data Protection Act 2018 have increased internal recognition of the diverse nature of the data we hold.

The shifting nature of threats to IT is a challenging area for any organisation, particularly to a medium size organisation with constrained budgets such as JNCC. A major change this year

has been the emerging interest in JNCC activities as part of EU exit preparations. Given Defra's increased international role, there has been a perception that hostile nation actors have increased activity to acquire information assets. The National Cyber Security Centre (NCSC) (part of GCHQ), and MI6 have been in contact with JNCC regarding security around international conferences. This led to investment in specific hardware for raised threat environments.

At this time JNCC holds data that is classified (under the standard classification system) as:

- i. OFFICIAL
- ii. OFFICIAL – SENSITIVE

JNCC does not hold any data of higher standard classification. One specific data source, Vessel Monitoring System outputs, now only contains anonymised data, and is handled in line with the data providers' requirements.

Platform surface has diversified in 2018/19 to include increasing numbers of mobile devices such as smart phones and tablets, as well as Linux servers, cloud-based systems, and Linux and Mac desktops. The increased range of systems JNCC supports has enabled staff to use multi-factor authentication for increased security, reduced costs and increased productivity.

11. Performance management

JNCC maintains a comprehensive performance management system. We use a dashboard style quarterly reporting format to provide information in a concise and accessible form, enabling executives and non-executives to quickly pick out important information. In 2018/19, provision of accurate and timely financial management information has been a key issue to improve. A series of finance models, including salary management, budgeting and the nominal ledgers (income, expenditure and cash flow), have been introduced to support monthly reporting. In 2018/19, quarterly reporting included more detailed information on staff absence and communications activities.

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

JNCC performed well through the year. Out of a total of 23 success measures, 17 were fully achieved, with notable successes discussed in Section 17.

The JNCC Chair and the Chief Executive have a performance review every six months with the Defra minister responsible for JNCC. In 2018/19 these meetings were postponed due to preparations for the UK's exit from the EU. The Chair and Chief Executive also meet environment ministers from each of the devolved administrations as appropriate.

12. Compliance with the NDPB Corporate Governance Code

In 2018/19 JNCC complied with the NDPB Corporate Governance Code in so far as it applies to the organisation with the following exceptions.

JNCC does not currently undertake an annual evaluation of Committee and Board performance. The Joint Committee evaluates its performance at least once every three years; this is commensurate with the size of the Committee and number of meetings each year. The

Chair undertakes a comprehensive annual performance review for each of the independent members of the Joint Committee.

JNCC monitors performance in handling Freedom of Information and Environmental Information Regulations requests and reports this information on the JNCC website. Significant resources would be required to develop and implement systems to monitor and report on other correspondence, and there are currently no plans to do this. JNCC has a complaints procedure documented on its website which explains who is responsible for investigating and adjudicating on any complaints. All correspondence is handled on a need to know basis and held in a confidential file with restricted access.

13. Evidence quality

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

In 2018/19, the evidence quality assurance policy and definitions were reviewed by Defra's Science and Evidence Assessment Group, which reports to the Group Evidence and Science Advisory Committee on the quality of science and evidence at the group level. Assurance can be taken from the findings of the review, which incorporated a review of JNCC processes.

The development of a new SharePoint system is the most significant change to JNCC's evidence quality assurance process in 2018/19. A proforma has been developed to capture key information for each project and this information can be accessed by all users. The SharePoint system also allows the production of reports to highlight where information may not have been completed.

JNCC does not own any business-critical models.

14. Science audit

In 2018, JNCC undertook a science audit to gain a better understanding of JNCC's strengths and expertise and to identify potential gaps.

The audit found that teams work closely with each other and are highly networked. Teams are often working at the cutting edge of science development with several bringing new tools to bear on science problems or bringing new data to well-known tools. Teams are diverse and have extensive experience in a wide range of competencies. A variety of methods are used by teams to keep up to date, and there is a good awareness of national and international opportunities to develop skills and experience.

The audit concluded that JNCC science is effective and has a good level of currency.

15. Risk management

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

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

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

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

The ARAC Chair refers to the Joint Committee all issues that pose a major risk to the business integrity of JNCC and those that in his judgement require disclosure to the full Committee or need immediate action. In addition, the Chair of ARAC informs the Joint Committee of any fraud, misappropriation or malpractice immediately that it is discovered or suspected.

Risks relating to the UNICORN IT system provided by the Animal and Plant Health Agency (APHA), which supports the issue of licences under the Convention on International Trade in Endangered Species (CITES), continued to be a significant issue in 2018/19, particularly in relation to preparing for the UK's exit from the EU and day one readiness. Shortcomings in the system pose a business continuity risk to JNCC's licensing advisory service, particularly with the anticipated increase in licence applications once the UK leaves the EU. Work to develop a new IT system has been repeatedly delayed. Following discussions with APHA and Defra, improvements have been made to the existing system to address the most serious problems.

