

Annual Report and Accounts 2023/24

(for the year to 31st March 2024)



Office for
**Environmental
Protection**

Annual Report and Accounts for the year to 31st March 2024

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to the Environment Act 2021

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Foreword

Chair's Foreword



Parliament and the Northern Ireland Assembly created the OEP to underpin a system of national stewardship for the environment. Our role is to hold government to account for commitments in environmental law, and the progress made towards the long-term objectives it has set for the environment.

We report on our first full year, after we confirmed and published our strategy in June 2022.

We explain how we have developed how we monitor and report on whether progress in the environment is on track, where we hope our annual reports are coming to be seen as a definitive statement of how things are by all those in government, Parliament, the Assembly and beyond with an interest in environmental improvement.

Our conclusions have been sobering. In England, progress towards the aims and targets government has set remains largely off track. Action from government is needed to speed up and scale up efforts and ensure they stack up to deliver the outcomes intended. In Northern Ireland, the absence of the Assembly and Executive for much of the year presented challenges for much of the public realm including a deeply concerning delay to adopting the Environmental Improvement Plan for Northern Ireland required by law. In both jurisdictions, the twin challenges of climate change, and the long-term decline in nature require all levers at government's disposal to be used and urgently.

Our role in respect of environmental law is to monitor how well it is working to support the improvements needed. We report here on our first comprehensive study of environmental law examining how well the environment is taken into account in planning and other similar decision making, and the improvements to information, access to expertise and ongoing monitoring we found necessary. We also update on the progress made in our priority areas to scrutinise how government is improving nature, ensuring clean water and an effective overall system of environmental governance.

We end the year with more investigations open where serious issues of non-compliance with environmental law may exist. We explain how we have managed these, including the complaints members of the public raise with us.

Ours is a critical role, if ambitions to significantly improve the environment – so laudably set out in law in both England and Northern Ireland in the Environment Act 2021 – are to be achieved. I'm grateful to all those in our staff, and beyond that have contributed to our achievements this year, and look forward to their continued support in the years ahead.

A handwritten signature in black ink, appearing to be 'G Stacey', written in a cursive style.

Dame Glenys Stacey
Chair

Performance report

Performance report

These accounts cover the year from 1 April 2023 to 31 March 2024.

In this section, we describe our organisation, mission, objectives and functions, and how we have delivered against these during the year.

Chief Executive's Statement



This annual report provides information about our second full year, our first full year after we adopted our strategy and enforcement policy which allowed us to exercise our functions fully, and the first year with our Northern Ireland staff established and in post. We report therefore on a young organisation.

This is a year in which we looked increasingly outward – to determined, and purposeful delivery of the role we have, and to the significant challenges in the environment to which we can contribute. This transition is evident in the outputs and outcomes we highlight in this report – our reports, advice, how we handle complaints and enquiries, and the investigations we have begun. We report on the investigations we have open in matters relating to the protection of sites for wild birds, and in relation to ammonia emitting developments in Northern Ireland, our report on environmental assessment regimes provided to Parliament, and advice we have given on issues ranging from fisheries management to the laws for nutrient neutrality in our waters.

We have also laid stronger foundations for our future, in the work we have progressed which has not yet come to conclusion. Parliament wisely decided we are to be a strategic organisation. We aim to make a meaningful contribution.

to challenging, complex and often intractable or long-term issues of environmental degradation, or deeply ingrained challenges in the effective implementation of policy and law. There are few quick fixes and no shortcuts to diligent assessment of the evidence. For these reasons, a proportion of our effort this year will come to fruition later as we develop a rolling programme of activities, chosen to make the most difference. This includes some things that took longer than we had planned, as we undertook the evidence gathering we required to support our work for the first time.

In pursuing our mission – to protect and improve the environment, holding government and other public authorities to account – we carefully consider how we can use our unique role, and apply our particular powers to best effect. This year, we used more of the powers we have for the first time. We intervened for the first time in a judicial review case brought by others relating to how downstream emissions from carbon extracting activity are to be taken into account. We were pleased that our intervention was singled-out by the Court as helpful to it in reaching its judgement.

We laid our first comprehensive report into an area of environmental law before Parliament in England and opened our first investigations in Northern Ireland. We highlight in this report case studies of where we have had impact. The nature of our work means that outcomes we achieve will often be long-term and mediated by the actions of others. But we can see the effect of our actions on environmental protection and improvement from these first, and other actions we have taken this year. This is encouraging.

We are also a maturing organisation. In our second annual report on progress in improving the environment in England, we significantly developed our assessment approach, and the information we make available to others to help them understand the work we do, and so that our evidence base is available to others. We aim for this report to be a definitive assessment of progress on which Parliament relies. Again, we see encouraging evidence this is becoming true.

We also materially scaled up our programme of work to consider and evaluate evidence of environmental progress and implementation to underpin all our work, and made improvements to the services we provide to the public and complainants.

Internally, this was a year of organisational growth, in which we transitioned from seconded and temporary staff to a greater number of permanent staff, and completed all significant remaining outstanding building blocks of our infrastructure and operations. Whilst we are not yet at the size we need to be to deliver as Parliament and the Assembly intended, our establishment phase is at an end. Overall, we delivered 93% of the commitments we made in our corporate plan in whole, or large part, a step up from the prior year.

We collectively have high ambitions for what the OEP will achieve for environmental protection and improvement. I am pleased with the progress we are able to report on this year. We continue to operate in an environment of change, but am confident the work we have done, and foundations we have will support a growing contribution we are able to make to our mission.



Natalie Prosser
Chief Executive

About the Office for Environmental Protection

Who we are

The Office for Environmental Protection (OEP) was established by the Environment Act 2021. We are a public body with powers to advise ministers and Government departments and to hold them and other public authorities to account against their environmental responsibilities and the law. Our independence is protected in law.

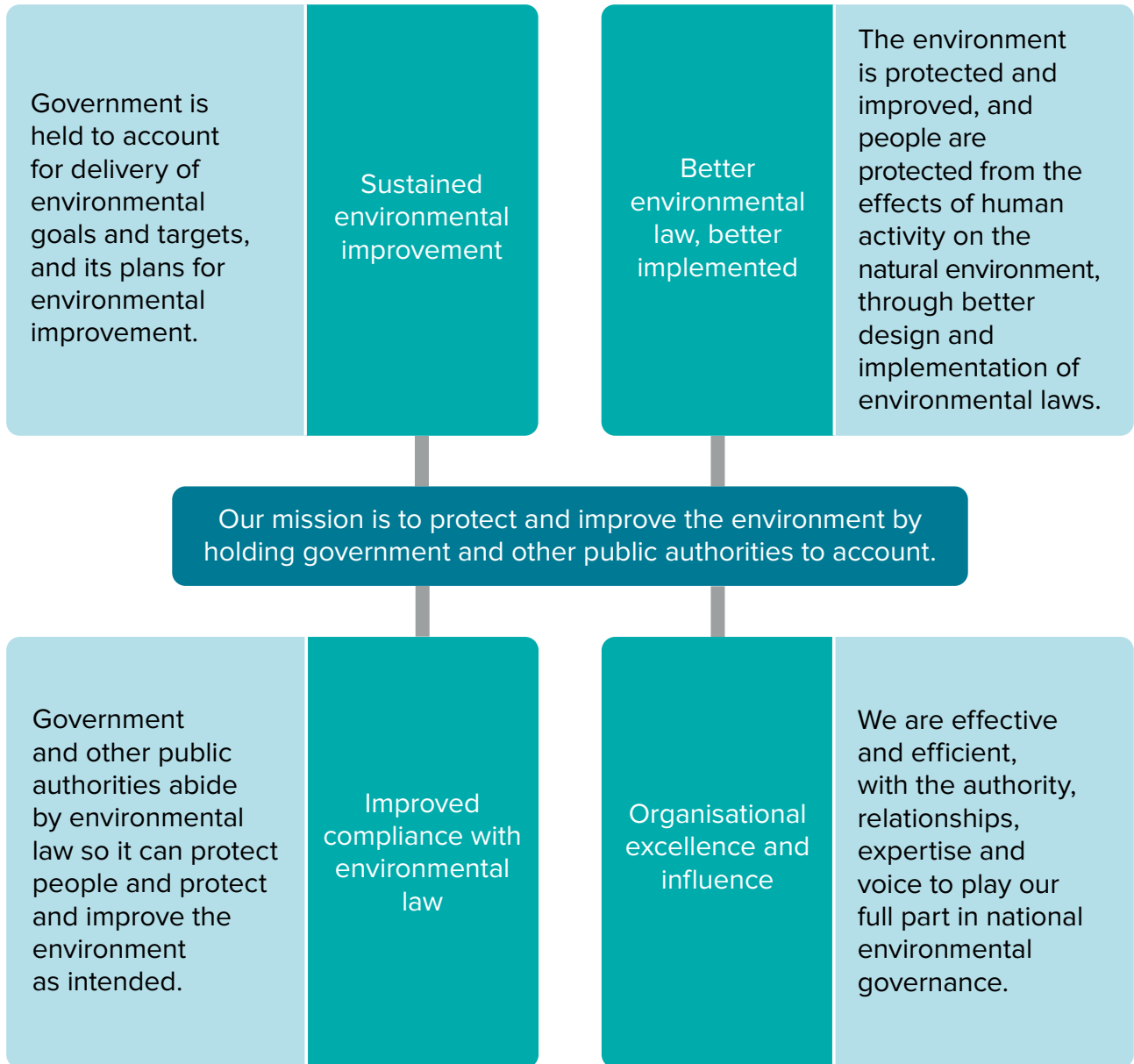
Our mission

Our principal objective is to contribute to environmental protection and the improvement of the natural environment. This includes the protection of people from the effects of human activity on the environment. Our work covers England and Northern Ireland, as well as UK-wide environmental matters where reserved to the UK Parliament.

Our mission

Our mission is to protect and improve the environment by holding government and other public authorities to account.

We have four strategic objectives to pursue this mission



Our functions

We are established with seven main functions to contribute to these objectives.



Receive complaints

We receive complaints about potential failures to comply with environmental law by public authorities.



Monitor environmental states and trends

We monitor progress in improving the environment towards EIP goals and targets.



Monitor environmental law

We monitor the implementation of environmental law.



Report on environmental progress

We report on progress towards delivering environmental improvement plans, goals, and targets.



Report on environmental law

We report on the implementation of environmental law.



Advice

We advise government on proposed changes to environmental law, and matters related to the natural environment.



Enforcement

We investigate suspected serious failures to comply with environmental law by public authorities and enforce compliance where needed.

Our strategy

This report covers a period relating to [the strategy we published in 2022](#). Our strategy explains how we work to deliver our mission and strategic objectives. It explains how we prioritise, the approach we take within each of our main functions, how we work with our equivalent and other public bodies in all the nations of the United Kingdom, and how we engage with a wide range of stakeholders to fulfil our role. It also sets out our enforcement policy.

