



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

Annual Report and Accounts for Year Ending
31 March 2018



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Annual Report and Accounts for year ending 31 March 2018**

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

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

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JNCC SUPPORT CO
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 MARCH 2018

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Chair's and Chief Executive's Foreword

During 2017/18, JNCC utilised our unique blend of skills and cost-effective working arrangements to fulfil our role as an impartial scientific authority on UK and international nature conservation. We provided evidence and advice on a wide range of topics to enable the four government administrations in the UK to meet their environmental priorities.

Change was a constant theme throughout the year, as we responded to emerging challenges and opportunities, guided by our new strategy. Preparations for the UK's exit from the EU in 2019 loomed large in our thinking. We also looked to the future in other respects, for example by continuing to embed a natural capital approach in our work and diversifying our funding.

A selection of highlights from the year is summarised below.

- JNCC continued to lead ground-breaking work on the use of Earth Observation data through the Defra Centre of Excellence, utilising data from the Sentinel satellites operated by the European Space Agency. We delivered an alpha platform to provide users in government and beyond with cost-effective access to analysis-ready satellite data. JNCC's work in this area is demonstrating the enormous potential for Earth Observation to transform environmental monitoring and assessment.
- JNCC made substantial progress towards developing a marine biodiversity monitoring programme for the UK. We completed the development of options for monitoring key components of biodiversity, and then worked with partners in the Healthy and Biologically Diverse Seas Evidence Group to review proposed levels of monitoring for the full range of marine biodiversity (seabirds, cetaceans, benthic, pelagic, seals and fish). The review will inform advice to ministers on an integrated and cost-effective marine monitoring programme for UK waters.
- Using specialist analytical skills, JNCC related various physical and land cover/type parameters with biodiversity to produce models of biodiversity occurrence. These models have been developed into a module that is being used in tools that support decision-making based on natural capital approaches.
- August 2017 was the 10th anniversary of offshore marine conservation regulations. Over the past 10 years, JNCC has provided advice to enable governments in the UK to designate 54 offshore marine protected areas (MPAs) covering 21% of the UK's exclusive economic zone. This has made a major contribution to protecting marine biodiversity and delivering the UK's commitment to put in place a well-managed network of MPAs in UK waters. During 2017/18 we provided advice to Defra to support designation of a third tranche of Marine Conservation Zones in English waters and supported all administrations in the development of management measures for offshore MPAs.
- In June 2017, the OSPAR Commission published its Intermediate Assessment for the North-East Atlantic detailing human pressures on the marine environment, their effects and the implications for biodiversity. The assessment is the

culmination of a six-year research and development process to produce new indicators of the state of the marine ecosystem. JNCC has provided strong scientific leadership within OSPAR by helping to develop a suite of marine biodiversity indicators.

- Using funds from the FCO Conflict, Stability and Security Fund, JNCC is implementing a suite of natural capital projects across four Caribbean and all South Atlantic Overseas Territories, working in close collaboration with the Territories. The projects are due to be completed in 2018. Substantial progress was made during the year, in particular linking JNCC's expertise in use of Earth Observation data for spatial mapping and analysis to economic techniques for valuing ecosystem goods and services. In response to the severe 2017 hurricanes, JNCC is prioritising work in Caribbean Territories that demonstrates the value of the natural environment in mitigating the impacts of storm surge and flooding.
- JNCC supported Defra at the 12th Conference of the Parties (CoP) to the Convention on Migratory Species in October 2017 and contributed to the development of EU positions beforehand. JNCC took high profile roles in both the terrestrial and avian species working groups at the CoP, and led for the EU on national reporting and indicators. JNCC staff also contributed, on behalf of the EU, to negotiations on a resolution on migratory species and climate change.
- JNCC continued to make good progress in diversifying and increasing income. In 2017/18 we received £1,410k additional income, an increase of 42% compared to the previous year. Sources of income included government departments, EU grants and wider markets. The additional income enables JNCC to maintain its critical mass of specialist expertise and to invest in developing the organisation.

The exemplary dedication and enthusiasm of JNCC's staff have been at the heart of all that we achieved during the year. Success would also not have been possible without the contributions made by many partner organisations. We are very grateful to them all.

Looking forward to 2018/19, we will again deliver a wide-ranging programme of work to meet the requirements of government administrations and other customers. We will meet current priorities for UK and international nature conservation while working with governments to prepare for the future.

Professor CA Gilligan (Chair)

Mr MJM Yeo
(Chief Executive)

Ro-ràdh a' Chathraiche agus an Àrd-oifigeir

Ann an 2017/18, chuir JNCC am measgachadh sònraichte de sgilean agus dòighean-obrach èifeachdach againn an sàs airson ar cuid dhleastanasan mar ùghdarras saidheansail neo-phàirteach air glèidhteachas san Rìoghachd Aonaichte agus gu h-eadar-nàiseanta a choileanadh. Bidh sinn a' toirt fianais agus comhairle seachad air measgachadh farsaing de chuspairean a leigeas leis na ceithir riaghaltasan san Rìoghachd Aonaichte an cuid phrìomhachasan àrainneachail a thoirt gu buil.

Bha 'atharrachadh' nochdte fad na bliadhna is sinn a' freagairt ri dùbhlannan is cothroman ùra agus sinn air ar stiùireadh leis an ro-innleachd ùir againn. Bha ullachadh ri linn mar a bhios an Rìoghachd Aonaichte a' fàgail an Aonaidh Eòrpaich ann an 2019 na pàirt mhòr de ar cuid smaoineachaidh. Choimhead sinn romhainn ann an dòighean eile cuideachd, mar eisimpleir, le bhith a' leantainn oirnn agus a' daingneachadh dòigh-obrach stèidhichte air calpa nàdarra agus a' leudachadh nan dòighean maoinachaidh againn.

Tha roghainn de ar cuid obrach bhon a' bhliadhna a chaidh seachad ri faicinn gu h-ìosal.

- Lean obair ionmholta JNCC air cleachdadh dàta Geur-sgrùdadh na Cruinne tro Ionad Sàr-mhathais Defra is cleachdadh dàta bho na saidealann Sentinel le Buidheann Fànais na h-Eòrpa. Thug sinn sàr dhòigh chleachdaidh airson cothrom èifeachdach a thaobh cosgais air dàta saideal a sgrùdadh a sholar don luchd-cleachdadh san riaghaltas is roinnean eile. Tha obair JNCC san raon seo a' taisbeanadh nan cothroman mòra an lùib Geur-sgrùdadh na Cruinne airson sgrùdadh is measadh àrainneachail atharrachadh gu tur.
- Rinn JNCC adhartas mòr a dh'ionnsaigh leasachadh prògram sgrùdaidh bith-iomadachd airson na Rìoghachd Aonaichte. Thug sinn leasachadh nan roghainnean airson prìomh eileamaidean de bhith-iomadachd a sgrùdadh a thoirt gu buil agus dh'obraich sinn le com-pàirtichean ann am Buidheann Fianais Muir Fallainn is Bith-iomadachd airson ìrean sgrùdaidh a thathar a' moladh ann am bith-iomadachd na mara ath-sgrùdadh ('s e sin eòin-mhara, mucan-mara, beathaichean air grunn na mara agus sa mhuir, ròin agus iasg). Thèid an t-ath-sgrùdadh an lùib comhairle a bheirear do mhinistearan air prògram sgrùdaidh na mara a tha aonaichte agus èifeachdach a thaobh cosgais airson uisgeachan na Rìoghachd Aonaichte.
- Chuir JNCC, is iad a' cur sgilean sgrùdaidh sònraichte gu feum, caochladh shònrachaidhean fiosaigeach is còmhach/seòrsa talmhainn an sàs le bith-iomadachd airson modalan air tricead bith-iomadachd a thoirt gu buil. Tha na modalan sin air a bhith gan leasachadh mar mhodal a thathar a' cleachdadh an lùib uidheim a chuireas taic ri dèanamh cho-dhùnaidhean stèidhichte air dòighean-obrach calpa nàdarra.
- Chaidh an deichead bliadhna de riaghailtean glèidhteachais mara a chomharrachadh san Lùnastal 2017. Anns na deich bliadhna mu dheireadh, tha JNCC air comhairle a thoirt seachad a leig le riaghaltasan san RA 54 roinnean

dìon mara ainmeachadh a tha a' còmhachadh 21% de roinn eaconamach na RA. Tha seo air cur gu mòr ri gleidheadh bith-iomadachd mara agus ri liubhairt gealltanais na RA gum bithear a' cur lìonra èifeachdach de roinnean dìon mara an sàs ann an uisgeachan na h-Alba. Ann an 2017/18 thug sinn comhairle do Defra airson taic a chumail ris an treas cuairt de Roinnean Dìon Mara ann an uisgeachan Shasainn agus chum sinn taic ri gach riaghaltas a thaobh leasachadh dhòighean-stiùiridh airson roinnean dìon far a' chosta.