JNCC's significant risks in 2018/19 can be found in Section 17.

Risk appetite

JNCC focuses its efforts on addressing the significant risks affecting its ability to achieve the success measures as set out in the business plan and to meet longer-term strategic goals but accepts that exposure to some risk is necessary to enable the effective delivery of objectives and in the pursuit of new opportunities and additional funding sources. Acceptance of greater risk is often necessary to foster innovation and income generation from external sources. Budget pressures are driving the need to reassess priorities and how they are delivered. JNCC's approach is to minimise its exposure to reputational, relationship, compliance and financial risks, whilst accepting and encouraging an increased degree of risk in pursuit of its strategic aims. JNCC accepts the need for greater risk in relation to potential opportunities to increase funding and enhance the reach and utility of its work. Where greater risk exposure is necessary, senior managers ensure that decisions are taken with a full and clear understanding of the risks involved and that these risks are communicated and agreed with directors and other appropriate staff.

In 2018/19, the risk appetite statement was reviewed by ARAC and the Joint Committee. The risk appetite matrix shows that JNCC has a low appetite for risk overall. This is what would be

expected in a Government-funded organisation where the quality of scientific evidence is vital, and it is important to have a strong reputation and good working relationships with a range of stakeholders and partners.

Management of fraud risk

JNCC has zero tolerance towards fraud, bribery and corruption, and all staff are required to undertake mandatory 'Responsible for Information' training which includes content relating to fraud, bribery and corruption.

JNCC continued to contribute to HM Government counter-fraud initiatives and activities through collaboration with the Defra Fraud and Error Board where best practice is shared between Defra and arm's-length bodies.

Regular training and internal communications with staff continue to provide an effective way of maintaining awareness amongst staff of obligations and reporting arrangements for dealing with potential fraud, bribery, information security and whistleblowing matters.

Ministerial directions

In 2018/19 JNCC received no ministerial directions.

Other Parliamentary disclosures

On 29 March 2017, the UK Government submitted its notification to leave the EU in accordance with Article 50. The triggering of Article 50 started a two-year negotiation process between the UK and the EU. Any subsequent changes in legislation, regulation and funding arrangements are subject to the outcome of the negotiations.

16. Whistleblowing

JNCC has a Public Interest Disclosure Policy (Whistle-blower's Charter) in place. The policy promotes openness in dealing responsibly with wrongdoing in the workplace and if staff have concerns they can raise them as a 'qualifying disclosure'. Compliance with the policy is monitored and reported to the Audit and Risk Assurance Committee each quarter. In 2018/19, no instances of whistleblowing occurred.

17. Highlights and challenges during 2018/19

During 2018/19, JNCC undertook a full and wide-ranging programme of work to provide evidence and advice to Defra and devolved administrations on UK and international nature conservation. Seventeen of the twenty three success measures were fully achieved and substantial progress was made a further five success measures.

Significant achievements include:

- We worked with partner organisations to provide updated population trends for terrestrial species in the UK (birds, butterflies, bats, plants) which are a key source of evidence for detecting change in the natural environment.
- We undertook four surveys with Cefas, Marine Scotland and the National Oceanography Centre to acquire monitoring data for offshore marine protected areas,

and also made significant progress in developing an integrated marine biodiversity monitoring programme for the UK.

- We published an annual update of the UK biodiversity indicators, including assessments of 24 indicators and 50 component measures.
- We provided scientific advice to enable governments to complete a network of marine protected areas in UK waters, including post-consultation advice on Tranche 3 Marine Conservation Zones in England and pre-consultation advice on Deep Sea Reserves in Scotland.
- We advised public authorities on the regulation of offshore industry activities, including 579 oil and gas applications and 22 aggregate dredging applications.
- We published the UK's 6th national report under the Convention on Biological Diversity (CBD) and participated in the UK delegation to the CBD's 14th Conference of the Parties November 2018.
- We undertook projects in several of the UK's Overseas Territories and countries in South America to inform sustainable management of natural resources by mapping stocks of natural capital and flows of ecosystem services using remote sensing and data modelling.
- In preparation for the UK's departure from the EU, we systematically assessed all of its functions to ensure seamless delivery from day 1.

The most significant risks facing JNCC in 2018/19 are summarised in the table on the following page, together with management action.