We began a review of our strategy in the period covered by this report, and have consulted on a refresh of our strategy in the next reporting period. We will adopt and publish a refreshed strategy by the end of 2024/25.

Our independent role in context

The OEP was established by the Environment Act 2021, as part of a new approach to national environmental governance in England and Northern Ireland.

The cornerstones of this system are:

- Environmental Improvement Plans (EIPs) in which governments must set the steps they will take to significantly improve the natural environment;
- in England, long-term statutory targets to be achieved;
- a requirement for ministers to take the environment into account in making policy through an Environmental Principles Policy Statement; and
- the OEP.

We are funded by the Department for Environment, Food and Rural Affairs (Defra) in England and the Department of Agriculture, Environment and Rural Affairs (DAERA) in Northern Ireland, who oversee our use of public money.

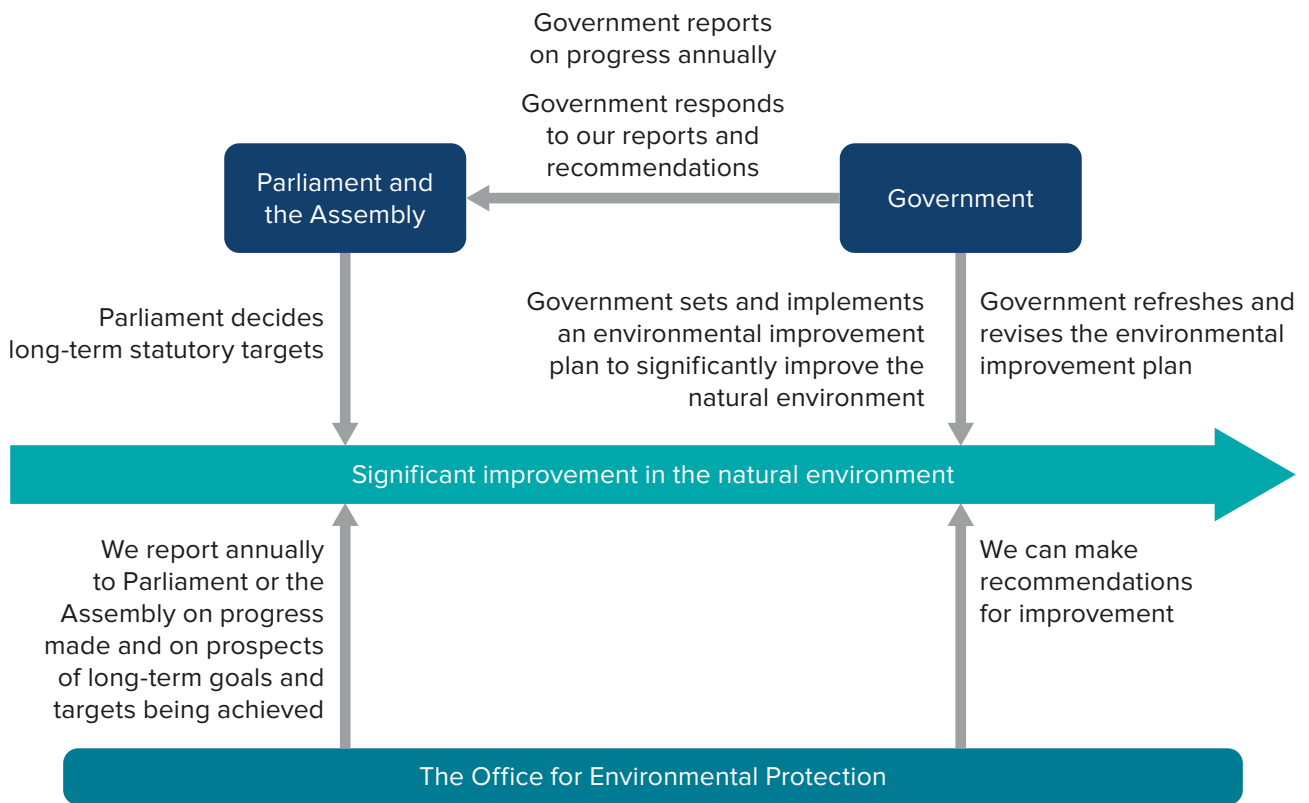
Defra and DAERA ministers are accountable in Parliament and the Northern Ireland Assembly for this, along with our work. In this reporting period, Northern Ireland Office ministers were accountable in Parliament in a similar way, in the period when the Assembly and the DAERA Minister were not in place.

Our independence is protected in law. We pursue our objectives and implement our functions objectively and impartially, separately from government. Our judgements are our own, formed independently.

Our role in relation to EIPs and statutory targets

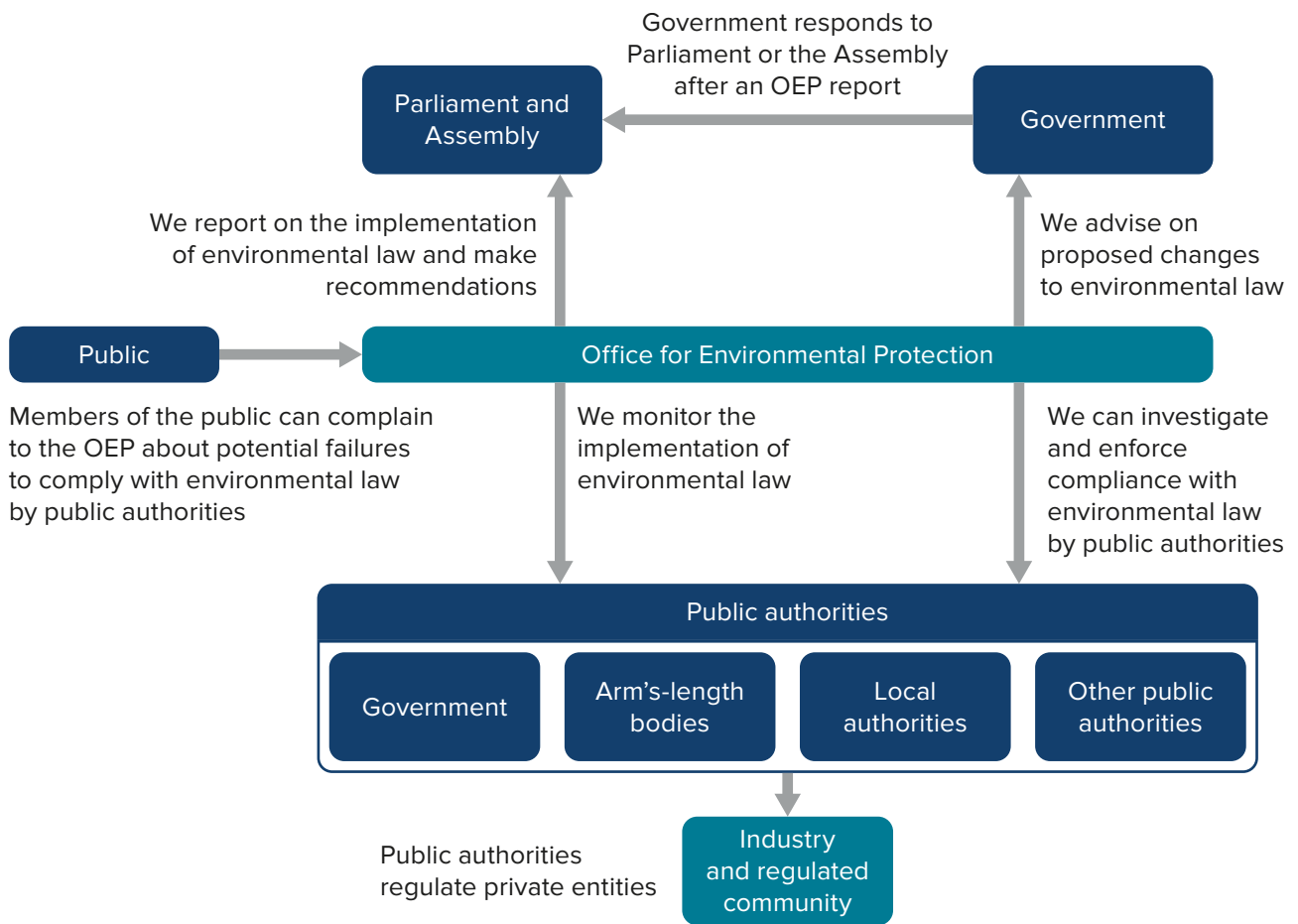
The Environment Act 2021 creates a series of statutory relationships between us, Parliament and the Assembly, Government, public authorities and the public.

The Act requires government to prepare a long-term plan to significantly improve the natural environment, and in England to set related statutory targets. We monitor and report annually to Parliament in this regard – to hold government to account for environmental improvement in the long-term, and across political cycles. Government must respond to Parliament on our report, and any recommendations we make.



Our role in relation to environmental law

We have a range of functions in respect of environmental law. We can advise government when it proposes to change the law. We can report to Parliament or the Assembly on the implementation of environmental law, and how it might be improved. We monitor the implementation of environmental law, and can investigate and enforce compliance with environmental law by public authorities. The public can complain to the OEP about potential failures to comply with environmental law by public authorities.