- Anns an Ògmhios 2017, dh'fhoillsich Coimisean OSPAR a Sgrùdadh Eadar-mheadhanach airson Taobh an Ear-thuath a' Chuain Siar, a mhinich buaidh mic-an-duine air a' mhuir agus na tha sin a' ciallachadh a thaobh bith-iomadachd. Tha an sgrùdadh a' toirt gu crìch sia bliadhna de rannsachadh agus pròiseas leasachaidh airson comharraidhean ùra air staid eag-shiostam mara a thoirt gu buil. Tha JNCC air ceannardas saidheansail làidir a chur an sàs an lùib OSPAR le bhith a' cumail taic ri leasachadh raon de chomharraidhean bith-iomadachd mara.
- Tha JNCC a' cur raon de phròiseactan calpa nàdarra an sàs thar ceithir ranntairean Caraibeach agus gach Ranntair Ceann a Deas a' Chuain Siar agus a' cleachdadh maoineachaidh bho Mhaoin FCO Còmhstri, Seasmhachd is Tèarainteachd, agus ag obair gu dlùth leis na Ranntairean. Thèid na pròiseactan a thoirt gu buil ann an 2018. Chaidh adhartas mòr a dhèanamh tron bhliadhna, gu h-àraid an lùib ceangal le eòlas JNCC air dàta Geur-sgrùdadh na Cruinne airson mapadh is sgrùdadh spàis agus dhòighean-obrach eaconamach airson luach a chur air bathar is seirbheisean eag-shiostaim. Mar fhreagairt air doineannan mòra 2017, tha JNCC a' cur prìomhachais air obair anns na Ranntairean Caraibeach a tha a chuireas beum air luach na h-àrainneachd nàdarra an aghaidh buaidh sruthadh stoirmean is thuiltean.
- Chùm JNCC taic ri Defra aig an dàrna Co-labhairt dheug de na Pàrtaidhean don Chòmhdhail air Gnèithean Imrich san Dàmhair 2017 agus chuir e ri leasachadh suidheachadh an Aonaidh Eòrpaich ro làimh. Ghabh JNCC dleastanasan àrd inbhe os làimh anns na buidhnean obrach air gnèithean talmhainn is eunlaith aig a' Cho-labhairt de na Pàrtaidhean agus ghabh e dleastanas stiùiridh os làimh às leth an AE air co-rèiteachadh air rùn a thaobh ghnèithean imrich is atharrachadh sìde.
- Lean an t-adhartas math a rinn JNCC ann a bhith a' toirt iomadachd is leudachadh air teachd a-steach. Ann an 2017/18 fhuair sinn £1,410k de theachd a-steach, a bha mar àrdachadh de 42% an coimeas ris a' bhliadhna mu dheireadh. Bha roinnean riaghaltais, tabhartasan AE is margaidhean nas fharsainge am measg nan tùsan teachd a-steach. Tha an teachd a-steach a bharrachd a' leigeil le JNCC a chuid eòlais shònraichte riatanach a ghleidheadh agus a' leigeil leis cur ri leasachadh na buidhne.

Tha dìorras is spionnadh luchd-obrach JNCC air a bhith aig teis-meadhan a h-uile rud a choisinn sinn tron bhliadhna. Cha bhiodh a leithid a shoirbheachas air a bhith ann mur a b' e saothair nam buidhnean com-pàirteachaidh againn. Tha sinn nan comain gu lèir.

Ann a bhith a' coimhead air adhart ri 2018/19, bidh sinn a' liubhairt prògram farsaing de dh'obair a fhreagras ri riathanasan riaghaltasan agus chustamairean eile. Bidh sinn a' freagairt ris na prìomhachasan làthaireach airson na RA agus glèidhteachas nàdair eadar-nàiseanta fhad 's a dh'obraicheas sinn leis na riaghaltasan airson ullachadh don àm ri teachd.

An t-Àrd-ollamh CA Gilligan (Cathraiche)

Mgr. MJM Yeo
(Àrd-oifigear)

Rhagair y Cadeirydd a'r Prif Weithredwr

Yn ystod 2017/18, bu i ni yn JNCC, fanteisio ar ein cyfuniad unigryw o sgiliau a dulliau gweithio cost-effeithiol er mwyn cyflawni ein swydd fel awdurdod gwyddonol diduedd ar gadwraeth natur ym Mhrydain ac yng ngweddill y byd. Bu inni gynnig tystiolaeth a chynghor ar ystod eang o bynciau er mwyn gofalu fod modd i'r pedair gweinyddiaeth lywodraethol ym Mhrydain fodloni eu blaenoriaethau amgylcheddol.

Bu llawer o newid drwy gydol y flwyddyn, wrth inni fynd i'r afael â heriau a chyfleoedd ddaeth i'r amlwg, yn defnyddio'n strategaeth newydd. Bu paratoadau ar gyfer ymadawiad Prydain o'r Undeb Ewropeaidd yn 2019 yn amlwg iawn yn ein meddyliau. Bu inni hefyd edrych tua'r dyfodol ynghylch cynlluniau eraill, fel enghraifft drwy barhau i roi gweithdrefn cyfalaf naturiol ar waith ac amrywio ein cyllid.

Dyma grynodedb o ddetholiad o uchafbwyntiau'r flwyddyn.

- Bu i JNCC barhau i arwain gwaith arloesol ynghylch y defnydd o ddata Arsyllwi'r Ddaear drwy Ganolfan Rhagoriaeth Defra, yn defnyddio data o'r lloerennau Sentinel o dan ofal yr Asiantaeth Ofor Ewropeaidd. Bu inni gynnig 'platform alpha' er mwyn i ddefnyddwyr y llywodraeth ac eraill fedru manteisio ar ddata lloeren barod i'w ddadansoddi am bris teg. Mae gwaith JNCC yn y maes hwn yn dangos dichonolrwydd sylweddol i Arsyllwi'r Ddaear fedru trawsnewid gwaith monitro ac asesu amgylcheddol.
- Bu i JNCC wneud cynnydd sylweddol tuag at ddatblygu cynllun monitro bioamrywiaeth forol ar gyfer Prydain. Bu inni gwblhau y gwaith datblygu dewisiadau ar gyfer monitro prif elfennau bioamrywiaeth. Yna, aethom ati i gydweithio gyda phartneriaid yn y Grŵp Tystiolaeth Moroedd Iach a Bioamrywiol er mwyn adolygu lefelau arfaethedig o fonitro ar gyfer yr ystod gyflawn o rywogaethau bioamrywiaeth forol (adar môr, morfilod, creaduriaid dyfnforol, creaduriaid cefnforol, morloi a physgod). Bydd yr adolygiad yn cynnig cynghor i weinidogion ynghylch cynllun monitro morol integredig a chost-effeithiol ar gyfer dyfroedd Prydain.
- Gan ddefnyddio sgiliau dadansoddol arbenigol, bu i JNCC berthnasu paramedrau gorchudd tir naturiol amrywiol gyda bioamrywiaeth. Roedd hyn er mwyn cynhyrchu modelau o ddigwyddiadau yn ymwneud â bioamrywiaeth. Mae'r modelau hyn wedi eu datblygu i fod yn fodiwl caiff ei ddefnyddio mewn offer sy'n cefnogi gwneud penderfyniadau ar sail gweithdrefnau cyfalaf naturiol.
- Ym mis Awst 2017, bu inni ddathlu 10 mlynedd ers cyhoeddi rheoliadau cadwraeth forol alltraeth. Yn ystod y 10 mlynedd diwethaf, bu i JNCC gynnig cynghor er mwyn i lywodraethau Prydain ddynodi 54 ardal forol warchoddedig (MPAs) alltraeth yn ymestyn dros 21% o barth economaidd cyfyngol Prydain. Bu i hyn gyfrannu'n sylweddol tuag at warchod bioamrywiaeth forol a gofalu bod Prydain yn ymroi i gynnig rhwydwaith wedi ei reoli'n dda o Ardaloedd Morol Gwarchoddedig yn nyfroedd Prydain. Yn ystod 2017/18 bu inni gynnig cynghor i Defra er mwyn cefnogi dynodi trydedd gyfran o Barthau Gwarchod Morol yn nyfroedd Lloegr. Hefyd bu inni eu cefnogi gyda'r holl waith gweinyddu yn ymwneud â datblygu mesurau rheoli ar gyfer Ardaloedd Morol Gwarchoddedig alltraeth.