Table 8: Significant risks facing JNCC in 2018/19

Risk	Management Action
JNCC's ability to fulfil its UK and international role effectively is compromised because of changes in the external environment.	Uncertainty associated with EU exit remained a challenge for JNCC, especially the interplay with devolution. Systematic planning for 'day 1' was undertaken, including preparations for 'no deal'. An external communications strategy was agreed and is now being implemented.
Insufficient funding is available to fully implement JNCC's strategy and maintain critical mass of staff expertise.	A reduction in JNCC's core grant in aid for 2018/19 was offset by additional funding for EU exit activities and income from other sources. The funding position for 2019/20 is more challenging. Plans are being developed to achieve a balanced budget and will require careful prioritisation.
JNCC fails to deliver work of appropriate quality and/or to agreed timescales, with subsequent reputational damage.	Quality assurance policies and processes have been overhauled and roll-out of a new system is underway. An audit of science in JNCC has identified many strengths but also some areas where working practices could be improved. A new prioritisation system for Continuing Professional Development is in place.
JNCC is unable to manage resources effectively because management information is inaccurate and/or not up to date.	Substantial improvements have been made to ensure that accurate and timely financial management information is available. Monthly meetings between the finance team and budget managers have helped to improve understanding. A finance system software upgrade is planned for 2019/20.

Risk	Management Action
JNCC fails to implement the changes needed to deliver its strategy and meet changing customer requirements	A prioritised transformation plan was delivered during the year, focusing on management structures, data management, corporate systems and strategy development. A JNCC people survey was completed and an action plan was produced and presented to staff.
The Joint Committee is unable to operate effectively because of changes to membership from the country nature conservation bodies	The risk reduced through the year as Committee appointments from country conservation bodies were made. The Committee now has full membership.
JNCC falls victim to cyberthreats such as hacking, malware, pharming, phishing, ransomware and distributed denial of service which limit the ability of the organisation to fulfil its obligations	JNCC continues to maintain an industry standard multi-layer security system to defend against threats. All staff will attend a mandatory cyber and information security training course in 2019/20.

18. Plans and challenges for future years

During 2019/20, we anticipate delivering another ambitious and diverse programme of work in support of Defra and devolved administrations.

The key risks facing JNCC in 2019/20 are considered to be:

- insufficient core funding to maintain a robust evidence base and deliver high-quality advice to governments;
- post-Brexit changes in UK Government and/or devolved administrations have an adverse impact on JNCC's ability to discharge its functions;
- reputational damage from failing to deliver work which is of appropriate quality and/or to agreed timescales;
- failure to increase and diversify income, leading to reduced capability;
- high levels of staff turnover reduce JNCC's ability to deliver work programmes;
- failure to change the organisation to deliver the strategy and meet changing customer requirements; and
- JNCC falls victim to cyberthreats such as hacking, malware, pharming, phishing, ransomware, and distributed denial of service which limit the ability of the organisation to fulfil its obligations

The extent to which these risks are successfully managed will be kept under review during 2019/20 by the Joint Committee, ARAC and executive management groups.

19. Conclusion

During 2018/19, JNCC's governance arrangements were robust and well managed. The governance arrangements set out in this statement enabled JNCC to fulfil its role as a scientific authority on UK and international nature conservation and to deliver a wide-ranging programme of work on behalf of government and other stakeholders. The governance

arrangements continue to support JNCC's aims as evidenced through high levels of customer satisfaction, world class scientific capability, sustainable finances and highly engaged staff.

In 2019/20 JNCC will continue to face a number of significant risks especially in relation to the complex and uncertain environment in which it operates. These risks are detailed in section 18 of this Governance Statement.

Mr M J M Yeo
Chief Executive
6th June 2019

JNCC Support Co Remuneration Report

Remuneration policy

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

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

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

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

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

Contracts of employment

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

Unless otherwise stated below, the directors and other staff 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. Independent members of the Committee, who are appointed by Defra under an instrument of appointment, would not be eligible for compensation under the Civil Service Compensation Scheme.

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

Table 9: Independent Committee member appointment periods

Independent Committee Member	Term (Years)	Commencement Date
Professor CA Gilligan (reappointed)	3	1 June 2017
Professor C Galbraith (reappointed)	3	1 November 2017
Professor IJ Bateman (reappointed)	3	1 November 2017
Professor MCV Austen	3	15 December 2017
Mr CER Banner	3	15 December 2017
Professor EM Scott	3	15 December 2017

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

Remuneration (including salary) and pension entitlements

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

Salary

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

Benefits in kind

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

Bonuses

Bonuses are based on performance levels and are made as part of the formal staff appraisal process. The bonuses awarded in 2018/19 relate to performance in 2017/18.

Single total figure of remuneration (subject to audit)

Table 10: Committee member remuneration

Committee members	Period of appointment	Days service 2018/19	Salary (£,000)	
			2018/19	2017/18
Prof CA Gilligan (Chair) *	01.06.2014 to 31.05.2020	104	40 - 45	40 - 45
Independent members				
Prof CA Galbraith **	19.11.2014 to 31.10.2021	42	10 - 15	10 - 15
Prof IJ Bateman **	19.11.2014 to 31.10.2021	30	5 - 10	5 - 10
Prof MCV Austen	15.12.2017 to 14.12.2020	30	5 - 10	0 - 5
Mr CER Banner	15.12.2017 to 14.12.2020	30	5 - 10	0 - 5
Prof EM Scott	15.12.2017 to 14.12.2020	30	5 - 10	0 - 5
Mr AD Hams ***	01.09.2016 to 31.08.2018	3	0 - 5	0 - 5
Mr NF Reader ***	01.09.2016 to 31.08.2020	8	0 - 5	0 - 5

No Committee members received bonus payments or pension benefits in either 2017/18 or 2018/19.