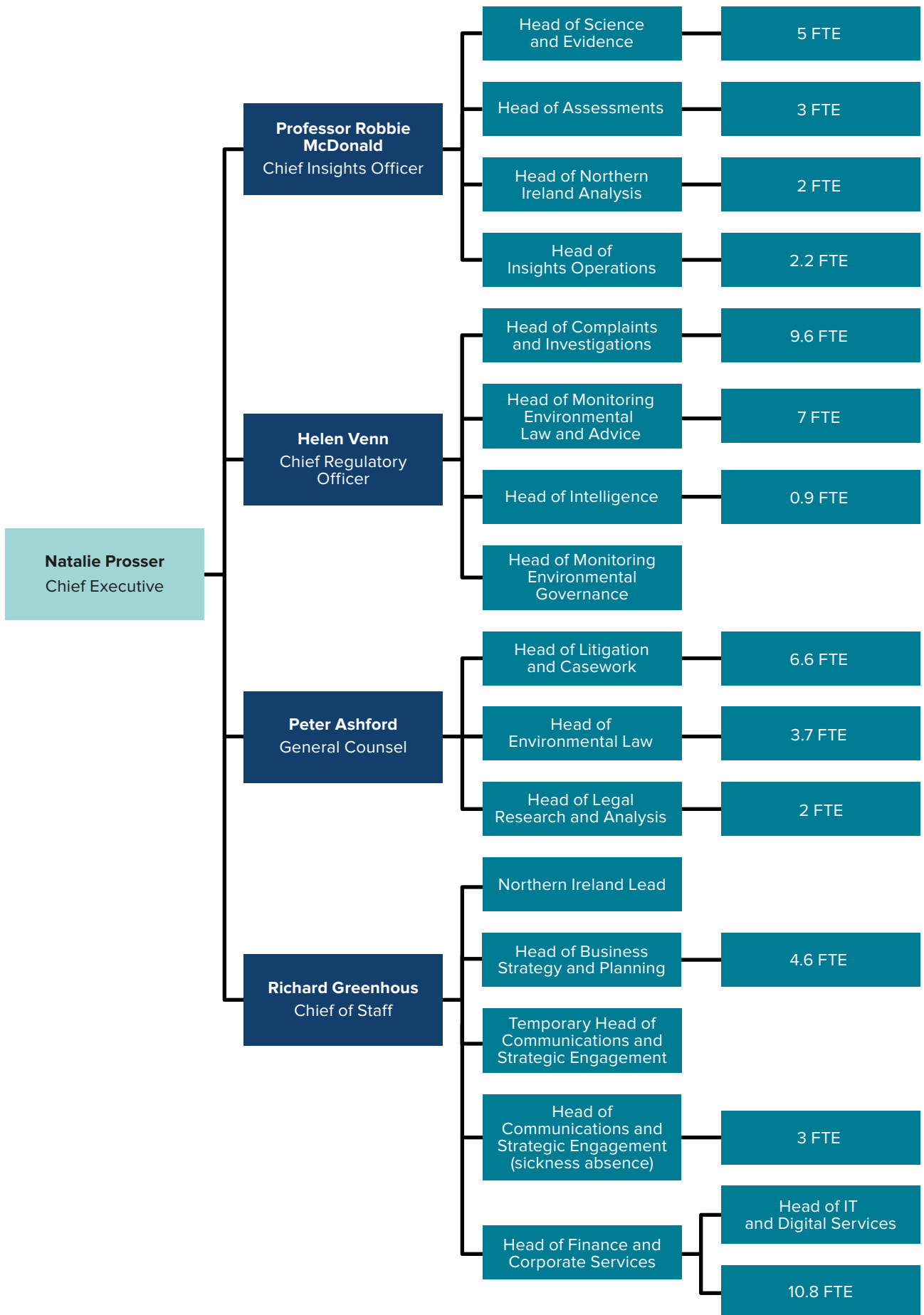
Our organisation

Our board is the legal authority of the OEP. Information about the role and members of our board is set out in the Accountability Report below.

Our Chief Executive is our senior executive and Accounting Officer. We have four directorates, each led by an Executive Director

- Our Chief Insights Officer is our most senior scientist. They lead teams responsible for technical and scientific analysis, research and evidence, and the preparation of our reports monitoring progress in delivering the EIPs and targets.
- Our Chief Regulatory Officer leads teams responsible for the management of complaints we receive and investigations we pursue and our monitoring of the implementation of environmental law.
- Our General Counsel leads teams responsible for legal advice, analysis, research and evidence, and our enforcement activities.
- Our Chief of Staff leads teams responsible for our corporate and enabling services, including our relations with stakeholders. They are also the senior executive responsible for our work in Northern Ireland.

OEP organisational structure at 31 March 2024



You can find more information about our staff and those we employ in the remuneration and staff report section.

Beyond our employed staff, we work with a wide range of experts outside the OEP to support our work in specific areas of the environment, or to consider specific issues in environmental law. This includes engagement with those with a role to play in the protection and improvement of the environment in public authorities, businesses, the scientific community, academia and the voluntary sector.

We also work with researchers, scientists, professional bodies, consultancies and others with specific expertise to generate the evidence we need to underpin our analysis. In 2023/24 we diversified the ways in which we can access this expertise, including by establishing a College of Experts. We explain more about this in our performance report.

Significant specific issues: EU exit, COVID-19 and the war in Ukraine

The OEP was established as part of a broader suite of measures within the Environment Act 2021 to improve national environmental governance arrangements in England and Northern Ireland after the UK's departure from the European Union.

We judge that EU exit, the COVID-19 pandemic and the war in Ukraine have not had a material impact on the operations of the organisation in the period. There was no expenditure directly attributable to activities directly in response to these events, though, like most sectors of the economy, the cost of goods and services we procure increased more than we anticipated in 2022/23, and 2023/24 partly as a result of this war.

Going concern

The OEP was established by Parliament under the Environment Act 2021 to undertake statutory functions. In line with HM Treasury's Financial Reporting Guidance, the information presented in these financial statements is based on the assumption that the OEP will continue to provide existing services in the future, with no changes to our role or through legislation currently expected.

In common with other non-departmental public bodies across government, the OEP's future funding is to be met by Grant-in-Aid. A proportion of this Grant-in-Aid is recharged by Defra to DAERA to fund our Northern Ireland functions. Approval of Grant-in-Aid for 2024/25 has already been given. The Secretary of State for Environment, Food and Rural Affairs provided an indicative baseline budget for the years 2025/26 and 2026/27 in a [Written Ministerial Statement to Parliament on 31 March 2022](#).

We expect our resourcing to be considered by both Defra and DAERA in any future spending review or other budget allocation process undertaken.

Based on the above information it has therefore been considered appropriate to adopt a going concern basis for the preparation of these financial statements. We make this judgement in the context of our assessment of sufficiency of funding, set out below.

Assessment of sufficiency of funding

The Environment Act 2021 requires the OEP to make an assessment of whether the Secretary of State and DAERA have provided sufficient sums for us to carry out our functions in the period covered by the financial statements. This provision is intended to ensure that it is transparent whether or not the resources made available to the OEP allow us to undertake our role.

Financial year 2023/24

In October 2022, we provided evidence to Defra and DAERA to support the Secretary of State and DAERA to decide the Grant-in-Aid that would be provided in 2023/24 to enable us to carry out our functions in this year.

We were provided with less Grant-in-Aid than we estimated to be necessary. This was true in relation to our functions in both England and Northern Ireland, but was particularly true in relation to our Northern Ireland functions.

In both England and Northern Ireland, we received Grant-in-Aid in stages over the course of the financial year. In Northern Ireland we received £1.000m at the start of the financial year, £0.100m in July and £0.150m further funding in October 2023. The total we received was 71% of the sums we judged to be necessary.

In England, we received £8.384m revenue funding at the start of the financial year. This was 94% of the revenue funding we judged to be needed. We received all the capital funding we requested including additional £0.132m CDEL funding in year as we incurred additional capital costs. Defra attached a head count cap to this funding limiting us to 65 FTE in respect of its funding.

In relation to our functions in England, we therefore received more of the sums we assessed were needed, and more of the Grant-in-Aid at the start of the financial year. This supported the effective and efficient allocation of resources to our objectives and priorities in England, though the headcount cap limited our choices.

In relation to our functions in Northern Ireland, we received less of the sums we assessed were needed, and this was received later in the financial year. The amount and timing of receipt of Grant-in-Aid in relation to our Northern Ireland functions materially impacted the nature of work we were able to commence and progress in Northern Ireland.

2023/24 was an unusual year for our work in Northern Ireland. It was our first full operational year. It was also a year in which the Assembly, Executive and other political institutions were not in place for the whole period, and where all aspects of the framework of environmental governance required by the Environment Act – notably the requirement for DAERA to set out an EIP – had not been put in place by DAERA. Our functions include duties to report to the Assembly on progress against the EIP, and powers to report to the Assembly on the implementation of environmental law. We could not exercise these in full in the absence of an EIP and an Assembly.

In this exceptional context, we judge that we were provided with sufficient funds to carry out our functions that could be implemented in the reporting period.

However, the level of Grant-in-Aid received in 2023/24 in relation to our Northern Ireland functions falls materially below the sums necessary to carry out our functions in relation to Northern Ireland in a normal year.

Overall, we continue to grow to the scale and capabilities necessary to fulfil our functions in the way Parliament and the Assembly intended. Whilst the sums received overall were sufficient to carry out our functions in the reporting period, we must grow further if we are to fully meet these expectations. The total level of Grant-in-Aid received in 2023/24 is below the sums we judge necessary to carry out all our functions, when fully established.

Financial year 2024/25

For the year 2024/25, DAERA has increased our Grant-in-Aid in relation to our Northern Ireland functions by 52% to £1.900m. The Secretary of State has increased our Grant-in-Aid towards revenue expenditure in relation to our England functions by 5%, from £8.384m to £8.809m. We welcome this increase.

The revenue (RDEL) funding remains below the sums we estimate as necessary to undertake our functions in the way Parliament and the Assembly expected, when we are fully established. For the next financial year, there remains, therefore, a continuing risk that our funding will not be sufficient to carry out our functions to the full extent we deem necessary.

We did not seek and have not received capital funding in 2024/25 compared to £1.232m CDEL funding received in 2023/24.

Defra continue to require a headcount cap of 65 FTE.

Performance summary

This report covers the year to 31 March 2024, the second full year since the OEP was legally established in November 2021, and our first full of operations after we adopted our strategy and enforcement policy in June 2022.

Submission to Supreme Court
Assessment of the impact of downstream emissions

Key

Northern Ireland

England

Both

Compliance activities
Northern Ireland's Environmental Improvement Plan and other statutory deadlines in environmental law

Consultation response
Air Quality Strategy

Advice
DAERA's draft Environmental Principles Policy Statement

Consultation response
Frontrunner Fisheries Management Plans

Advice
Amendments to the Levelling Up and Regeneration Bill

Letter
Retained EU Law (Revocation and Reform) Act

Consultation response
Environmental Outcome Reports

Compliance
Investigation launch: DAERA's advice on ammonia emissions

Compliance
Investigation launch: DAERA's advice on ammonia emissions

Compliance
Information notices: the regulation of combined sewer overflows

Report
Environmental assessment regimes in England

Compliance
Investigation launch: Special Protection Areas for wild birds

Report
EIP progress report in England

Compliance
Investigation launch: Special Protection Areas for wild birds

Mar-23 May-23 Jul-23 Sep-23 Nov-23 Jan-24

Evidence
Defra's environmental policy evaluations

Corporate
Corporate Plan

Corporate
Annual report and accounts (14/12)

Corporate
Sustainability policy and statement in relation to the biodiversity duty

Corporate
Occupation of new offices in England

Corporate
Appointments to OEP College of Experts

Evidence
Air quality stocktake

Evidence
3 x reports relating to Thriving Plants and Wildlife

Call for evidence
Protected sites

Call for evidence
Improving nature in England

Call for evidence
Good Environmental Status in marine environment

Call for evidence
Biodiversity in NI

Our year in numbers in England and Northern Ireland:



In our objective to hold government to account for the **sustained environmental improvement** required to deliver environmental targets set out in law, we delivered our second annual progress report to Parliament in England on time. We found progress to be largely off track to meet the ambitions and long-term targets Government and Parliament have set, and a need to speed up and scale up action and ensure that plans stack up to deliver what is needed. The first legally binding target set in the Environment Act – to halt the decline in species abundance – is to be achieved by 2030. We therefore prioritised a deep dive review into progress in relation to government’s ambitions for thriving plants and wildlife in England in our report

Northern Ireland’s environmental improvement plan was not yet in place during the year, notwithstanding a legal duty for it to be. With the Assembly and Executive not in place for most of the year, we engaged closely with DAERA officials to press for timely adoption and for all progress that could be made, to be made. It was adopted in September 2024, and we will in future report on progress in delivering it as we have in England.