- Ym mis Mehefin 2017, bu i'r Comisiwn OSPAR gyhoeddi ei Asesiad Canolraddol ar gyfer yr Iwerydd Gogledd-ddwyrain. Bu'n ymdrin â'r pwysau ar yr amgylchedd morol oherwydd pobl, eu heffeithiau a'r goblygiadau ynghylch bioamrywiaeth. Mae'r asesiad yn ddiweddglo i broses ymchwil a datblygu, chwe blynedd o hyd, i gynhyrchu dangosyddion newydd ynghylch cyflwr yr ecosystem forol. Bu i JNCC gynnig arweiniad gwyddonol cryf ar ran OSPAR drwy helpu gyda datblygu cyfres o ddangosyddion bioamrywiaeth forol.
- Gan ddefnyddio cyllid o'r Gronfa Gwrthdaro, Sefydlogrwydd a Diogelwch y Swyddfa Dramor a Chymanwlad (FCO), bydd JNCC yn cynnal cyfres o brosiectau cyfalaf naturiol. Bydd y prosiectau ar waith ar draws pedwar tiriogaeth Caribïaidd a holl Dirioogaethau Tramor De'r Iwerydd a bydd JNCC yn cydweithio'n agos gyda'r Tiriogaethau. Mae disgwyl y caiff y prosiectau eu cwblhau yn 2018. Bu cynnydd sylweddol yn ystod y flwyddyn, yn enwedig drwy gysylltu arbenigedd JNCC gyda'r defnydd o ddata Arsylwi'r Ddaear ar gyfer mapio gofodol a dadansoddi gyda thechnegau economaidd ar gyfer prisio nwyddau a gwasanaethau ecosystem. Fel ymateb i gorwyntoedd difrifol 2017, mae JNCC yn blaenoriaethu gwaith mewn Tiriogaethau Caribïaidd sy'n dangos gwerth yr amgylchedd naturiol i liniaru effeithiau ymchwydd storm a llifogydd.
- Ym mis Hydref 2017, bu i JNCC gefnogi Defra yn y 12fed Cynhadledd y Pleidiau (CoP) i'r Gynhadledd am Rywogaethau Mudol. Hefyd, bu i JNCC gyfrannu tuag at ddatblygu safleoedd yr Undeb Ewropeaidd ymlaen llaw. Bu i JNCC gyflawni gwaith blaenllaw yn y grwpiau gwaith rhywogaethau daearol ac adarol yng Nghynhadledd y Pleidiau. Hefyd bu i JNCC arwain ar y gwaith adrodd cenedlaethol a gwaith yn ymwneud â dangosyddion ar ran yr Undeb Ewropeaidd. Bu i staff JNCC hefyd gyfrannu, ar ran yr Undeb Ewropeaidd, tuag at drafodaethau ar benderfyniad ynghylch rhywogaethau mudol a newid mewn hinsawdd.
- Bu i JNCC barhau i wneud cynnydd da wrth amrywio a chynyddu incwm. Yn 2017/18 bu inni dderbyn £1,410k o incwm, cynnydd o 42% o gymharu â'r flwyddyn flaenorol. Ymysg y ffynonellau y bu inni dderbyn cyllid ganddyn nhw oedd adrannau'r llywodraeth, grantiau'r Undeb Ewropeaidd a marchnadoedd ehangach. Mae'r incwm ychwanegol yn fodd i JNCC gynnal ei grynswth hanfodol o waith arbenigol a buddsoddi mewn datblygu'r mudiad.

Bu ymroddiad a brwdfrydedd rhagorol staff JNCC wrth wraidd ein holl lwyddiannau yn ystod y flwyddyn. Hefyd, buasai wedi bod yn amhosib inni lwyddo heb gyfraniadau'r amryw fudiadau partner. Rydym yn hynod ddiolchgar iddyn nhw i gyd.

Gan edrych i'r dyfodol tuag at 2018/19, byddwn unwaith eto'n cynnig cyfres eang o waith i fodloni gofynion gweinyddiaethau llywodraethol a chwsmeriaid eraill. Byddwn yn bodloni blaenoriaethau cyfredol yn ymwneud â chadwraeth natur ym Mhrydain a gweddill y byd wrth gydweithio gyda llywodraethau i baratoi tuag at y dyfodol.

Yr Athro CA Gilligan (Cadeirydd)

Mr MJM Yeo (Prif Weithredwr)

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018

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

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Aberdeen office

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Tel: +44 (0) 1224 266564
Email: feedback@jncc.gov.uk

Senior staff in JNCC in 2017/18

Chief Executive	Mr MJM Yeo
Chief Scientist and Deputy Chief Executive (from 31 July 2017)	Professor CA Maggs
Director of Corporate Services	Mrs SE McQueen (resigned 4 May 2018)
Director of Standards and Advice	Mr PM Rose
Director of Marine Operations	Dr JC Goold
Director of Evidence	Dr SD Gibson

Company directors in 2017/18

Professor MCV Austen (from 15 December 2017)

Mr CER Banner (from 15 December 2017)

Professor IJ Bateman

Dr R Brown (until 31 May 2017)

Dr MB Cantlay (from 15 May 2017)

Mr GRJ Duke (until 31 May 2017)

Professor CA Galbraith

Professor CA Gilligan

Dr MSC Havard

Dr JW Horwood

Dr AH Kirkpatrick

Ms D McCrea

Professor HM Platt

Professor EM Scott (from 15 December 2017)

Dr S Walker (until 31 March 2018)

Mr MJM Yeo

Company secretary Mrs SE McQueen

Donations

There were no political or charitable donations made in the financial year ending 31 March 2018.

Losses and special payments

JNCC reported no losses or special payments during the year to 31 March 2018 (none reported in the year to 31 March 2017). 22 fruitless payments were recorded in 2017/18 with a total value of £8.2k (24 fruitless payments totalling £6k were reported in 2016/17).

Personal data

In the year to 31 March 2018 JNCC was subject to a cyber-breach in the course of an attempted fraud. The fraud attempt was unsuccessful but consequently a small amount of low-level personal data was accessed. The facts were discussed with the affected individuals and the incident was not reported to the Information Commissioner's Office. Further discussion around this point is included in Section 10 of the Governance Statement. A thorough review took place and controls were tightened, where appropriate.

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 2017/18 the average sickness absence per full-time employee was 5.0 days (4.1 days in 2016/17).

Health and Safety

JNCC is committed to complying with all legal obligations for health and safety and are pro-active 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.

	2017/18	2016/17
Minor Accidents	8	7
Near Miss Incidents	2	3
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 1 Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalents (FTEs)
7	6.7

Table 2 Percentage of time spent on facility time

Percentage of time	Number of employees
0%	167
1% - 50%	1
51% - 99%	0
100%	0

Table 3 Percentage of pay bill spent on facility time

Total cost of facility time	£6k
Total pay bill	£7.491m
Percentage of the total pay bill spent on facility time	0.08%

Table 4 Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time	0.09%
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Pension liabilities

Full details of pension liabilities and their accounting treatment are given in the accounting policies note on page 50 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 43. The audit fee charged in the Profit and Loss Account was £18k (£18.5k in 2016/17). 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
7 June 2018

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018

The directors present their report and the financial statements for the year ending 31 March 2018. This report should be read in conjunction with the Governance Statement commencing on page 20 and the Directors' report commencing on page 8.

JNCC Support Co – history and objectives

The Joint Nature Conservation Committee (JNCC) is the statutory adviser to the UK Government and devolved administrations on UK and international nature conservation. 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 2017/18 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 Management Board, 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 20 of this report.

Review of business

During the financial year ending 31 March 2018, the company made a significant contribution to nature conservation on both the national and international level through an extensive and varied programme of work.

Twenty-one of the 24 success measures were fully achieved, and substantial progress was made on the remaining three success measures, with completion expected in early 2018/19. Further details of performance against success measures are given on pages 66 to 71.

For the year-ending 31 March 2018 the company made a loss before ordinary activities of £235k (gain before ordinary activities of £390k in 2016/17). The operating loss has arisen, primarily, because of a timing difference between £241k Defra funding being secured and being drawn down. The £241k was received in April 2018. This loss has affected our reserves, which are £482k as at 31 March 2018 (£717k as at 31 March 2017).

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.

Comparison of budget against outturn

The company continues to demonstrate a high level of control over the management of public monies for which it has stewardship responsibilities, and this is shown when the actual spend is compared to the budget for the year. To note, this is the first year JNCC is reporting expenditure by strategic outcome.

Activity by Funding Stream and Strategic Outcome	Note	Budget 2017/18 £'000's	Outturn 2017/18 £'000's	Variance 2017/18 £'000's	Variance 2017/18 %
Income					
Initial allocation of grant in aid		8,661	8,661	-	
Additional grant in aid		1,912	1,574	(338)	
Grant in aid reported	1	10,573	10,235	(338)	
Scientific advice		1,067	834	(233)	
European Union		382	362	(20)	
Secondments		288	208	(80)	
Royalties and licences		3	3	-	
Notional training income		3	3	-	
Total Income	2	12,316	11,645	(671)	-1.4%
Expenditure					
Outcome 1 High-quality Evidence		5,124	4,542	582	
Outcome 2 International Leadership		1,849	2,012	(163)	
Outcome 3 Shared Solutions		1,037	1,036	1	
Outcome 4 Offshore Marine		1,593	1,715	(122)	
Outcome 5 Excellent Delivery		2,713	2,737	(24)	
Total Expenditure	3	12,316	12,042	274	2.2%
Gain (loss) on operations		-	(397)	(397)	
Transfer from deferred income		-	162	162	
Gain (loss) reported		-	(235)	(235)	

Note 1 – Grant in aid is reported on a cash basis. The variance arises due to £241k grant in aid being approved in 2017/18 but not drawn down until 2018/19 and £96k grant-in-aid for offshore renewables budgeted but not drawn down.