* Prof CA Gilligan has had the term of his contract extended from 1 June 2017.

** Prof CA Galbraith and Prof IJ Bateman have had the terms of their contracts extended from 1 November 2017.

*** Mr AD Hams and Mr NF Reader are not members of the Joint Committee but have been added to the disclosure because they were both remunerated for their work for the Audit and Risk Assurance Committee.

Table 11: Senior staff remuneration

Senior staff	Salary (£,000)		Bonus payments (£,000)		Pension benefits (£,000) ¹		Total (£,000)	
	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18
Mr MJM Yeo (Chief Executive)	90-95	85 - 90	5 - 10	5 - 10	40	19	135-140	115 - 120
Executive directors								
Dr JC Goold	55 - 60	55 - 60	0 - 5	0 - 5	22	22	75-80	75 - 80
Professor C Maggs	75-80	50 - 55	0	0	29	20	100-105	70 - 75
Mrs SE McQueen ²	5-10	50 - 55	0	0 - 5	10	10	15-20	65 - 70
Mr PM Rose	55 - 60	55 - 60	0 - 5	0 - 5	8	5	65-70	60 - 65
Dr SD Gibson	55-60	50 - 55	0 - 5	0 - 5	21	12	75-80	65 - 70
Mr CM Brooks ³	55-60	0	0	0	23	0	80-85	0

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

² Mrs SE McQueen resigned as an executive director on 4 May 2018. Her salary expressed as a full year equivalent falls in the band £50-55,000.

³ Mr CM Brooks was appointed as an executive director on 4 June 2018. His salary expressed as a full year equivalent falls in the band £70-75,000.

Pay multiples

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

The banded remuneration of the highest-paid director in JNCC Support Co in the financial year 2018/19 was £95-100k (£95-£100k in 2017/18). This was 3.02 times the median remuneration of the workforce (2.83 times in 2017/18), which was £33.1k (£33.6k in 2017/18).

No employees received remuneration in excess of the highest paid director in either 2018/19 or 2017/18.

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

Pension Benefits (subject to audit)

Table 12: Pension Benefits

Senior staff:	Total accrued pension at pension age at 31/03/19 and related lump sum £ 000s	Real increase in pension and related lump sum at pension age £ 000s	CETV at 31/03/19 £ 000s	CETV at 31/03/18 £ 000s	Real increase in CETV £ 000s
Mr MJM Yeo (Chief Executive) ¹	40 - 45	0 - 2.5	803	691	25
Dr JC Goold ¹	10 - 15	0 - 2.5	192	154	12
Professor C Maggs ¹	0 - 5	0 - 2.5	49	18	23

Mrs SE McQueen ²	20 – 25 plus lump sum of 50 - 55	0 - 2.5 plus lump sum of 0	383	374	7
Mr PM Rose	15 – 20 plus lump sum of 55 - 60	0 - 2.5 plus lump sum of 0 - 2.5	444	396	9
Dr SD Gibson ³	20 – 25 plus lump sum of 45 - 50	0 - 2.5 plus lump sum of 0	398	344	12
Mr CM Brooks	0 - 5	0 - 2.5	18	0	14

¹ Mr MJM Yeo, Professor C Maggs, Mr CM Brooks and Mr JC Goold are members of pension schemes that do not include a lump sum payment.

² Mrs SE McQueen received a VES payment in May 2018 of £82k.

³ £97k for a VES payment for Dr SD Gibson has been charged to the accounts in 2018/19 to be paid at a future date.

Civil Service Pensions

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

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

Employee contributions are salary-related and range between 4.6% and 8.05% for members of **classic**, **premium**, **classic plus**, **nuvos** and **alpha**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.3%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

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

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

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

Cash Equivalent Transfer Values

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

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

Real increase in CETV

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

Compensation for loss of office

Compensation for loss of office of £82,369 was paid to Mrs S McQueen in May 2018.

Mr MJM Yeo

Chief Executive

6th June 2019

Statement of Directors' Responsibilities

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

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

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

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

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

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

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

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

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE MEMBERS OF THE JNCC SUPPORT CO

Opinion on financial statements

I certify that I have audited the financial statements of the JNCC Support Co for the year ended 31 March 2019 under the Government Resources and Accounts Act 2000. The financial statements comprise the Profit and Loss account, Statement of Total Recognised Gains and Losses, Balance Sheet, Cash Flow statement and the related notes, including the significant accounting policies. The financial statements have been prepared under the accounting policies set out therein. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom generally Accepted Accounting Practice). I have also audited the information in the Remuneration Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its loss for the year then ended; and
- the financial statements have been properly prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice); and
- the financial statements have been prepared in accordance with the Companies Act 2006.