Good environmental law, which is well implemented, is a key way in which the environment can be effectively protected, and improvement can be sustained. To support our objective for **better environmental law, which is better implemented** we provided advice and evidence to government, departments of the Northern Ireland Executive and Parliament on five occasions. Our advice focused on priority areas in the environment and environmental

law we identified, and set out in our corporate plan: improving nature, the implementation of laws protecting nature at sea, clean water, and arrangements for effective environmental governance. Whilst specific to each proposal, consistent themes can be identified in our advice: towards coherence between laws, and other plans and policies for environmental improvement, and for careful consideration of the purpose of reforms to the law, so that the benefits of existing law can be retained and opportunities for improvements grasped.

Our strategy sets out our aim to support this objective through providing reports to Parliament and the Assembly scrutinising how effectively environmental law is being implemented, and what can be done to improve it. We provided Parliament with our report scrutinising the implementation of environmental assessment regimes in England – we identified key improvements to data, skills and monitoring if the regimes are to achieve the outcomes they intend. Not all our reviews of this type progressed as quickly as we had planned, as we found the research, evidence gathering and analysis to take longer than we had predicted. We will publish a number of such studies in 2024/25. These are material evidence-led studies, which we expect to take one to two years to complete.

We intervened in a judicial review brought by others for the first time. We provided evidence and our perspective to the Court, to support it to clarify the laws as to how greenhouse gas emissions should be taken into account when making planning decisions, with the aim that uncertainty could be removed. The Court stated it found our submission particularly helpful in reaching its judgments.

Environmental laws can only deliver the outcomes for the environment intended if they are complied with. To support our objective to **improve compliance with environmental law** by public authorities, we operate a complaints process so members of the public can raise suspected failures to comply with environmental law by the public authorities we oversee. The number of enquiries we received increased by 47% this year. The number of complaints we received decreased, potentially in part because of the increased clarity of our role we have provided on our website and our efforts to signpost complainants to the right organisation to consider the issues raised.

We provide strategic oversight of compliance with environmental law by public authorities. Our investigation and enforcement activities are focussed on potential failures to comply with environmental law that are serious and a priority. We work with public authorities to resolve issues we identify from complaints and other sources, and provide examples of the outcomes of the resolutions we achieve on [our website](#).

We end the year with four investigations open, including our first in Northern Ireland. We are investigating issues connected to the regulation of sewer overflows in England, ammonia emitting developments in Northern Ireland and sites protected for wild birds in both. We expect some of these to reach a decision stage in the next year. Working with public authorities, we are able to secure steps to improve compliance with environmental law without recourse to court processes. For example, as a result of our actions, DAERA amended its guidance to planning authorities in relation to certain ammonia emitting agricultural developments in December 2023.

We aim for the **organisational excellence and influence** that will support us to achieve these objectives. We made progress in our establishment, the extent and depth of our stakeholder relations – notably in Northern Ireland – and in how we are able to access expert advice. We refurbished and occupied our long-term office accommodation in Worcester, the largest outstanding project to establish our infrastructure. We recruited 22 new staff, around a quarter of our opening staff cohort. This was mainly permanent staff,

recruited to replace temporary and seconded staff in post at the start of the year, and to increase the size of our regulatory, insights and general counsel teams as we transitioned from an establishing to an operational organisation. Our staff engagement remained very high.

Through this report, and each of our objectives we provide information on our work in Northern Ireland. We provide information about risks to our objectives in the governance statement below.

Financial performance and funding

Our financial performance reflects a year in which we matured our approach to deliver our functions, completed our establishment and consolidated our organisational growth the prior year. In this section we compare our financial performance for 2023/24 to 2022/23 on which we reported in our last annual report and accounts.

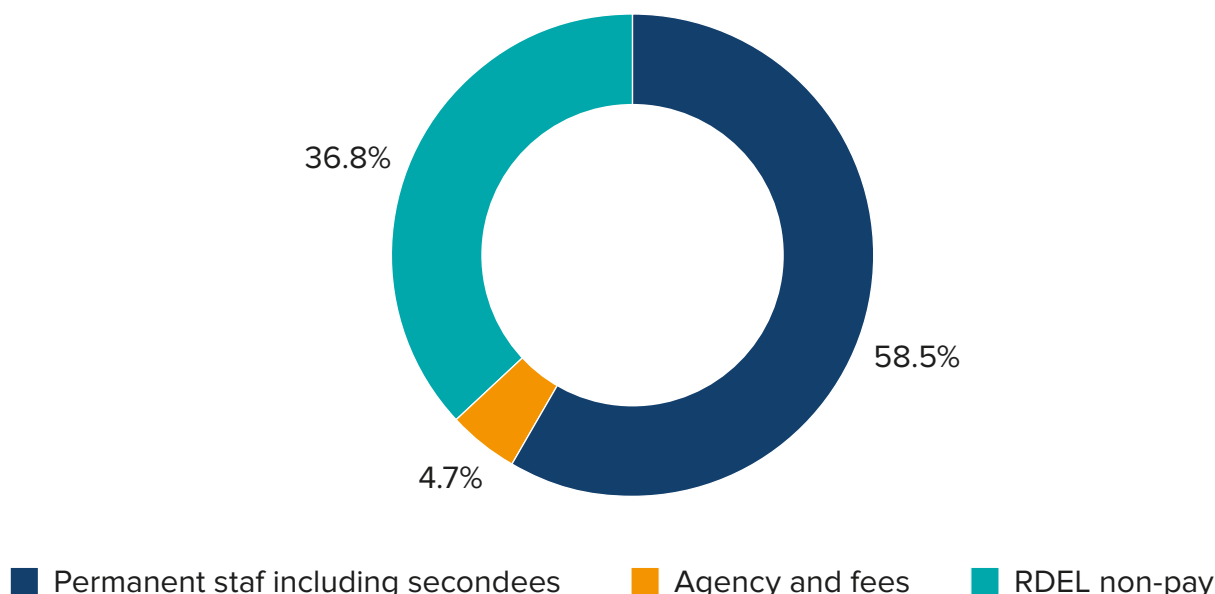
Expenditure

Our total comprehensive net expenditure increased to £9.433m for the full year of 2023/24. This is 32% higher than the £7.139m incurred in the previous financial year (2022/23).

Of this total, 59% or £5.514m (£4.176m 2022/23) related to permanent staff costs including secondees, and 5% or £0.443m (£0.291m 2022/23) was agency staff and Non-Executive Director fees. Together this totals £5.957m (£4.467m 2022/23). Further details of our expenditure on staff costs are provided in the remuneration and staff report and in Note 2.1

The balance of £3.476m which is 37% of total expenditure (£2.672m 2022/23) is related to services provided by third party providers, consultancy, research and professional costs to support the delivery of our objectives, and charges associated with the establishment of our operations, such as those relating to our new long-term accommodation in Worcester.

2023/2024 Total Comprehensive Net Expenditure by spend category



Non-current assets

We incurred capital expenditure of £1.235m (£0.051m capital plus £1.021m IFRS16 Right of Use Asset in 2022/23) relating to non-current assets. This relates to our accommodation fitting out in Worcester £0.775m, furniture, fixtures and fittings £0.220m and IT equipment £0.239m.

Funding

We receive our resources from Defra in England, and DAERA in Northern Ireland who in turn receive their funding within the budgetary planning processes operated across government in each jurisdiction.

In England, the Spending Review process in 2021 set resource and capital budgets for three financial years from 2022/23.

We sought and received adjustments to the grant-in-aid funding set each year as part of the Defra group planning process. This was particularly necessary as estimates of our resourcing needs made in the 2021 Spending Review were completed before we were established, and with no benefit of operational experience.

In Northern Ireland, our funding needs are considered by DAERA on an annual basis.

In the financial year ended 31 March 2024, Defra and DAERA together made available £10.845m of resources for the period, which is made up of £9.371m revenue spending (RDEL), £0.243m depreciation (RDEL) and £1.232m capital spending (CDEL).

As illustrated in the Table below, a 1.6% or £0.178m (32.2% or £3.893m in 2022/23) underspend was reported at the end of the financial year.

We reported last year on the challenges we experienced in 2022/23, mainly relating to delays in occupying our long-term office accommodation in Worcester, and the impact of delays in recruitment to our ability to progress our broader work programme as swiftly as we had intended. The improved outturn in 2023/24 reflects our growing maturity as well as greater stability in our staff resourcing and experience.

| | Approved 2023/24 Budget (£) | 2023/24 Actuals (£) | (Over)/Under spend (£) | Total (Over)/Under Variance (%) |
|--------------|-----------------------------------|------------------------|---------------------------|---------------------------------------|
| RDEL Pay | 5,532,052 | 5,615,732 | (83,680) | (1.5%) |
| RDEL Non-Pay | 3,838,703 | 3,631,898 | 206,805 | 5.40% |
| Total | 9,370,755 | 9,247,630 | 123,125 | 1.30% |
| Depreciation | 243,000 | 185,236 | 57,764 | 23.80% |
| CDEL Capital | 1,231,701 | 1,234,410 | (2,709) | (0.20%) |
| Total | 10,845,456 | 10,667,276 | 178,181 | 1.60% |

Grant-in-Aid of £10.845m was made available for the full year 2023/24, of which £1.250m is to be recharged to DAERA (which was made up of an initial £1.000m plus £0.250m in year contributions received in July and October 2023).

Our funding for 2023/34 and future financial years is considered in the ‘Assessment of sufficiency of funding’ section of this report.

Performance analysis

This report outlines our performance against our strategic objectives for the year 2023/24. It is structured in accordance with these objectives.

This year, 2023/24, was our first full year of operations, following the nine-month period in 2022/23 where we could exercise all our functions after we had adopted our strategy and enforcement policy. Our last annual report and accounts explains how our capability and capacity grew over that financial year.

This report includes performance information and measures relevant to our work, to provide context to our performance, where these are available. Year-on-year comparisons should be treated with caution given the different periods involved, and the different growth in our capabilities in each of our functions in each of England and Northern Ireland in prior years. We comment on performance trends only in a small number of instances where meaningful comparison can be made.

We have consulted on a revised performance framework as part of a review of our strategy. This includes additional performance information and metrics, along with a broader range of evaluation activities to support assessment of our performance. We have included this performance information where it is available. We will report in accordance with this revised performance framework in future years.