Note 2 – The 2017/18 budget for non-core activity included an additional aspirational £500k target with a corresponding increase in costs, netting to zero.

Note 3 – The £274k expenditure variance relates, primarily, to underspends in the evidence area (against an aspirational income target), a £96k overspend in offshore renewables, and £130k new work related to the EU and natural capital.

Future developments

Priorities for 2018/19 have been determined in consultation with Defra and the devolved administrations. The work programme takes account of the key changes set out in our strategy, including:

Increasing our organisational resilience and effectiveness by:

- Growing our skills and investing in our people;
- Diversifying our funding and increasing income from non-government sources;
- Paying increasing attention to the economic and social dimensions of our work;
- Embracing innovation, for example by testing and applying cutting edge technologies and data approaches;
- Responding to changing policy requirements in the four countries of the UK, driven by devolution and the UK's exit from the EU.

Increasing our influence by:

- Enhancing our scientific standing;
- Raising our profile, through conferences and partnerships.

In 2018/19, 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 2018/19 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 2018 shows the reserves of the company as £482k (£717k in 2016/17). 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. It has accordingly been considered appropriate to adopt the going concern basis for the preparation of these financial statements.

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

Our staff

During the year ending 31 March 2018 JNCC Support Co employed, on average, 168 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 2018.

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 sex at the year-end was as follows:

Staff by sex	Number of staff			Percentage of total	
	Male	Female	Total	2017/18	2016/17
Directors of the company (Joint Committee members and Chief Executive)	7	2	9	5	6
Executive directors	3	2	5	2	2
Other staff	64	113	177	93	92
Total	74	117	191	100	100

Sustainability

JNCC is exempt from the requirement to provide a Sustainability Report under the government's Greening Government Commitments, having fewer than 250

employees. However, JNCC is committed to minimising the impact of its activities on the environment.

The key points of its strategy to achieve this are:

- Actively promote recycling both internally and amongst its customers and suppliers;
- At all times to balance value for money against environmental requirements when making procurement decisions;
- Comply with all relevant environmental legislative and regulatory requirements;
- Encourage staff to travel only when necessary and to use public transport where available;
- Invest in technology that will reduce the requirement to travel; and
- Raise awareness of environmental considerations amongst staff and suppliers.

Mr MJM Yeo
Chief Executive
On behalf of the board of directors
7 June 2018

Annual Governance Statement For the Joint Nature Conservation Committee for the year ending 31 March 2018

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 2018, up to the approval of the Annual Report and Accounts, and accords with HM Treasury guidance.

2. Effectiveness of governance arrangements

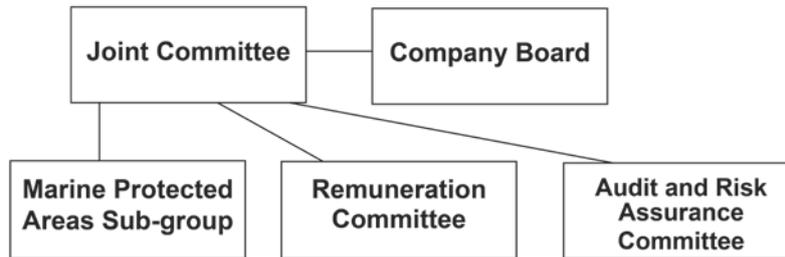
The governance framework

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.

3. Joint Committee

The Joint Committee has overall responsibility for fulfilling the statutory functions of JNCC, maintaining an effective framework of corporate governance, and promoting the efficient and effective use of resources. The Joint Committee is responsible for setting the strategic direction of the organisation, 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 14 non-executive members and is chaired by Professor Chris Gilligan. In June 2017, the Joint Committee appointed a new Deputy Chair, Professor Colin Galbraith. 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, Company Board and sub-committees has ensured quoracy requirements have been met throughout 2017/18.

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

Member	Total possible	Total attended
Professor Melanie Austen (Independent)	1	1
Mr Charles Banner (Independent)	1	1
Professor Ian Bateman (Independent)	4	3
Dr Bob Brown (Independent)	1	1
Dr Mike Cantlay (SNH)	4	0
Mr Guy Duke (Independent, Deputy Chair until 31 May 2017)	1	1
Professor Colin Galbraith (Independent, Deputy Chair from 1 June 2017)	4	4
Professor Chris Gilligan (Independent, Chair)	4	4
Dr Madeleine Havard (NRW)	4	4
Dr Joe Horwood (NE) ¹	4	4
Ms Diane McCrea (NRW)	4	0
Professor Michel Kaiser (Independent)	1	1
Dr Hilary Kirkpatrick (CNCC)	4	4
Professor Howard Platt (CNCC)	4	4
Professor Marian Scott (Independent)	1	0
Dr Susan Walker (SNH)	4	4

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, and the UK's exit from the EU.

In 2017/18 key items of business included:

- Overseeing delivery of the 2017/18 business plan through the scrutiny of quarterly performance reports, and discussing preparation of a business plan for 2018/19;
- Undertaking a quarterly review of significant risks and an annual review of risk management in JNCC, including approval of a revised risk appetite statement;
- Providing direction for areas of JNCC's work, such as JNCC's role in Earth Observation; activities relating to natural capital; developing monitoring options for UK marine biodiversity; the opportunities and challenges facing JNCC's

¹ Natural England has been represented on the Joint Committee by only one member (Dr Joe Horwood) since 2 May 2016.

marine assessment work; and the development of post-2020 global biodiversity targets;

- Reviewing governance arrangements and agreeing an action plan.

In 2017, the Joint Committee reviewed its ways of working in response to recommendations made in the Government Review of JNCC published in November 2016. An action plan was developed which includes establishing processes for more agile and flexible working, greater staff and sponsor engagement, and developing strategic and scientific approaches.

The Joint Committee undertakes an assessment of its performance every three years. The most recent assessment was undertaken in October 2015. The results of the assessment indicated that the Committee worked well, with good dynamics and complementary skill sets as well as providing appropriate challenges to JNCC's management. Regular updates on actions arising from the assessment have been presented to the Committee through 2017/18. One action was to develop working objectives specifically for the Joint Committee (as distinct from those shared with the company), to allow realistic assessment of the Committee's performance. These form the basis of an annual appraisal for independent members of the Joint Committee, undertaken by the Chair. The next assessment of the Committee's performance will take place in the autumn of 2018.

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

The Joint Committee is supported by three sub-committees. The terms of reference for the Marine Protected Areas Sub-Group were revised and approved in June 2017. Options for the future of the Marine Protected Areas Sub-Group were discussed by the Joint Committee in September 2018, in the context of the UK's exit from the EU. The terms of reference of the Audit and Risk Assurance Committee and the standing orders of the Joint Committee were revised and approved in November 2017.

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

ARAC's membership consisted of two Joint Committee members (three between 1 April and 31 May) and two independent external members in 2017/18. ARAC was chaired by Professor Colin Galbraith. 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, monitoring the adequacy and efficacy of JNCC's approach to corporate risk management, and reviewing procedures and policies for the detection of fraud and corruption.

ARAC undertakes assessments of its performance annually. The most recent review took place in September 2017, with a report on findings presented in November 2017. 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.

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

The Marine Protected Areas Sub-Group advises the Joint Committee, and in some cases makes decisions on the Joint Committee's behalf, on matters relating to the identification, designation 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 May 2017, the Sub-Group was chaired by Dr Bob Brown. In June 2017, Dr Joe Horwood took over as chair. In 2017/18, the Sub-Group met two times. The Sub-Group is composed of members of the Joint Committee (including independent members and representatives from the statutory nature conservation bodies). Scottish Natural Heritage is represented by a member of their board who is not a member of the Joint Committee.

4. Company Board

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

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

5. Executive governance

The Executive Management Board (EMB) is a corporate decision-making group, chaired by me as Chief Executive. 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 2017/18, membership of EMB consisted of:

- Chief Executive (Chair of EMB), Marcus Yeo
- Chief Scientist and Deputy Chief Executive, Christine Maggs (from July 2017)
- Director of Marine Operations, John Goold
- Director of Corporate Services, Sue McQueen (resigned 4 May 2018);
- Director of Standards and Advice, Paul Rose
- Director of Evidence, Steve Gibson

During 2017/18, EMB:

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

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

During the latter part of 2017/18 changes to the executive governance of JNCC were agreed. From 1 April 2018 two new management boards will be established; an Executive Leadership Team (ELT) to support the Chief Executive in leading the organisation and a Science Management Board to oversee JNCC's scientific and technical work.