Opinion on regularity

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

Basis of opinions

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

Conclusions relating to going concern

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

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for:

- the preparation of the financial statements and for being satisfied that they give a true and fair view.
- such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
- assessing the JNCC Support Co's ability to continue as a going concern, disclosing, if applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

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

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

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

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

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

Other Information

Management is responsible for the other information. The other information comprises information included in the annual report, but does not include the parts of the Remuneration Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

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

Matters on which I report by exception

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

- adequate accounting records have not been kept by JNCC Support Co or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the 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

Gareth Davies

Date

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

Profit and loss account for the year ended 31 March 2019

	Note	2018/19	2017/18
		£ 000's	£ 000's (restated)
Turnover	2	13,422	11,645
Cost of activities	2	<u>(10,841)</u>	<u>(9,929)</u>
Gross profit		2,581	1,716
Administrative expenditure	3	<u>(2,387)</u>	<u>(2,113)</u>
Operating gain/(loss)	2	194	(397)
Transfer from deferred income relating to capital asset depreciation and disposals	14	<u>0</u>	<u>162</u>
Gain/(loss) on ordinary activities before interest		194	(235)
Other interest receivable and similar income	2	<u>5</u>	<u>-</u>
Gain/(loss) on ordinary activities before taxation		199	(235)
Tax on interest receivable		(1)	-
Gain/(loss) for the financial year		<u>198</u>	<u>(235)</u>

Turnover and cost of activities for 2017/18 have been restated to reflect the restatement of directors' emoluments. (See note 4)

The notes on page 54 form part of these accounts.

Statement of total recognised gains and losses for the year ended 31 March 2019

	Note	2018/19	2017/18
		£ 000's	£ 000's
Gain/(loss) for the financial year	2	<u>198</u>	<u>(235)</u>
Total gain relating to and recognised in the year		<u>198</u>	<u>(235)</u>

The notes commencing on page 54 form part of these accounts.

Balance sheet as at 31 March 2019

	Note	As at 31 March 2019 £ 000's	As at 31 March 2018 £ 000's
Fixed assets			
Intangible assets	9	11	19
Tangible assets	10	82	76
		93	95
Current assets			
Cash at bank and in hand	11	1,521	1,133
Debtors	12	980	929
		2,501	2,062
Creditors			
Amounts falling due within one year	13	(1,434)	(1,287)
		1,067	775
Net current assets			
Total assets less current liabilities		1,160	870
Provisions for liabilities	15	(480)	(388)
		680	482
Capital and reserves			
Profit and loss account	16	680	482
Total reserves		680	482

The Financial Statements on page 50 to 53 were approved by the board of directors on 6th June 2019 and signed on its behalf.

Mr MJM Yeo
Chief Executive and Accounting Officer
Company Number 05380206 (England and Wales)

The notes commencing on page 54 form part of these accounts.

Cash Flow statement for the year ended 31 March 2019

	Note	2018/19 £000s	2017/18 £000s
Gain/(loss) on ordinary activities before interest	2	194	(235)
Adjustments for:			
Amortisation of intangible assets	9	8	29
Depreciation of property, plant and equipment	10	22	89
(Increase)/decrease in trade and other receivables	12	(51)	(464)
Increase/(decrease) in provisions	15	92	(7)
Increase/(decrease) in trade payables	13	147	218
Increase/(decrease) in deferred income to be utilised within one year	14	0	162
Cash from operations		412	(208)
Income taxes paid	2	(1)	-
Net cash generated from operational activities		411	(208)
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(28)	(51)
Transfer from deferred income relating to capital asset depreciation and disposals	14	-	(162)
Interest received	2	5	-
Net cash from investing activities		(23)	(213)
Net increase/(decrease) in cash and cash equivalents	11	388	(421)
Cash and cash equivalents at beginning of the year	11	1,133	1,554
Cash and cash equivalents at end of year	11	1,521	1,133

The notes commencing on page 54 form part of these accounts.

JNCC Support Co notes to the Financial Statements for the year ended 31 March 2019

1. Accounting policies

Statement of accounting policies

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

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

Accounting convention

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

Estimation

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

Turnover

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

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

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

Going concern

Grant-in-aid for the next financial year, taking into account the amounts required to meet JNCC Support Co's budgeted liabilities for 2019/20, has already been included in Defra's and the devolved administrations' estimates for the coming year. It is therefore considered appropriate that these financial statements have been prepared on a going concern basis.

Fixed assets

JNCC has elected to value fixed assets at depreciated historic cost as a proxy for fair value on the basis that the assets are low value and/or have short useful economic lives. This approach is permitted under paragraph 7.1.14 of the 2017/18 FReM and paragraph 17.15 of FRS 102.