Sustained environmental improvement

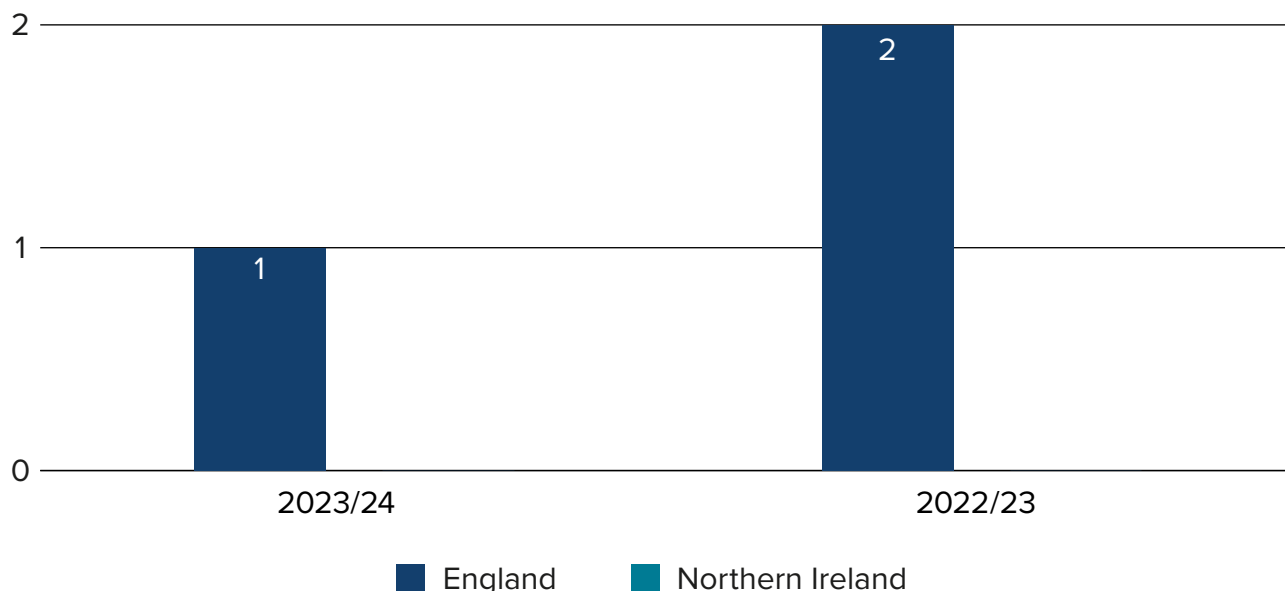
Government is held to account for delivery of environmental goals and targets, and its plans for environmental improvement.

Highlights:

- Report assessing progress in the natural environment in England in 2022/23
- Development of our assessment methodology to include prospects of meeting stated goals and long-term targets, and compliance with the UK Statistics Authority Code of Practice
- Close scrutiny of the steps DAERA has taken to adopt an Environmental Improvement Plan (EIP) for Northern Ireland
- Advice on the UK Government’s draft air quality strategy

Information and measures:

| Reports assessing progress towards EIPs and targets | 2023/24 | 2022/23 |
|---|---------|---------|
| England | 1 | 2 |
| Northern Ireland | n/a | n/a |



The Environment Act 2021 set out a new basis of national stewardship to enable a significant improvement in the natural environment in England and Northern Ireland. Our role is to monitor and report annually on progress being made in accordance with the EIPs for England and Northern Ireland, and towards long-term targets. This governance framework is being implemented by government in England and Northern Ireland to different timetables, which impacts how we have exercised these functions. Northern Ireland did not have an adopted EIP in 2023/24, for example, and we therefore did not report on progress being made towards it.

In England, we published our [second annual progress report](#) on time. Our report found that the UK Government remained largely off track to meet its environmental ambitions and must speed up and scale up its efforts in order to achieve them. We also found a lack of detailed delivery plans to show how government's plans stack up to achieve long-term targets and the part each policy, part of government and society at large is intended to play. We restated the five key recommendations of our first report, finding government must do more in each of the areas we identified, if its stated ambitions are to be met.

Our second report is a significant development of our assessment approach from our first. We provided an integrated assessment within and across environmental domains, so that our findings can better support policy and decision making. Our integrated assessment approach looks back to the reporting year (April 2022 to March 2023) to assess environmental trends, actions taken in the period, and the progress made towards individual targets. We also look forward, to assess the prospects of long-term goals and targets being achieved and consider how progress could be improved. We judge, and stakeholders tell us, that this forward-looking assessment is of particular importance to how we fulfil our role.

We also improved the transparency of our assessment approach this year. We published a detailed methodological statement alongside our report setting out the data sources we used, our analytical methods and the stakeholder engagement we undertook. We published a range of detailed evidence reports we used to underpin our analyses, particularly relating to the deep dive we undertook into the apex goal of the EIP in England – to aim for thriving plants and wildlife. We voluntarily applied the UK Statistics Authority Code of Practice, and published our first statement of compliance setting out how our assessment approach is trustworthy, of good quality and valuable.

Our report is a comprehensive and reliable assessment of progress but was not as complete in some areas as we had planned. To enable our work, Government and all public authorities have a duty to co-operate with us and provide information to us. Our scrutiny of progress was hampered by a lack of detailed information made available by government either in the public domain, or in response to the requests for information and co-operation we made. This was a key strategic risk for us throughout the year, as we set out in the risk section below.

Spotlight on our EIP progress report for England

Parliament created the OEP to make it more likely that the environment will significantly improve, and long-term targets will be achieved through our independent scrutiny.

Our report found that the UK Government remains largely off track to meet its environmental ambitions and must speed up and scale up its efforts in order to achieve them and ensure that its plans stack up so that long-term targets can be delivered.

Our assessment of 51 recent trends showed 25 improving, ten static, eight deteriorating and eight not able to be assessed due to data availability.

We assessed progress towards meeting 40 environmental targets, including those set under the Environment Act 2021. Of these, government was largely on track to achieve four, partially on track to achieve 11, and largely off track to achieve ten. Progress towards a further 15 targets could not be assessed owing to a lack of sufficient evidence.

We also assessed the overall prospects of meeting ambitions, Environment Act targets and other commitments across the ten goal areas of the EIP. We concluded that in seven goal areas government was largely off track, in two partially on track, and the tenth area could not be assessed, as the metrics needed to assess progress are still being developed by government.

Table 1. The Office for Environmental Protection summary assessment of past trends, progress and overall prospects of meeting ambitions, Environment Act targets and other commitments across the 10 goals of the EIP23.

| Environmental Improvement Plan 2023 areas | Environmental Improvement Plan 2023 goals | Past trends | Progress | Overall prospects of meeting ambitions, targets and commitments |
|--|---|------------------|--------------------|---|
| The apex goal | Goal 1: Thriving plants and wildlife | | | |
| Improving environmental quality | Goal 2: Clean air | | | |
| | Goal 3: Clean and plentiful water | | | |
| | Goal 4: Managing exposure to chemicals and pesticides | | | |
| Improving our use of resources | Goal 5: Maximise our resources, minimise our waste | | | |
| | Goal 6: Using resources from nature sustainably | | | |
| Improving our mitigation of climate change | Goal 7: Mitigating and adapting to climate change | Mitigation | | |
| | | Adaptation | | |
| | Goal 8: Reduced risk of harm from environmental hazards | | | |
| Improving our biosecurity | Goal 9: Enhancing biosecurity | | | |
| Improving the beauty of nature | Goal 10: Enhancing beauty, heritage and engagement with the natural environment | | | |
| Assessment rating | Past trends | Progress | Overall prospects | |
| | Improving trends dominate | Good progress | Largely on track | |
| | Trends show a mixed picture | Mixed progress | Partially on track | |
| | Deteriorating trends dominate | Limited progress | Largely off track | |
| | Not assessed | | | |

We made five key recommendations: to implement the EIP effectively, develop and implement clear and effective governance, develop and implement delivery plans, set and vigorously pursue clear and ambitious interim targets, and implement an effective monitoring, evaluation and learning framework. We also made 47 detailed recommendations relating to individual goal areas of the EIP. We will track progress against these and our prior recommendations over time.

We published and laid our report before Parliament in January. Our report was scrutinised by the House of Commons Environmental Audit Committee, and the Environment and Climate Change Committee. We welcome this scrutiny. Our functions are designed to support Parliament in its own scrutiny of environmental progress, and towards long-term targets. Our findings were used by those Committees in accountability hearings with the Secretary of State, and in Parliamentary questions of Ministers.

In Northern Ireland, DAERA was required under the Environment Act to lay its first Environmental Improvement Plan before the Assembly in July 2023. This statutory deadline under environmental law was not met, meaning this critical part of the framework to significantly improve the environment in Northern Ireland was lacking.

At the time, the Northern Ireland Assembly was not sitting, and an Executive was not formed. Whilst deeply regrettable, we understood why adopting a first EIP for Northern Ireland proved challenging.

We engaged closely with DAERA officials to discuss and scrutinise the steps it was able to take in this period to progress the draft plan, and its work to improve the draft plan DAERA had consulted on, and on which we gave advice the prior year. We pressed officials to work to ensure coherence between the EIP and other important policies, such as the Climate Action Plan for Northern Ireland, and to implement those aspects of the draft EIP that could be implemented in the particular circumstances at the time.

We considered DAERA's progress and rationale for not meeting this obligation in law closely, and [published the exchanges of correspondence we had with officials](#) in the interests of transparency. When a DAERA Minister was appointed in February 2024, [we pressed for urgent progress](#).

The delay to adopting an EIP in Northern Ireland risked undermining the significant improvement in the natural environment the plan should enable. Given the seriousness of this matter, we opened an investigation into it after the period end in May 2024. A Northern Ireland EIP was published in September 2024.

Our scrutiny of environmental progress is enabled by a range of evaluation, evidence gathering and research activities undertaken by our own staff and through working with a wide range of experts in environmental science, law and practice. This year, we successfully scaled up our programme of research and evidence gathering to support our monitoring of environmental progress, and wider work programme.

We concluded four calls for evidence, receiving 127 submissions from a range of expert sources inside and beyond government, and the public. We also completed a range of specific and targeted commissions of evidence with academics, research bodies and professional institutes or environmental practitioners and consultancies. Gathering evidence in this way to support our work programme and judgments constitutes the overwhelming majority of our consultancy expenditure. We published eight of these, so that the evidence we consider is available to government, and other stakeholders. We will publish further evidence in 2024/25.

Alongside scrutiny of progress against EIPs and targets, we may respond to consultations, or be asked to provide advice in connection with issues in the natural environment important for delivering EIP goals and targets. We responded to the previous UK Government's Air Quality Strategy in May 2023. We found the draft strategy a step

forward, and identified six areas of improvement to improve the prospects of the strategy successfully contributing to government’s long-term targets to improve air quality.