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 Management Board 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

In 2017/18, 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. The HIA submitted regular reports in accordance with the requirements of Government Internal Audit Standards. Internal audit activity is targeted at assessing the adequacy and effectiveness of the systems of internal control and governance in the areas reviewed. The areas for review were determined by reference to JNCC's risk registers and through discussion with directors, senior managers and members of ARAC. In 2017/18 the HIA also provided advice on a cyber security incident which was referred to Defra Investigative Services for forensic investigation. Further information on this incident is included in section 10.

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

For 2017/18, the 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

In 2017/18, JNCC began to implement a new strategy for the period up to 2020. The strategy sets out the direction for JNCC 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

In 2017/18 JNCC agreed a set of values to shape the culture of the organisation. Communicating and 'living' these 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 2017/18, we continued to build on a programme of work 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 2017/18, JNCC provided services around environmental data, evidence, standards and methods and significantly increased its income compared to 2016/17.

In 2018/19, 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 on the organisation's core purpose and delivery for Government customers.

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 has been updated to reflect JNCC's commitment to open data and to meet General Data Protection Regulation (GDPR) requirements. All JNCC staff undergo annual information management training in line with standard civil service policy. This is delivered through the Civil Service Learning online training system and is monitored by Human Resources for compliance.

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

OFFICIAL
OFFICIAL – SENSITIVE

JNCC does not hold any data of a higher standard classification. One data source, Vessel Monitoring System outputs, is handled with additional sensitivity due to the requirements of the data provider. This system is kept separate from the main data holdings and is restricted to specific named staff only.

Annual security incident summary

JNCC records the number of incidents and near misses that occur in each financial year with respect to information management. These are categorised into the industry standard severity levels (severe incident, incident and near miss).

Severity	2016/17	2017/18
<i>Severe incident</i>	0	1
<i>Incident</i>	1	0
<i>Near miss</i>	2	3

Cyber security incident

In November 2017, the account of a member of staff was compromised. An unknown third party obtained the password to this account and proceeded to attempt to defraud two JNCC partner organisations using fake invoices based on real projects. A spam attack was launched against 6500 random external email addresses in an attempt to compromise further accounts. Two pieces of personal information about two JNCC staff members were incidentally accessed by the third party through the reading of email threads. JNCC's response to the attack was co-ordinated by a Response Group Chaired by the Senior Information Risk Owner.

The attempted fraud was intercepted, and all partners were informed to stop processing the invoices. No payments were made. The matter was referred to Defra Investigative Services and recommendations will be implemented to counter future risk.

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 2017/18, provision of accurate and timely financial management information has been a key issue to resolve. Work to develop corporate processes is being undertaken to deliver new systems early in 2018/19. These new systems will support income generation and provide JNCC with real time staff resource management information.

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, EMB 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 has performed well through the year, achieving 21 success measures out of 24, with notable successes discussed in Section 16.

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

12. Compliance with the NDPB Corporate Governance Code

In 2017/18 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. The policy is compliant with *The Government Chief Scientific Adviser's Guidelines on the Use of Scientific and Engineering Advice in Policy Making* (2010).

JNCC does not own any business-critical models.

14. Risk management

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

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

- A high-level corporate risk register, which includes the principal long-term/standing risks affecting JNCC;
- An annual significant 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 EMB, the Joint Committee and Audit and Risk Assurance Committee.

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

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

The 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 2017/18. Work to develop an improved IT system has been repeatedly delayed due to resourcing issues. The age of the system and the number of applications which it now handles means it is no longer fit for purpose and therefore poses a business continuity risk to JNCC's licensing advisory service, particularly with an anticipated increase in licence applications once the UK leaves the EU. Discussions continue with APHA and Defra and the risk has been flagged on the risk register for EU exit day one readiness.

JNCC's significant risks in 2017/18 can be found in Section 16.

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. 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 work under the new strategy. Where greater risk exposure is necessary, senior managers ensure that decisions are taken with a full and clear understanding of the risks involved and that these risks are communicated and agreed with directors and other appropriate staff.

In 2017/18, the risk appetite statement was revised to make it a more operational management tool to inform decision making and assist managers in delegating decisions to the right level. The risk appetite matrix shows that JNCC has a low appetite for risk overall. This is what we would expect 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.

The revised statement was discussed and approved by EMB in January 2018 and the Joint Committee in March 2018.

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. In 2017/18, JNCC reviewed its counter-fraud and anti-corruption policy and made some changes, including some in light of the cyber security incident. A single point of contact has now been established to ensure procedures are instigated as soon as an incident occurs.

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 departments and other 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 2017/18 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.

15. 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 2017/18, there were no instances of whistleblowing reported.

16. Highlights and challenges during 2017/18

During 2017/18, 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. JNCC had a successful year with 21 out of 24 success measures fully achieved and substantial progress made on the remaining three success measures.

Significant achievements:

- We continued to lead ground-breaking work on the use of Earth Observation data, delivering an alpha platform to provide users with cost-effective access to analysis-ready satellite data.
- We completed the development of options for monitoring key components of marine biodiversity, and worked with partners to review proposed levels of monitoring for the full range of marine biodiversity (seabirds, cetaceans, benthic, pelagic, seals and fish).
- We produced models of biodiversity occurrence that are being used in tools that support decision-making based on natural capital approaches.
- We provided advice to Defra to support designation of a third tranche of Marine Conservation Zones in English waters and supported all administrations in the development of management measures for offshore marine protected areas.
- Our work over several years to develop a suite of marine biodiversity indicators made a major contribution to the OSPAR Commission’s Intermediate Assessment for the North-East Atlantic (published in June 2017), which details human pressures on the marine environment, their effects and the implications for biodiversity.
- Using funds from the FCO Conflict, Stability and Security Fund, we implemented a suite of natural capital projects across four Caribbean and all South Atlantic Overseas Territories.
- We supported Defra at the 12th Conference of the Parties to the Convention on Migratory Species and contributed to the development of EU positions beforehand.

We increased income by 42% compared to the previous year, enabling us to maintain our critical mass of specialist expertise and to invest in developing the organisation.

The most significant risks facing JNCC in 2017/18 are summarised in the following table, together with management action.

Risk	Management Action
Limited flexibility and lack of control over external factors leave JNCC unable to change in an appropriate timeframe	JNCC's senior leadership has been restructured during the year, with the appointment of a Chief Scientist/Deputy Chief Executive, changes to directors' responsibilities and the establishment of fewer, larger teams. A new post of Director of Finance and Resources will be appointed early in 2018/19. Good progress has been made in implementing a transformation programme, which will continue into 2018/19.

Risk	Management Action
Reduced ability to cost-effectively and equitably meet the needs of all four UK administrations (as GIA decreases and administrations' requirements diverge)	Governments and country nature conservation bodies have expressed strong support for JNCC's work and funding for 2018/19 has been agreed with officials. A joint government sponsorship group for JNCC has been re-established which will provide a useful forum for discussion on shared priorities. Income generation is continuing to prove successful.
Major changes to JNCC's business resulting from EU exit (including changes in legislation and inability to recruit/retain EU staff)	JNCC maintained an overview of the challenges and opportunities arising from EU exit and planned accordingly. We participated in an inter-agency group with the country nature conservation bodies to maintain an overview of activities across the UK. We provided advice to governments on various matters relating to day 1 readiness and longer-term policy development. Additional resources were secured from Defra for EU exit activities.
Problems with income generation (e.g. missed opportunities, failure to deliver to requirements) result in damage to JNCC's reputation, potential exposure to financial risk and distraction from core business	Income generation activities proved successful in 2017/18 but placed a significant burden on staff in some areas. Objectives have been reviewed and income action plans are being developed. Further changes are needed to increase flexible use of staff resource. Good progress has been made in re-aligning financial management practices with new requirements arising from income generation.
Poor staff morale undermines JNCC's ability to fulfil its work programme	Good progress has been made in implementing an action plan drawn up in response to the 2016 people survey. The next people survey will be undertaken in 2018. Staff turnover is currently at a satisfactory level.
Quality of JNCC's science and evidence is inadequate, leading to poor advice to sponsors and other customers	A revised evidence quality assurance process will be introduced early in 2018/19.
Turnover in Joint Committee membership adversely affects leadership and decision-making at non-executive level	Three new independent Committee members were appointed in December. Planning for changes in country body membership continues.

17. Plans and challenges for future years

During 2018/19, we anticipate delivering another ambitious and diverse programme of work in support of Defra and devolved administrations.

The key risks facing JNCC in 2018/19 are considered to be:

- JNCC's ability to fulfil its UK and international role effectively is compromised because of changes in the external environment
- Insufficient funding is available to fully implement JNCC's strategy and maintain critical mass of staff expertise
- JNCC fails to deliver work of appropriate quality and/or to agreed timescales, with subsequent reputational damage
- JNCC is unable to manage resources effectively because management information is inaccurate and/or not up to date
- JNCC fails to implement the changes needed to deliver its strategy and meet changing customer requirements.

The extent to which these risks are successfully managed will be kept under review during 2018/19 by the Joint Committee, ARAC and executive management groups.

18. Conclusion

During 2017/18, 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 2018/19 JNCC will continue to face a number of significant risks especially in relation to the complex and uncertain environment in which it operates. These risks are detailed in section 17 of this Governance Statement.