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

Depreciation

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

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

Research and development

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

Foreign exchange

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

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

Leases

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

Accrued holiday pay

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

Pension costs

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

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

Note 6 provides details of JNCC Support Co's pension costs.

Previous JNCC Chairs were entitled to accrue pension benefits but were not eligible to join the Principal Civil Service Pension Scheme (PCSPS). Individual "by analogy to the PCSPS" schemes were therefore established to provide pensions for the Chairs, with any ongoing liability arising from these arrangements being borne by JNCC Support Co. The future cumulative cost of these pensions was calculated and based on this valuation a provision was taken for the liability, in line with the requirements of Section 21 of FRS 102 (Provisions and Contingencies). The estimated liability is reviewed each year and the current value of this provision is disclosed in note 15 to these accounts.

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

Early departure costs

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

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

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

Grants received

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

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

Financial instruments

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

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

Taxation

Corporation Tax

JNCC Support Co's Corporation Tax liability is limited to that arising from Case III investment income and capital gains.

Value Added Tax

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

The amount of reclaimable input tax is small and is therefore shown as a credit to the profit and loss account. During 2018/19 the amount of reclaimed input tax was £26k (£20k in 2017/18).

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

Provisions

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

2 Detailed trading profit and loss account for the year ended 31 March 2019

	2018/19	2017/18
	£ 000's	(restated)
		£ 000's
Turnover		
JNCC grant-in-aid	11,565	10,235
Notional income relating to corporate overheads	3	3
Secondment income	314	208
European Union funding	225	362
Royalties	2	3
Scientific advice and information	1,313	834
	13,422	11,645
Cost of activities		
Conservation support	2,831	2,900
Publicity and information	166	69
Direct staff costs	7,844	6,960
	10,841	9,929
Gross profit	2,581	1,716
Administrative expenditure		
Directors' emoluments	604	531
Other administrative costs	1,783	1,582
	2,387	2,113
Operating gain/(loss)	194	(397)
Transfer from deferred income	0	162
Gain/(loss) on ordinary activities before interest	194	(235)
Other interest receivable and similar income	5	(0)
Gain/(loss) on ordinary activities	199	(235)
Less tax on profit on investment activities	(1)	-
Gain/(loss) after tax	198	(235)

Direct staff costs and directors' emoluments for 2017/18 have been restated to reflect emoluments for a number of directors that were previously included within other wages and salaries.

Operating loss/gain

	2018/19	2017/18 (restated)
	£ 000's	£ 000's
This is stated after charging		
Total directors' emoluments	604	535
Auditors' remuneration	18	18
Depreciation and amortisation of owned assets	30	118
Pension costs	1,248	1,130
Operating lease rentals	263	247

The total directors' emoluments have been restated to include emoluments of directors previously included under staff costs.

Operating lease rentals have been restated for 2017/18 to reflect service charges for Inverdee House that were previously recorded under accommodation costs.

3 Schedule of overhead expenses for the year ended 31 March 2019

	2018/19	2017/18
	£ 000's	(restated)
		£ 000's
Directors' emoluments		
Directors' remuneration	512	449
Contribution to directors' pensions	92	82
	604	531
Other administration costs		
Cash items		
Auditors' remuneration	18	18
Rental costs under operating leases	263	247
Accommodation costs	274	232
Information technology	228	270
Human resources	113	139
Travel and subsistence	601	473
Printing, postage, stationery and subscriptions	42	28
Other expenses	41	16
Less reclaimed VAT	(26)	(20)
Legal and professional fees	27	20
Consultancy	65	36
Bank charges	4	2
Exchange rate losses	2	0
	1,652	1,461
Non-cash items		
Corporate overhead recharge (notional)	3	3
Depreciation and amortisation for the year	30	118
Additions to provisions	98	0
	131	121
Administrative expenses	2,387	2,113

Directors' remuneration for 2017/18 has been restated to reflect emoluments for a number of directors that were previously included within other wages and salaries.

Rental costs under operating leases and accommodation costs for 2017/18 have been restated to reflect service charges for Inverdee House that had originally been recorded under accommodation costs.

4 Directors' emoluments

	2018/19	2017/18 (restated)
	£ 000's	£ 000's
Directors' emoluments	512	449
Company contributions to defined benefit schemes in relation to directors' pensions	92	82
	604	531

The Chief Executive and six executive directors accrued retirement benefits in respect of qualifying service for the defined benefit scheme during the year. Directors' emoluments for 2017/18 have been restated to reflect emoluments for a number of directors that were previously included in other wages and salaries.