Better environmental law, better implemented

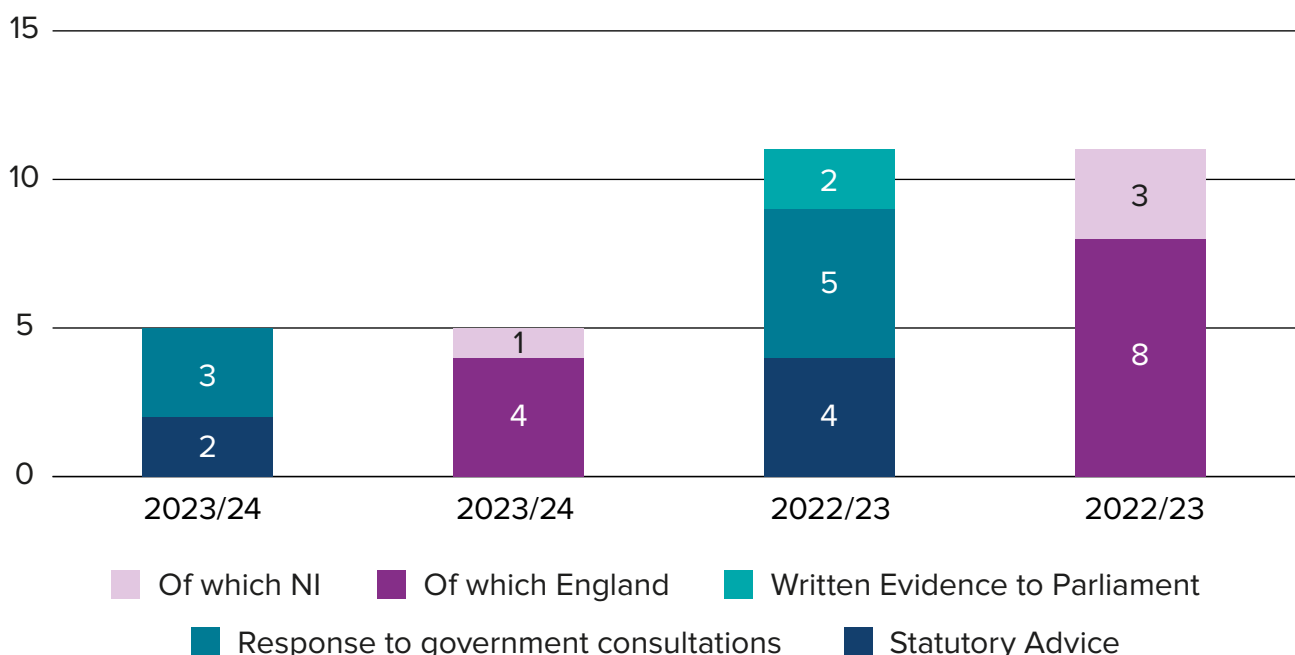
The environment is protected and improved, and people are protected from the effects of human activity on that natural environment, through better design and implementation of environmental laws

Highlights:

- A first intervention in a judicial review case brought by others with the aim of supporting the Courts to clarify the law in relation to the proper assessment of greenhouse gas emissions in developments
- Our report reviewing how effectively environmental assessment regimes in England are implemented
- Advice to government in relation to proposed amendments in respect of the Levelling Up and Regeneration Bill in respect of nutrient neutrality
- Advice to DAERA in relation to its draft Environmental Principles Policy Statement

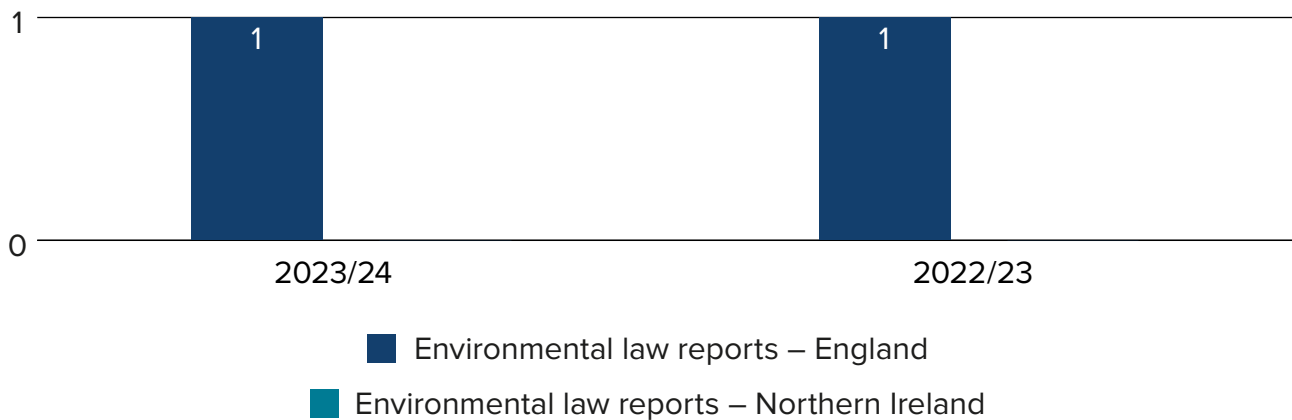
Information and measures:

| Number of advisory activities | 2023/24 | | 2022/23 | |
|--------------------------------------|---------|---|---------|---|
| Statutory Advice | 2 | | 4 | |
| Response to government consultations | 3 | | 5 | |
| Written Evidence to Parliament | | | 2 | |
| Of which England | | 4 | | 8 |
| Of which Northern Ireland | | 1 | | 3 |



| | 2023/24 | 2022/23 |
|--|---------|---------|
| Environmental law reports – England | 1 | 1 |
| Environmental law reports – Northern Ireland | 0 | 0 |

2



We work towards better environmental law which is better implemented by providing advice and evidence to government, Parliament and the Assembly as they consider changes to the law, by monitoring and reporting to Parliament and the Assembly on how well environmental law is implemented in practice, and by seeking clarity in the law where lack of clarity may impact compliance with, or the effective implementation of, the law.

Our corporate plan sets out priority areas for our work, which for this reporting year were particularly in relation to improving nature, clean water and effective environmental governance.

During 2023/24, the Assembly in Northern Ireland was largely not in place, and we were therefore not able to lay reports before the Assembly in respect of Northern Ireland environmental law. We progressed work significantly in year, to allow us to do so in 2024/25 with the institutions in Northern Ireland returned.

In England, we completed our scrutiny of laws which seek to ensure that the environment is properly taken into account in decision-making relating to planning and other proposals. We [published a comprehensive report on the implementation of environmental assessment regimes in England](#) – an area in which the previous UK government had set out ambitions for reform. This was our first environmental law report of this kind. We found the framework of legislation to be broadly fit for purpose, but that difficulties in the accessibility of data, the extent of post-decision monitoring, and access to the necessary expertise are holding back effective implementation. We also concluded that addressing these fundamental issues is critical, if any alternative regime is to work better. Our report made nine recommendations for improvement in the existing and any future regimes. The previous UK [Government responded to our recommendations in January 2024](#). We continue to press government in relation to our findings, and will monitor the extent to which our recommendations are adopted in future.

The previous UK Government has proposed reform to these regimes in England. [We responded to Government's consultation on proposals to introduce Environmental Outcomes Reports](#). Our response highlighted the elements that must be in place if any new regime is to succeed, which aligned with the findings of our report. [We also provided advice to Government when it proposed changes to the Levelling Up and Regeneration Bill](#), in relation to the environmental laws protecting inland waters from new development, finding that the amendments would lead to a regression in protections under environmental law.

Spotlight on advice in relation to amendments to the Levelling Up and Regeneration Bill

We have functions to advise government when it proposes changes to environmental law, and to monitor and report to Parliament on the effective implementation of law.

In September 2023, the previous UK Government proposed amendments to the Levelling Up and Regeneration Bill as it was being considered by the House of Lords during its report stage.

We disagreed with the Government's assessment that the proposed amendments did not weaken environmental protections. We provided advice to ministers that the proposals would demonstrably reduce the level of environmental protections in law, and were therefore a regression. We called for the Government to take steps to make this clear to Parliament by making statements to Parliament similar to those required under the Environment Act when a Bill is introduced – to confirm that the change in law is a weakening in environmental law, but the Government wishes Parliament to proceed. We argued this would be in the spirit of the transparency and accountability framework the Act intends.

We published our advice and the related correspondence so that our advice could be known by Parliamentarians when considering potential changes to the law. Our aim was that risks to environmental protection would be known by Parliament in making the law.

Our advice was widely cited in the House of Lords debate on the proposed amendments, on all sides of the House, and in wider media and by other commentators. The extent to which it was referred to in debate indicates the value Parliament found in an independent opinion of the impact of the proposed legislation on the body of environmental law.

Parliament ultimately decided against the amendments proposed.

Our programme of activity to scrutinise and report on the effective implementation of wider environmental laws substantially progressed during the year, although less quickly than we had planned. In completing detailed and comprehensive reviews of this nature for the first time, we found some took longer than we had anticipated, particularly in completing our evidence gathering and research, and analysing this to generate our findings. Our comprehensive review of the implementation of the water framework directive regulations in both England and Northern Ireland, was substantially completed in the year, and published in 2024/25. We materially progressed 2 further reports in each jurisdiction, and we will publish these in the next financial year.

We provided targeted advice to ministers and government departments when changes to environmental law are proposed, and responded to selected consultations. We did so five times during the year.

We provided [advice to DAERA on its draft environmental principles policy statement](#), complementing the advice we provided in 2022/23 in relation to the draft EIP for Northern Ireland. DAERA asked for our advice in specific areas, to support the development of its draft statement for consultation. We found strengths in the draft EPPS and areas which could be improved so as to ensure the environment is taken into account from the start of the policy making process, and not as an afterthought or ‘tick box’ assessment. We also highlighted the need for effective governance, oversight, and assurance frameworks to support effective application of the EPPS.

Throughout our work over the year, we found consistency in our findings and recommendations. We generally found the design of environmental to be broadly sound, albeit with opportunities for improvement. We found the intended outcomes more frequently hindered by poor implementation, and a need for greater focus on the conditions for good implementation – such as good governance, the availability of skills and resources, and monitoring and evaluation.

Alongside our scrutiny role, our enforcement functions can play an important role to clarify the expectations of environmental law, so that its implementation can better protect and improve the environment. We have powers to intervene in judicial review cases brought by others, where the potential failure to comply with environmental law by a public authority is serious. We choose to apply to the Courts to do so, where we judge our potential intervention may add value and assist the Court in the interests of justice, and environmental protection and improvement. We intervened in a judicial review in May 2023 for the first time with this aim.

Spotlight on our intervention in the case of R (Finch) vs Surrey County Council & others

We were given permission to intervene in our first case by the Supreme Court in April 2023, and provided written submissions to the Court in May. The hearing took place in June 2023.