Mr M J M Yeo
Chief Executive
7 June 2018

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.

JNCC applies a number of reward principles which aim to:

- Meet business needs of the organisation;
- Be affordable for the organisation in the short and long-term;
- Provide a pay structure which is sustainable in the longer-term;
- Reward, retain and motivate staff;
- Support equal pay;
- Be fair and transparent;
- Ensure that appropriately skilled and experienced staff can be recruited;
- Recognise and reward good performance;
- Offer comparable salary levels with other relative workforce groups;
- Aim to maintain the total staff remuneration package at a level which is appropriate given the financial environment and reflects competitiveness in the appropriate market.

Contracts of employment

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

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

Committee who are appointed by Defra under an instrument of appointment would not be eligible for compensation under the Civil Service Compensation Scheme.

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

Independent Committee Member	Term (Years)	Commencement Date
Professor CA Gilligan (reappointed)	3	1 June 2017
Professor C Galbraith (reappointed)	4	1 November 2017
Professor IJ Bateman (reappointed)	4	1 November 2017
Professor MCV Austen	3	15 December 2017
Mr CER Banner	3	15 December 2017
Professor EM Scott	3	15 December 2017

Dr R Brown and Mr GRJ Duke concluded their terms as independent Committee members on 31 May 2017.

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

Remuneration (including salary) and pension entitlements

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

Salary

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

Benefits in kind

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

Bonuses

Bonuses are based on performance levels and are made as part of the formal staff appraisal process. The bonuses awarded in 2017/18 relate to performance in 2016/17.

Single total figure of remuneration (subject to audit)

Committee members	Period of appointment	Days service 2017/18	Salary (£,000)	
			2017/18	2016/17
Prof CA Gilligan (Chair)	01.06.2014 to 31.05.2020	104	40 - 45	40 - 45
Independent members				
Dr R Brown	01.12.2009 to 31.05.2017	5	0 - 5	5 - 10
Mr GRJ Duke	01.12.2009 to 31.05.2017	5	0 - 5	5 - 10
Prof MJ Kaiser	01.04.2012 to 31.03.2017	0	0	5 - 10
Prof CA Galbraith	19.11.2014 to 31.10.2021	34	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	9	0 - 5	0
Mr CER Banner	15.12.2017 to 14.12.2020	9	0 - 5	0
Prof EM Scott	15.12.2017 to 14.12.2020	9	0 - 5	0

No Committee members received bonus payments or pension benefits in either 2016/17 or 2017/18.

Senior staff	Salary (£,000)		Bonus payments (£,000)		Pension benefits (£,000)		Total (£,000)	
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17
Mr MJM Yeo (Chief Executive)	85 - 90	85 - 90	5 - 10	5 - 10	19	18	115-120	110 - 115
Executive directors								
Dr JC Goold	55 - 60	55 - 60	0 - 5	0	22	22	75-80	75 - 80
Professor C Maggs ²	50 - 55	0	0	0	20	0	70 - 75	0
Mrs SE McQueen	50 - 55	50 - 55	0 - 5	0 - 5	10	38	65-70	90 - 95
Mr PM Rose	55 - 60	55 - 60	0 - 5	0	5	13	60-65	70 - 75
Dr SD Gibson	50 - 55	50 - 55	0 - 5	0 - 5	12	36	65-70	90 - 95

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

² Professor C Maggs was appointed as an executive director on 31 July 2017. Her salary expressed as a full year equivalent falls in the band £75-80,000.

Pay multiples (subject to audit)

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

The banded remuneration of the highest-paid director in JNCC Support Co for 2017/18 was £95 - £100k (£95 - £100k in 2016/17). This was 2.83 times the median remuneration of the workforce (3.40 times in 2016/17), which was £33.6k (£28.6k in 2016/17). In the accounting period to 31st March 2017 the median was calculated based on the salaries of 168 staff, for the accounting period 2017/18 the number grew to 182 staff, the recruitment during the year of higher paid staff into JNCC has increased the median from one year to the next from £28.6k to £33.6k.

No employees received remuneration in excess of the highest paid director in either 2017/18 or 2016/17.

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

Pension Benefits (subject to audit)

Senior staff:	Total accrued pension at pension age at 31/03/18 and related lump sum £ 000s	Real increase in pension and related lump sum at pension age £ 000s	CETV at 31/03/18 £ 000s	CETV at 31/03/17 £ 000s	Real increase in CETV £ 000s
Mr MJM Yeo (Chief Executive) ¹	40 - 45	0 - 2.5	691	643	5
Dr JC Goold ¹	10 - 15	0 - 2.5	154	135	11
Professor C Maggs ¹	0 - 5	0 - 2.5	18	0	15
Mrs SE McQueen ²	20 – 25 plus lump sum of 50 - 55	0 - 2.5 plus lump sum of 0	374	349	2
Mr PM Rose	15 – 20 plus lump sum of 50 - 55	0 - 2.5 plus lump sum of 0 - 2.5	396	366	5
Dr SD Gibson ²	15 – 20 plus lump sum of 45 - 50	0 - 2.5 plus lump sum of 0	344	320	3
Mr CM Brooks ⁴	0 - 5	0 - 2.5	0	0	0

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

² CETV as of 31/03/17 for Mrs SE McQueen and Dr SD Gibson have been restated to reflect differences in the increases in pay to that of inflation rates

³ Mrs SE McQueen received a VES payment in May 2018 of £80k

⁴ Mr CM Brooks was appointed on 04/06/2018 and received no payment or benefits in the year to 31/03/2018

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 (subject to audit)

No compensation was paid for loss of office to any JNCC employees in the 12 months to 31 March 2018 or in the previous 12 months. The accounts reflect a charge of £80k relating to Voluntary Exit Scheme costs relating to one individual agreed in 2017/18, which was paid in May 2018.

Mr MJM Yeo
Chief Executive
7 June 2018

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 the year ended 31 March 2018 under the Government Resources and Accounts Act 2000. The financial statements comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, Cash Flow Statement, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). I have also audited the information in the Remuneration Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its loss for the year then ended; and
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the Companies Act 2006.

Opinion on regularity

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

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.

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.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the JNCC Support Co's ability to continue as a going concern. 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.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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, other than 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 part of the Remuneration Report to be audited has 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 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 part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse
Comptroller and Auditor General

Date: 18 June 2018

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

Profit and loss account for the year ended 31 March 2018

	Note	2017/18	2016/17
		£ 000's	£ 000's (restated)
Turnover	2	11,645	11,317
Cost of activities	2	<u>(9,960)</u>	<u>(9,024)</u>
Gross profit		1,685	2,293
Administrative expenditure	3	<u>(2,082)</u>	<u>(2,017)</u>
Operating gain/(loss)	2	(397)	276
Transfer from deferred income relating to capital asset depreciation and disposals	14	<u>162</u>	<u>114</u>
Gain/(loss) on ordinary activities before interest		(235)	390
Other interest receivable and similar income		<u>-</u>	<u>-</u>
Gain/(loss) on ordinary activities before taxation		(235)	390
Tax on interest receivable		-	-
Gain/(loss) for the financial year		<u>(235)</u>	<u>390</u>

Turnover and cost of activities for 2016/17 have been restated to reflect the effect of recognising receipts for staff secondments as income rather than as a reduction in staff costs.

The notes on page 50 form part of these accounts.

Statement of total recognised gains and losses for the year ended 31 March 2018

	Note	2017/18	2016/17
		£ 000's	£ 000's
Gain/(loss) for the financial year	2	(235)	390
Capital grant for the purchase of assets	9 & 10	<u>-</u>	<u>31</u>
Total gain relating to and recognised in the year		<u>(235)</u>	<u>421</u>

The notes commencing on page 50 form part of these accounts.

Balance sheet as at 31 March 2018

	Note	As at 31 March 2018 £ 000's	As at 31 March 2017 £ 000's
Fixed assets			
Intangible assets	9	19	48
Tangible assets	10	76	114
		95	162
Current assets			
Cash at bank and in hand	11	1,133	1,554
Debtors	12	929	465
		2,062	2,019
Creditors			
Amounts falling due within one year	13	(1,287)	(1,069)
		775	950
Net current assets			
Total assets less current liabilities		870	1,112
Provisions for liabilities	15	(388)	(395)
		482	717
Net assets			
Capital and reserves			
Profit and loss account	16	482	717
Total reserves		482	717

The balance sheet for 2016/17 has been restated to reflect the reclassification of deferred income to be utilised after more than one year to amounts due within one year, and to reflect the effect of recognising receipts for staff secondments as income rather than as a reduction in our staff costs.

The Financial Statements on page 46 to 49 were approved by the board of directors on 7 June 2018 and signed on its behalf.

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

The notes commencing on page 50 form part of these accounts.