5 Staff costs

The aggregate payroll costs were as follows:

	2018/19	2017/18 (restated)
	£ 000's	£ 000's
Directors' emoluments	512	449
Other wages and salaries	5,933	5,237
Voluntary Exit Scheme (VES) costs	99	80
Movement in holiday pay accrual	36	18
Social security costs	604	571
Apprenticeship Levy	16	13
Other pension costs	1,248	1,130
	8,448	7,498

Directors' emoluments for 2017/18 have been restated to reflect emoluments for a number of directors that were previously included in other wages and salaries. Total holiday pay accrued at 31 March 2019 was £271,000 (£235,000 at 31 March 2018).

6 Pension costs

JNCC's defined benefit pension schemes (the Principal Civil Service Pension Scheme (PCSPS) and Other Pension Scheme (CSOPS) are unfunded multi-employer schemes for which JNCC is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2012. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation <https://www.civilservicepensionscheme.org.uk/about-us/resource-accounts>.

For 2018/19, employers' contributions of £1,226k were payable to the PCSPS (£1,107k in 2017/18) at one of four rates in the range 20.0% to 24.5% of pensionable pay, based on salary bands.

The scheme's actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2018/19 to be paid when the member retires and not the benefits paid during this period to existing pensioners. For 2019/20, the rates will be increased and will be in the range of 26.6% to 30.3%.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £22k (£22k in 2017/18) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and ranged between 8% and 14.75%.

Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £1,000 were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees (£1k in 2017/18), this representing 0.5% of pensionable pay.

Contributions due to the partnership pension providers at the balance sheet date were £2k (£2k at 31 March 2018). There were no prepaid contributions at this date.

7 Civil Service compensation schemes - voluntary exit packages

Cost band	Number of departures agreed 2018-19	Number of departures agreed 2017-18
< £ 10,000	0	0
£ 10,000 - £ 25,000	0	0
£ 25,001 - £ 50,000	0	0
£ 50,001 - £ 100,000	1	1
Total number of exit packages	1	1
Total cost (£000)	97	82

Redundancy and other departure costs are paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Voluntary exit costs of £97,000 relating to one individual for 2019/20 have been charged to the accounts for 2018/19 and voluntary exit costs of £82,000 were paid in 2018/19, £80,000 of which was charged to the accounts in 2017/18.

8 Staff numbers

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

	2018/19	2017/18
	FTEs	FTEs
Chief Executive and executive directors	6	5
Chair and non-executive directors	1	1
Team Leaders	23	23
Science and Data Services	124	107
Corporate Services	28	28
IT	4	4
	<u>186</u>	<u>168</u>

Staff numbers for 2017/18 have been restated to reflect the new classification of staff roles within the organisation.

9 Intangible fixed assets

2018/19		£ 000's
Cost		
At 1 April 2018 (opening balance)		200
Additions during year		0
Disposals		0
At 31 March 2019 (closing balance)		<u>200</u>
Amortisation		
At 1 April 2018 (opening balance)		181
Charge for the year		8
Amortisation on disposals		0
At 31 March 2019 (closing balance)		<u>189</u>
Net Book Value		
At 1 April 2018 (opening balance)		<u>19</u>
At 31 March 2019 (closing balance)		<u><u>11</u></u>
2017/18		
Cost		£ 000's
At 1 April 2018 (opening balance)		211
Additions during year		0
Disposals		(11)
At 31 March 2018 (closing balance)		<u>200</u>
Amortisation		
At 1 April 2017 (opening balance)		163
Charge for the year		29
Amortisation on disposals		(11)
At 31 March 2018 (closing balance)		<u>181</u>
Net Book Value		
At 1 April 2017 (opening balance)		<u>48</u>
At 31 March 2018 (closing balance)		<u><u>19</u></u>

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

10 Tangible fixed assets

2018/19				
	Leasehold property improvements	Computer equipment	Other equipment	Total
Cost	£ 000's	£ 000's	£ 000's	£ 000's
At 1 April 2018 (opening balance)	5	430	178	613
Additions during year	-	28	-	28
Disposals	-	(64)	(58)	(122)
At 31 March 2019 (closing balance)	5	394	120	519
Depreciation				
At 1 April 2018 (opening balance)	5	361	171	537
Charge for the year	-	19	3	22
Depreciation on disposals	-	(64)	(58)	(122)
At 31 March 2019 (closing balance)	5	316	116	437
Net Book Value				
At 1 April 2018 (opening balance)	-	69	7	76
At 31 March 2019 (closing balance)	-	78	4	82
2017/18				
	Leasehold property improvements	Computer equipment	Other equipment	Total
Cost	£ 000's	£ 000's	£ 000's	£ 000's
At 1 April 2017 (opening balance)	5	394	185	584
Additions during year	-	51	-	51
Disposals	-	(15)	(7)	(22)
At 31 March 2018 (closing balance)	5	430	178	613
Depreciation				
At 1 April 2017 (opening balance)	5	318	147	470
Charge for the year	-	58	31	89
Depreciation on disposals	-	(15)	7	(22)
At 31 March 2018 (closing balance)	5	361	171	537
Net Book Value				
At 1 April 2017 (opening balance)	-	76	38	114
At 31 March 2018 (closing balance)	-	69	7	76