The case concerned the question of whether the greenhouse gas emissions which will occur when oil is burnt as fuel must be included in the environmental impact assessment (EIA) required before consent is given for the extraction of the oil.

Our submissions did not take either side in the case. Instead, we saw opportunity for the Court to clarify the law to ensure proper decision-making that enhances environmental protection. It was our view that the decisions of lower courts could have an adverse effect on sound decision-making and therefore reduce environmental protections. We hoped that the Supreme Court would take the opportunity to develop principles for determining the proper approach to the assessment of indirect effects under the EIA legislation.

The Supreme Court published its judgment in June 2024. It found that the downstream greenhouse gas emissions should be taken into account.

A number of the points we made in our submissions were adopted or endorsed by the Court and there is now clarity in the law relating to the correct approach in EIA to the assessment of downstream greenhouse gas emissions for new fossil fuel projects. While the Court has not set out a clear list of principles applicable more generally, much of the reasoning in the majority judgment can be extrapolated to take a principled approach to the assessment of indirect effects in a wider range of projects.

There were four interveners in the case. The OEP was the only intervener specifically mentioned by the Court, with Lord Leggatt, on behalf of the Court, stating in his judgment, *“I have found particularly helpful submissions made by the Office for Environmental Protection.”*

Our submissions influenced the reasoning of the Supreme Court in reaching its conclusion which brings clarity to the law in this area, enhancing environmental protection.

Improved compliance with environmental law

Government and other public authorities abide by environmental law so it can protect people and protect and improve the environment as intended

Highlights:

- Launch of our first investigation in Northern Ireland, and subsequent decisions by DAERA to change its practice in light of our interventions.
- Report to the UK Parliament assessing the extent to which government is complying with its obligations for post implementation review of environmental law
- Resolution of four matters arising from complaints consensually and without recourse to our enforcement powers, in accordance with our strategy and enforcement policy

Complaints and Enquiries

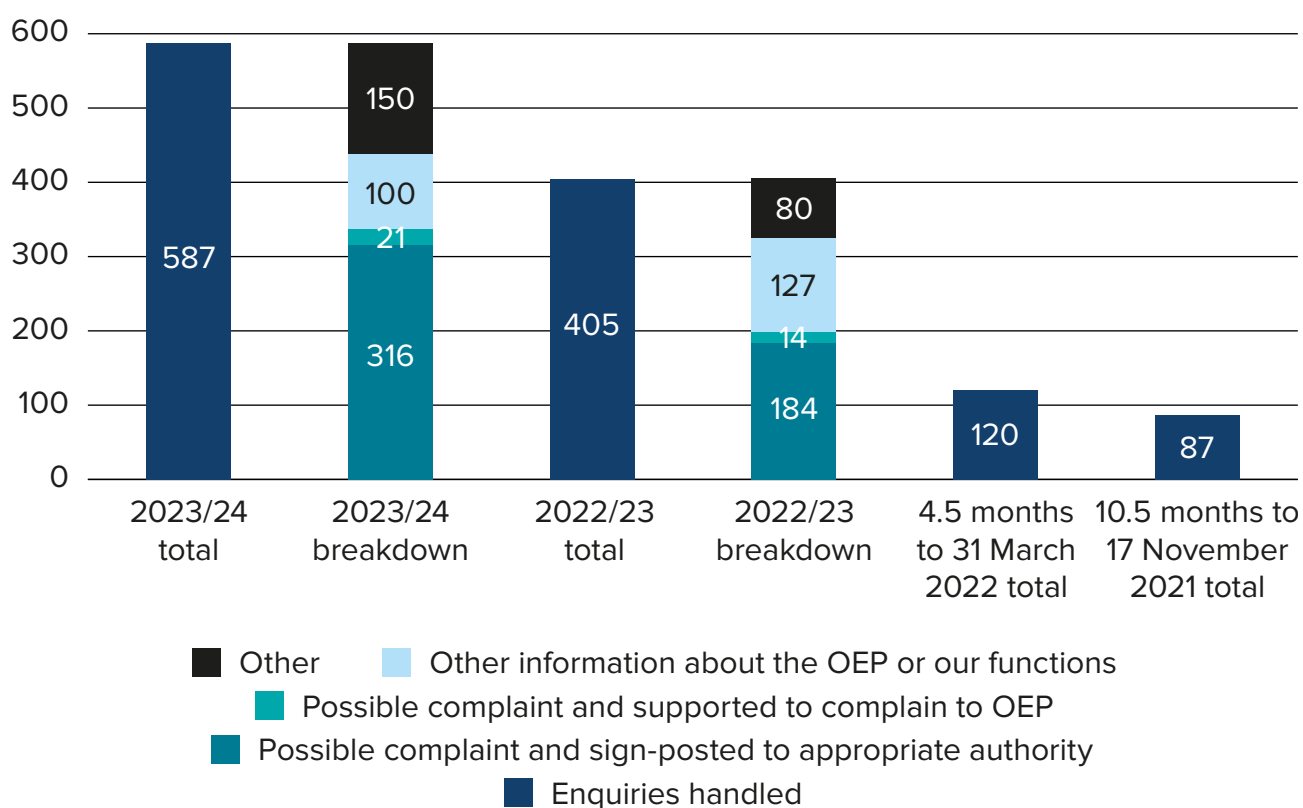
Receiving and assessing complaints about potential breaches of environmental law by public authorities provides us with important information that can inform all our work. We consider and respond to every complaint we receive. However, our role is not to act in every case, nor to seek individual redress for those who complain to us, nor to provide compensation.

Rather, we assess the issues and analyse the evidence to identify breaches which may be serious from one, or a number of, complaints. We can investigate serious cases which we prioritise. Where we investigate, this is to determine if a public authority has complied with the law, and if it has not, to establish what it should do to correct the failure.

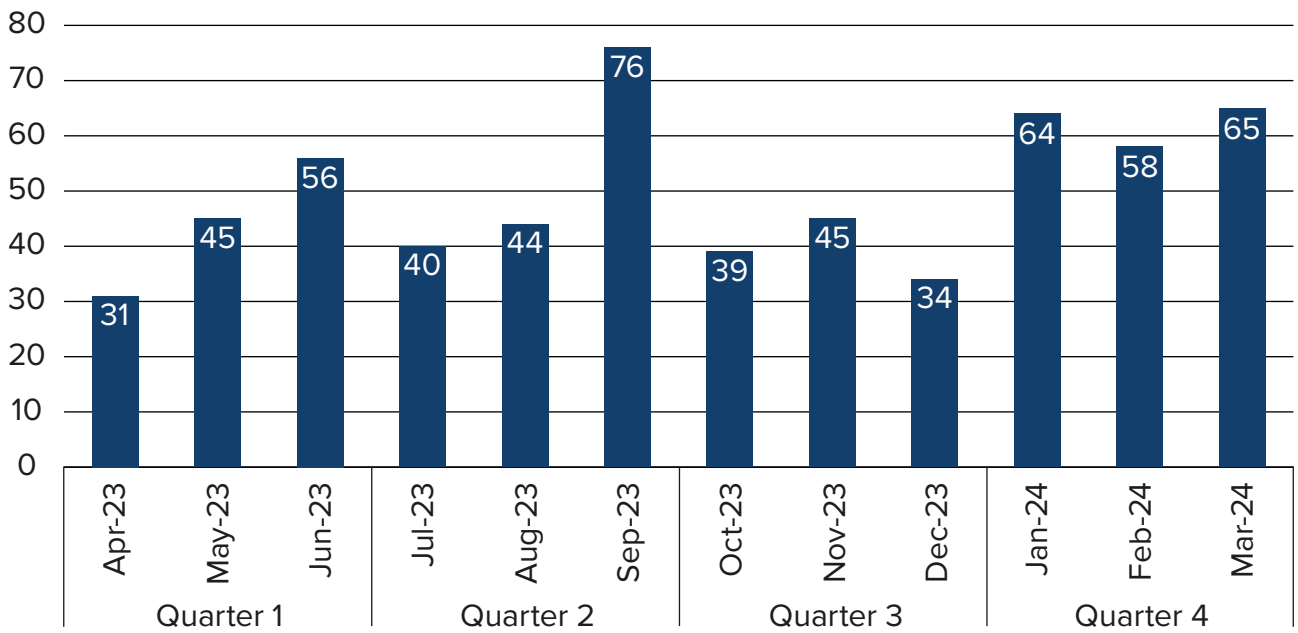
We receive enquiries from the public about matters connected to potential breaches of environmental law by public authorities. We aim to help all those who contact us by either answering their questions directly or signposting to the best organisation to provide support or information.

Information and measures:

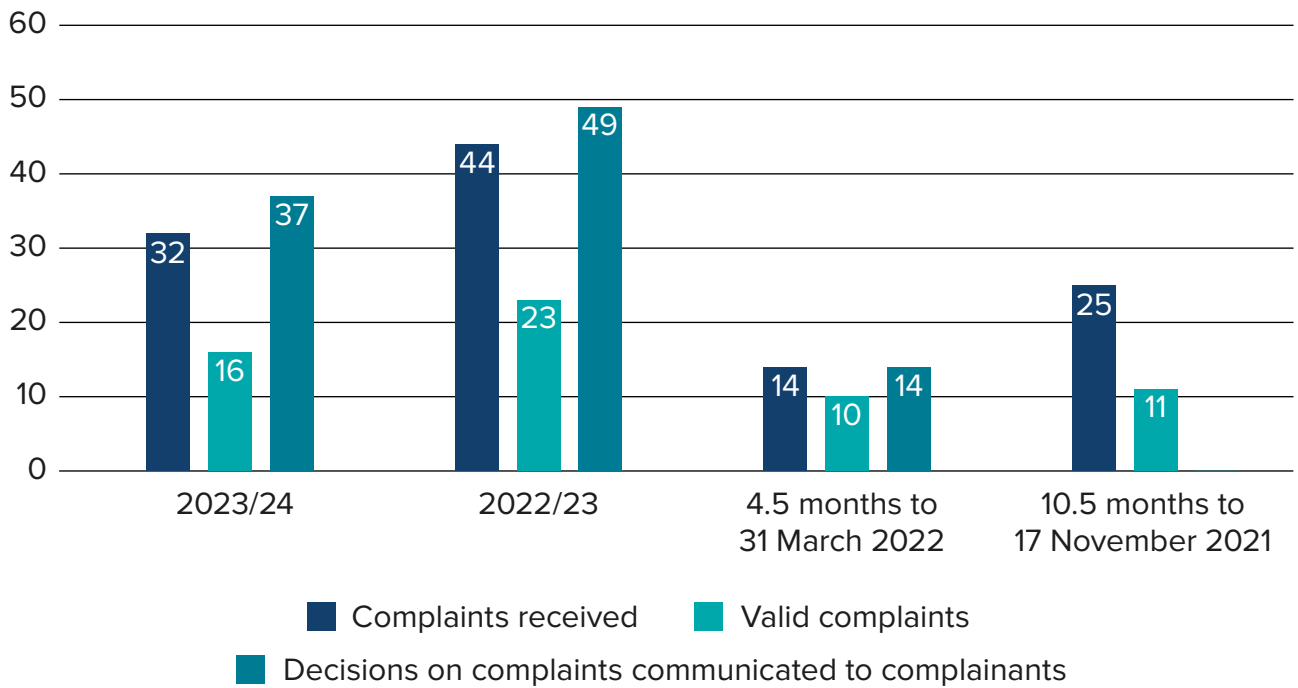
| | 12 months to 31 March 2024 | 12 months to 31 March 2023 | 4½ months to 31 March 2022 | 10½ months to 17 November 2021 | Total |
|---|----------------------------|----------------------------|----------------------------|--------------------------------|-------|
| Enquiries handled | 587 | 405 | 120 | 87 | 1,199 |
| Of which | | | | | |
| Possible complaint and sign-posted to appropriate authority | 316 | 184 | Not available | Not available | |
| Possible complaint and supported to complain to OEP | 21 | 14 | Not available | Not available | |
| Other information about the OEP or our functions | 100 | 127 | Not available | Not available | |
| Other | 150 | 80 | Not available | Not available | |