Cash Flow statement for the year ended 31 March 2018

	Note	2017/18 £000s	2016/17 £000s
Gain/(loss) on ordinary activities before interest	2	(235)	390
Adjustments for:			
Amortisation of intangible assets	9	29	28
Depreciation of property, plant and equipment	10	89	86
Transfer to deferred income relating to asset purchases	9 & 10	-	31
(Increase)/decrease in trade and other receivables	12	(464)	178
(Increase)/decrease in provisions	15	(7)	(7)
Increase/(decrease) in trade payables	13	218	(182)
Increase/(decrease) in deferred income to be utilised within one year	14	162	(27)
Cash from operations		(208)	497
Net cash generated from operational activities		(208)	497
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(51)	(21)
Purchases of intangible assets	9	-	(10)
Transfer from deferred income relating to capital asset depreciation and disposals	14	(162)	(114)
Net cash from investing activities		(213)	(145)
Net increase/(decrease) in cash and cash equivalents	11	(421)	352
Cash and cash equivalents at beginning of the year	11	1,554	1,202
Cash and cash equivalents at end of year	11	1,133	1,554

The notes commencing on page 50 form part of these accounts.

JNCC Support Co notes to the Financial Statements for the year ended 31 March 2018

1. Accounting policies

Statement of accounting policies

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

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

Accounting convention

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

Estimation

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

Turnover

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

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

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

Going concern

Grant-in-aid for the next financial year, taking into account the amounts required to meet JNCC Support Co's budgeted liabilities for 2018/19, 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 2017/18 the amount of reclaimed input tax was £20k (£8k in 2016/17).

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 2018

	2017/18	2016/17 (restated)
	£ 000's	£ 000's
Turnover		
JNCC grant-in-aid	10,235	10,319
Notional income relating to corporate overheads	3	3
Secondment income	208	63
European Union funding	362	110
Royalties	3	3
Scientific advice and information	834	819
	11,645	11,317
Cost of activities		
Conservation support	2,900	2,442
Publicity and information	69	82
Direct staff costs	6,991	6,500
	9,960	9,024
Gross profit	1,685	2,293
Administrative expenditure		
Directors' emoluments	500	485
Other administrative costs	1,582	1,532
	2,082	2,017
Operating gain/(loss)	(397)	276
Transfer from deferred income	162	114
Gain/(loss) on ordinary activities	(235)	390
Less tax on profit on investment activities	-	-
Gain/(loss) after tax	(235)	390

The detailed profit and loss account for 2016/17 has been restated to reflect the effect of recognising receipts for staff secondments as income rather than as a reduction in staff costs. The turnover line for scientific advice and information now includes turnover shown under contributions to projects and other receipts in 2016/17.

Operating loss/gain

	2017/18	2016/17
This is stated after charging	£ 000's	£ 000's
Total directors' emoluments	500	485
Auditors' remuneration	18	19
Depreciation and amortisation of owned assets	118	114
Pension costs	1,130	1,062
Operating lease rentals	221	255

3 Schedule of overhead expenses for the year ended 31 March 2018

	2017/18 £ 000's	2016/17 £ 000's
Directors' emoluments		
Directors' remuneration	418	415
Contribution to directors' pensions	82	70
	500	485
Other administration costs		
Cash items		
Auditors' remuneration	18	19
Rental costs under operating leases	221	255
Accommodation costs	258	261
Information technology	270	215
Human resources	139	112
Travel and subsistence	473	451
Printing, postage, stationery and subscriptions	28	27
Other expenses	16	19
Less reclaimed VAT	(20)	(8)
Legal and professional fees	20	17
Consultancy	36	44
Bank charges	2	1
Exchange rate losses	-	2
	1,461	1,415
Non-cash items		
Corporate overhead recharge (notional)	3	3
Depreciation and amortisation for the year	118	114
Asset life and reinstated asset adjustments	-	-
Additions to provisions	-	-
(Profit)/loss on disposal of assets	-	-
	121	117
Administrative expenses	2,082	2,017

4 Directors' emoluments

	2017/18	2016/17
	£ 000's	£ 000's
Directors' emoluments	418	415
Company contributions to defined benefit schemes in relation to directors' pensions	82	70
	<u>500</u>	<u>485</u>

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

5 Staff costs

The aggregate payroll costs were as follows:

	2017/18	2016/17 (restated)
	£ 000's	£ 000's
Directors' emoluments	418	415
Other wages and salaries	5,268	4,939
Voluntary Exit Scheme (VES) costs	80	-
Accrued holiday pay	18	38
Social security costs	571	537
Apprenticeship Levy	13	-
Other pension costs	1,130	1,062
	<u>7,498</u>	<u>6,991</u>

Other wages and salaries include an amount of £7k for pension payments to retired Chairs (£7k in 2016/17). These amounts were not charged to the profit and loss account because they were offset by the partial release of a provision established in 2013/14.

Staff costs for 2016/17 have been restated to reflect the effect of recognising receipts for staff secondments as income rather than as a reduction in staff costs.

6 Pension costs

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

For 2017/18, employers' contributions of £1,107k (£1,040k in 2016/17) were payable to the PCSPS and Alpha at one of four rates in the range 20.0% to 24.5% of pensionable pay, based on salary bands. The scheme's actuary reviews employer contributions usually every four years following a full scheme valuation. For 2018/19, the rates will remain in the range of 20.0% to 24.5%. The contribution rates are set to

meet the cost of the benefits accruing during 2018/19 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £22k (£20k in 2016/17) 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 2016/17), 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 2017). There were no prepaid contributions at this date.

7 Civil Service compensation schemes – voluntary exit packages

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 £80k relating to one individual for 2017/18 have been charged to the accounts.

8 Staff numbers

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

	2017/18	2016/17
	FTEs	FTEs
Chief Executive and executive directors	5	5
Chair and non-executive directors	1	1
Management	6	5
Operational	126	123
Administration	26	25
IT	4	4
	<u>168</u>	<u>163</u>

9 Intangible fixed assets

2017/18	
	£ 000's
Cost	
At 1 April 2017 (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>19</u>
2016/17	
Cost	
	£ 000's
At 1 April 2017 (opening balance)	201
Additions during year	10
Disposals	-
At 31 March 2018 (closing balance)	<u>211</u>
Amortisation	
At 1 April 2017 (opening balance)	135
Charge for the year	28
Amortisation on disposals	0
At 31 March 2018 (closing balance)	<u>163</u>
Net Book Value	
At 1 April 2016 (opening balance)	<u>66</u>
At 31 March 2017 (closing balance)	<u>48</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

2017/18				
	Leasehold property improvements	Computer equipment	Other equipment	Total
	£ 000's	£ 000's	£ 000's	£ 000's
Cost				
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)	<u>5</u>	<u>430</u>	<u>178</u>	<u>613</u>
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)	<u>5</u>	<u>361</u>	<u>171</u>	<u>537</u>
Net Book Value				
At 1 April 2017 (opening balance)	<u>-</u>	<u>76</u>	<u>38</u>	<u>114</u>
At 31 March 2018 (closing balance)	<u>-</u>	<u>69</u>	<u>7</u>	<u>76</u>
2016/17				
	Leasehold property improvements	Computer equipment	Other equipment	Total
	£ 000's	£ 000's	£ 000's	£ 000's
Cost				
At 1 April 2016 (opening balance)	5	377	185	567
Additions during year	-	21	-	21
Disposals	-	(4)	-	(4)
At 31 March 2017 (closing balance)	<u>5</u>	<u>394</u>	<u>185</u>	<u>584</u>
Depreciation				
At 1 April 2016 (opening balance)	4	268	116	388
Charge for the year	1	54	31	86
Depreciation on disposals	-	(4)	-	(4)
At 31 March 2016 (closing balance)	<u>5</u>	<u>318</u>	<u>147</u>	<u>470</u>
Net Book Value				
At 1 April 2016 (opening balance)	<u>1</u>	<u>109</u>	<u>69</u>	<u>179</u>
At 31 March 2017 (closing balance)	<u>-</u>	<u>76</u>	<u>38</u>	<u>114</u>

11 Cash at bank and in hand

	1 April 2017 £ 000's	Cash flows £ 000's	31 March 2018 £ 000's
Analysis of changes in net funds			
Cash at bank	1,554	(422)	1,132
Cash in hand	-	1	1
Total cash	1,554	(421)	1,133

12 Debtors – amounts falling due within one year

	2017/18 £ 000's	2016/17 £ 000's
Trade debtors	562	224
Other debtors	5	3
Prepayments and accrued income	362	238
	929	465

The balance relating to debtors included £724k 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

	2017/18 8 £ 000's	2016/17 (restated) £ 000's
Trade creditors	62	(1)
Other creditors	208	114
Taxation and social security	232	210
Accruals	607	461
Deferred income	178	123
Deferred income relating to capital grants to be utilised within one year	-	162
	1,287	1,069

The balance for creditors at year end included £433k of intra-government balances. The figures for 2016/17 have been restated to reflect the reclassification of deferred income to be utilised after more than one year to deferred income relating to capital grants to be utilised within one year.