11 Cash at bank and in hand

	1 April 2018 £ 000's	Cash flows £ 000's	31 March 2019 £ 000's
Analysis of changes in net funds			
Cash at bank	1,132	389	1,521
Cash in hand	1	(1)	0
Total cash	1,133	388	1,521

12 Debtors – amounts falling due within one year

	2018/19 £ 000's	2017/18 £ 000's
Trade debtors	634	562
Other debtors	5	5
Prepayments and accrued income	341	362
	980	929

The balance relating to debtors included £577k of intra-government balances. All balances were reviewed and no provision for bad debts was deemed necessary.

13 Creditors – amounts falling due within one year

	2018/19	2017/18
	£ 000s	£ 000s
Due within one year:		
Trade creditors	72	62
Other creditors	197	208
Taxation and social security	257	232
Accruals	745	607
Deferred income	163	178
	1,434	1,287

The balance for creditors at year end included £461k of intra-government balances.

14 Movement on deferred income relating to capital assets

	2018/19	2017/18
	£ 000's	£ 000's
Release of deferred income to P& L	-	(162)
Movement in year	-	(162)

15 Provisions for liabilities

	Pensions and similar obligations	Other provisions	Total provisions
2018/19	£ 000's	£ 000's	£ 000's
Balance at 1 April 2017	88	300	388
Provision for year Utilised	-	98	98
	(6)	-	(6)
Balance at 31 March 2019	82	398	480

	Pensions and similar obligations	Other provisions	Total provisions
2017/18 (re- presented)	£ 000's	£ 000's	£ 000's
Balance at 1 April 2017	95	300	395
Provision for year	-	-	-
Utilised	(7)	-	(7)
Released to the profit and loss account	(0)	-	(0)
Balance at 31 March 2018	88	300	388

Other provisions of £398,000 includes £332,000 representing the expected cost of dilapidations that will be required when JNCC ceases to occupy Monkstone House in approximately two years, the amount reflecting a review carried out in March 2019. The remaining £66,000 is an amount set aside to provide against the potential costs arising within the next 12 months from an ongoing HMRC compliance review. The pensions and similar obligations figure of £82,000 represents the remaining balance of a provision established in 2013/14 to reflect the estimated cost of future pension payments to retired JNCC Chairs entitled to a pension "by analogy to the Principal Civil Service Pension Scheme".

16 Profit and Loss account

	2018/19	2017/18
	£ 000's	£ 000's
Balance at 1 April 2018	482	717
Gain/(loss) for the year	198	(235)
Balance at 31 March 2019	680	482

17 Leasing commitments

	Land and buildings 2018/19 £ 000's	Others 2018/19 £ 000's	Land and buildings 2017/18 £ 000's	Others 2017/18 £ 000's
Operating leases which expire:				
Within one year	183	-	183	-
Within 2 to 5 years	-	-	-	-
Total	183	-	183	-

The operating lease represents the lease on Monkstone House. The current lease expires on 17th March 2020, JNCC are currently negotiating an extension to this date.

JNCC also occupies Inverdee House in Aberdeen under a Memorandum of Terms of Understanding (MOTU) with the Scottish Environment Protection Agency (SEPA). Although this is not a legal lease arrangement, the arrangement is consistent with a lease. The MOTU for Inverdee House operates on a three year rolling contract and the current agreement expired in April 2019, SEPA are due to issue a new rolling contract letter of confirmation for the next three years shortly. The annual charge for 2018/19 was £42,499.

18 Legal status

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

19 Contingent liability

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

20 Ultimate controlling party

Thirteen of the fourteen directors in post at 31 March 2019 are members of the Joint Nature Conservation Committee. The Committee sets the overall direction and priorities for the work of the support company. For these reasons the directors consider the Joint Nature Conservation Committee to be the ultimate controlling party.

21 Related party transactions

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

	Grant-in-aid		Specific project funding		Services purchased by the company	
	2018/19 £ 000's	(restated) 2017/18 £ 000's	2018/19 £ 000's	2017/18 £ 000's	2018/19 £ 000's	2017/18 £ 000's
Natural England	-	-	9	14	46	8
Defra	11,565	10,235	709	489	56	7
Scottish Natural Heritage	-	-	9	12	-	1
Natural Resources Wales	-	-	-	7	-	3
Department of Agriculture, Environment and Rural Affairs	-	-	-	-	-	-
Northern Ireland	-	-	35	21	-	-
Total	11,565	10,235	762	543	102	19

Director	Corporate related body	Paid by JNCC		Paid to JNCC	
		2018/19 £000's	2017/18 £000's	2018/19 £000's	2017/18 £000's
Mr P Rose (Trustee of NBN Trust)	National Biodiversity Network Trust	25	25	-	-

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

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