14 Movement on deferred income relating to capital assets

	2017/18 £ 000's	2016/17 £ 000's
Capital grant for the purchase of intangible assets		10
Capital grant released to the profit and loss account	(162)	
Capital grant for the purchase of tangible assets	-	21
Transfer to P&L of amortisation for the year	-	(28)
Transfer to P&L of depreciation for the year	-	(86)
Tangible asset disposals at cost for the year	-	(4)
Depreciation on disposal for the year	-	4
	<u>(162)</u>	<u>(83)</u>
Movement in year	<u>(162)</u>	<u>(83)</u>

15 Provisions for liabilities

	Pensions and similar obligations £ 000's	Dilapidations provision £ 000's	Total provisions £ 000's
2017/18			
Balance at 1 April 2017	95	300	395
Provision for year	-	-	-
Utilised in the profit and loss account	-	-	-
Released to the profit and loss account	(7)	-	(7)
Balance at 31 March 2018	<u>88</u>	<u>300</u>	<u>388</u>
	Pensions and similar obligations £ 000's	Dilapidations provision £ 000's	Total provisions £ 000's
2016/17			
Balance at 1 April 2016	102	300	402
Provision for year	-	-	-
Utilised in the profit and loss account	-	-	-
Released to the profit and loss account	(7)	-	(7)
Balance at 31 March 2017	<u>95</u>	<u>300</u>	<u>395</u>

The provision of £300k was created in 2011/12 and represents the expected cost of dilapidations that will be required when JNCC ceases to occupy Monkstone House. The estimate was reviewed in 2017/18 and there is no reason to believe that this estimate is not still valid. The provision of £95k was established in 2013/14 and

represents the estimated costs 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

	2017/18	2016/17
	£ 000's	£ 000's
Balance at 1 April 2017	717	327
Gain/(loss) for the year	<u>(235)</u>	<u>390</u>
Balance at 31 March 2018	<u>482</u>	<u>717</u>

17 Leasing commitments

	Land and buildings 2017/18 £ 000's	Others 2017/18 £ 000's	Land and buildings 2016/17 £ 000's	Others 2016/17 £ 000's
Operating leases which expire:				
Within one year	183	-	179	-
Within 2 to 5 years	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>183</u>	<u>-</u>	<u>179</u>	<u>-</u>

The operating lease represents the lease on Monkstone House. The break clause was not exercised in 2017/18 and this will be reviewed again in 2018/19.

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 2018 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	
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17
	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's
Natural England	-	-	14	35	8	-
Defra	10,235	10,319	489	436	7	15
Scottish Natural Heritage	-	-	12	16	1	2
Natural Resources Wales	-	-	7	12	3	-
Department of Agriculture, Environment and Rural Affairs Northern Ireland	-	-	21	-	-	-
Total	10,235	10,319	543	499	19	17

The grant-in-aid figure for 2016/17 has been restated to include the amount received for the purchase of capital assets.

Director	Corporate related body	Paid by JNCC		Paid to JNCC	
		2017/18	2016/17	2017/18	2016/17
		£000's	£000's	£000's	£000's
Mr P Rose (Trustee of NBN Trust)	National Biodiversity Network Trust	25	25	-	-

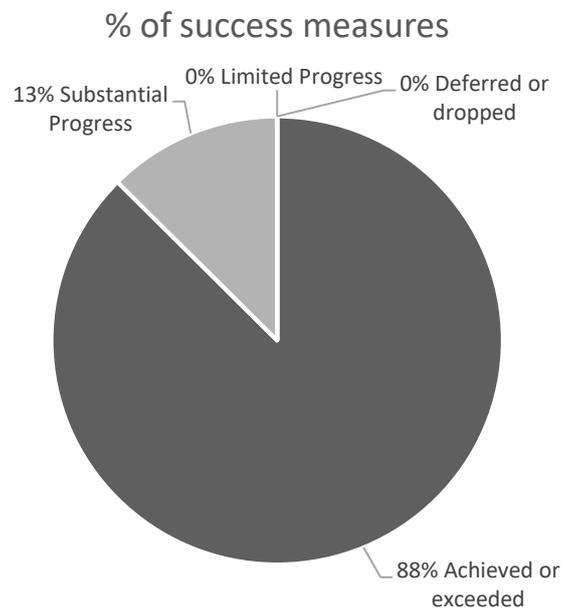
The information for individual directors relates to contracts in excess of £25,000. Any contract for a lesser sum is not considered to be material in the context of these financial statements.

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.

Performance against Success Measures for 2017/18 (not subject to audit)

Success Measure Ratings	Description	Number of success measures reporting in this category at end of year
Green	Achieved or exceeded	21
Amber	Substantial progress made with full achievement anticipated early in 2018/19	3
Red	Limited progress	0
Black	Deferred or dropped	0

JNCC summary



Corporate Services Directorate

High Level Targets

Increase JNCC's long-term financial security
Provide efficient and effective corporate services and systems of internal control to support delivery of JNCC's objectives
Deliver a programme of changes to increase the resilience and flexibility of our workforce and to strengthen our customer focus and business management practices

Success Measures

Success Measure number	Success Measure	Year end rating
CS1	20% annual growth in non-core GIA income compared to 2016/17	Green
CS2	Deliver implementation plan for the JNCC review recommendations	Green
CS3	Undertake transformational change to improve JNCC's efficiency and effectiveness	Amber
CS4	Assurance of effectiveness of systems of internal control (health and safety, environmental, equality and diversity, fraud and losses, data security, internal audit)	Green
CS5	Maximum of 10% staff turnover	Green
CS6	Implement actions arising from JNCC's 2016 people survey	Green

Standards and Advice Directorate

High Level Targets

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

Success Measures

Success Measure number	Success Measure	Year end rating
SA1	Produce draft reports to agreed timescales to meet UK, European and international reporting obligations (April 2017 for the Convention on Migratory Species, November 2017 for Ramsar, December 2018 for the Convention on Biological Diversity, April 2019 for Habitats Directive Article 17, June 2019 for Birds Directive Article 12)	Green
SA2	Work with partners to prepare biodiversity assessments and reports for the marine acts in 2018, the Marine Strategy Framework Directive in July 2018 and the OSPAR intermediate assessments	Green
SA3	Work with the country nature conservation bodies to review guidance on standards for protected site condition monitoring	Amber
SA4	Undertake international engagement on UK priority themes through the Convention on Biological Diversity, the Convention on International Trade in Endangered Species, the Convention on Migratory Species (12th Conference of the Parties in October 2017) and OSPAR in the North East Atlantic marine area	Green
SA5	Undertake data gathering, training and evaluation to assist ten Overseas Territories to take account of natural capital	Green
SA6	Provide advice and support to the UK government and devolved administrations in preparation for the UK's exit from the EU	Green

Evidence Directorate

High Level Targets

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

Success Measures

Success Measure number	Success Measure	Year end rating
E1	Continue to develop species monitoring schemes to support multiple uses, and develop a strategy for meeting future species data requirements that takes into account changing demands and the impact of new technologies	Green
E2	Publish a reusable framework for modelling species biodiversity that can be integrated with tools used in countries	Green
E3	Work with the Healthy and Biologically Diverse Seas Evidence Group and Governments to achieve a proposal to for the implementation of marine biodiversity monitoring options	Green
E4	Provide leadership in the development of open data guidelines, policies and processes, publishing an open data policy by March 2018. Work towards the goal of enabling JNCC and the country nature conservation bodies to make biodiversity data they collect or commission openly available at full detail within two years of collection. Progress towards JNCC's key datasets being classified as Gold Open Data by the Open Data Institute	Green
E5	Undertake offshore biodiversity surveys with delivery partners and stakeholders, to ensure evidence is gathered to meet monitoring priorities and assessment and conservation advice needs	Green
E6	Provide a trial UK service delivering weekly analysis-ready data from the Sentinel 1 and 2 satellites and monthly selected condition parameters for the Earth Observation Centre of Excellence for use in a wide range of	Green

	environmental applications, including country site and natural resource/asset management and monitoring activities	
E7	Complete a trial of the suitability of Earth Observation to determine grassland condition and deliver a framework for assessing peat habitats for condition and carbon ecosystem services	Amber

Marine Operations Directorate

High Level Targets

Provide technical support and scientific advice to enable designation of marine protected areas
Provide scientific advice on biodiversity to facilitate effective sustainable management and use of marine protected areas
Provide scientific advice on biodiversity for the regulators of offshore industries

Success Measures

Success Measure number	Success Measure	Year end rating
M1	Provide scientific support to the UK administrations in their designation of MPAs in offshore waters	Green
M2	Provide scientific support to UK administrations in their delivery of fisheries management in offshore MPAs	Green
M3	Deliver updated conservation advice for all offshore MPAs to support their management and guide sustainable use of resources	Green
M4	Provide evidence and advice to support the effective discharge of offshore industry casework by the country nature conservation bodies, and use high quality science to improve ecological understanding of the interaction between offshore industry and marine biodiversity	Green
M5	Provide advice to competent authorities, within agreed consultation periods, for the regulation of offshore industry activities	Green