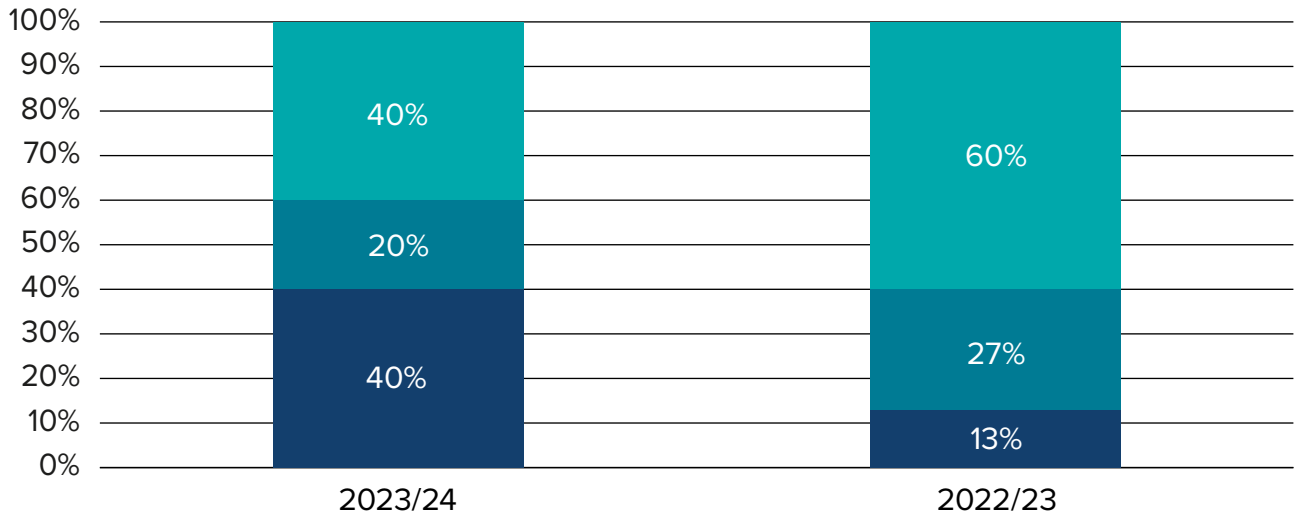
| Quarter | Month | Enquiries |
|-----------|----------------|-----------|
| Quarter 1 | April 2023 | 31 |
| | May 2023 | 45 |
| | June 2023 | 56 |
| Quarter 2 | July 2023 | 40 |
| | August 2023 | 44 |
| | September 2023 | 76 |
| Quarter 3 | October 2023 | 39 |
| | November 2023 | 45 |
| | December 2023 | 34 |
| Quarter 4 | January 2024 | 64 |
| | February 2024 | 58 |
| | March 2024 | 65 |



| | 12 months to 31 March 2024 | 12 months to 31 March 2023 | 4½ months to 31 March 2022 | 10½ months to 17 November 2021 | Total |
|--|----------------------------|----------------------------|----------------------------|--------------------------------|-------|
| Complaints received | 32 | 44 | 14 | 25 | 115 |
| Valid complaints | 16 | 23 | 10 | 11 | 60 |
| Decisions on complaints communicated to complainants | 37 | 49 | 14 | 0 | 100 |

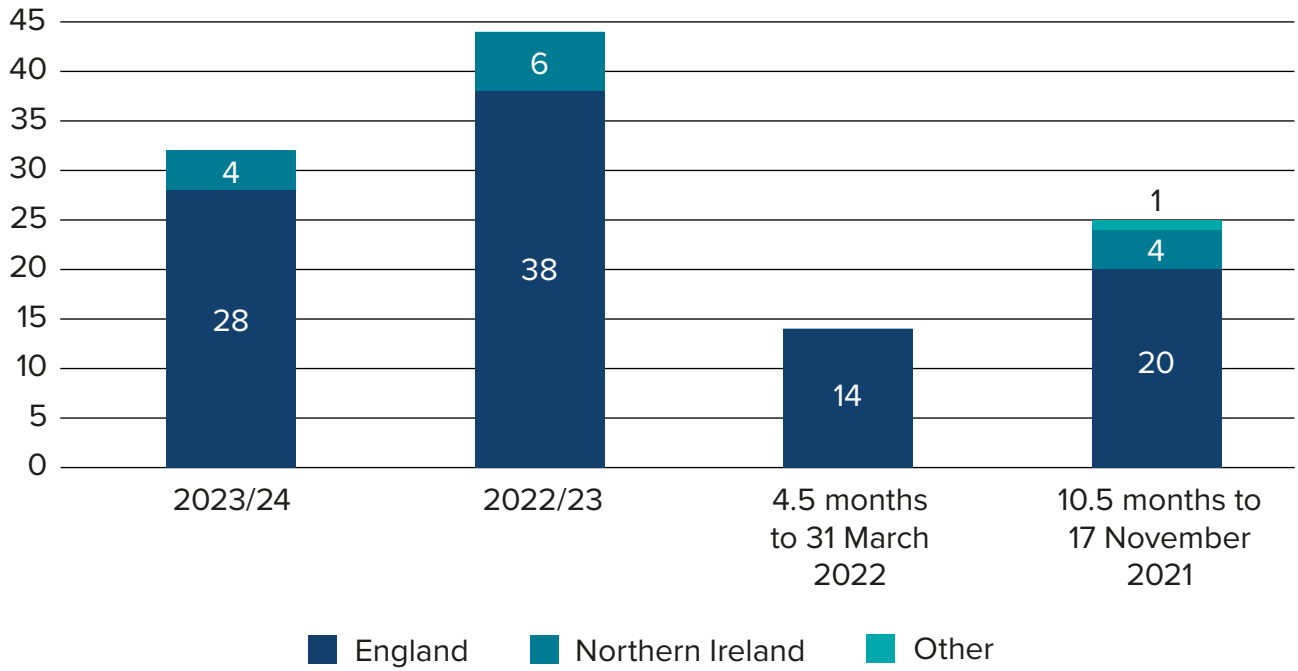


| Decision outcome communicated to complainants for valid complaints | 12 months to 31 March 2024 | 12 months to 31 March 2023 |
|--|----------------------------|----------------------------|
| No further action | 40% | 13% |
| Investigation (including linked cases) | 20% | 27% |
| Resolved before investigation (including linked cases) | 40% | 60% |

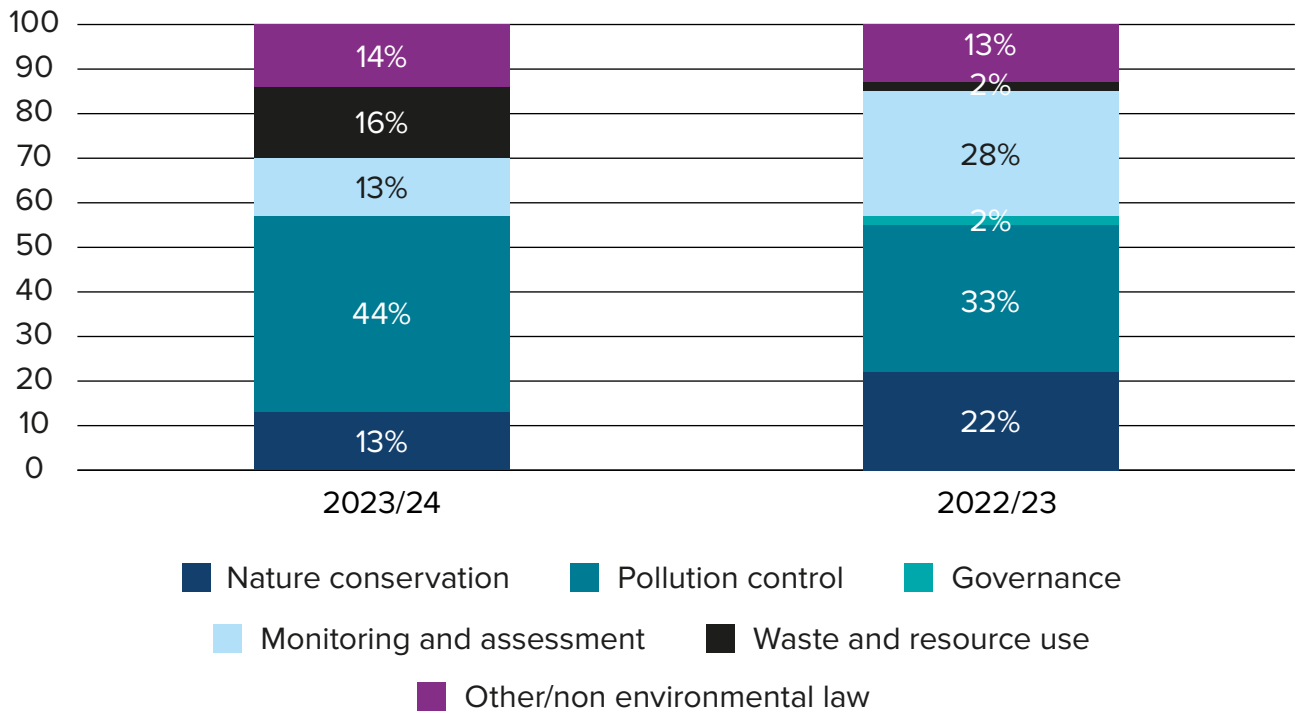


- Resolved before investigation (including linked cases)
- Investigation (including linked cases)
- No further action

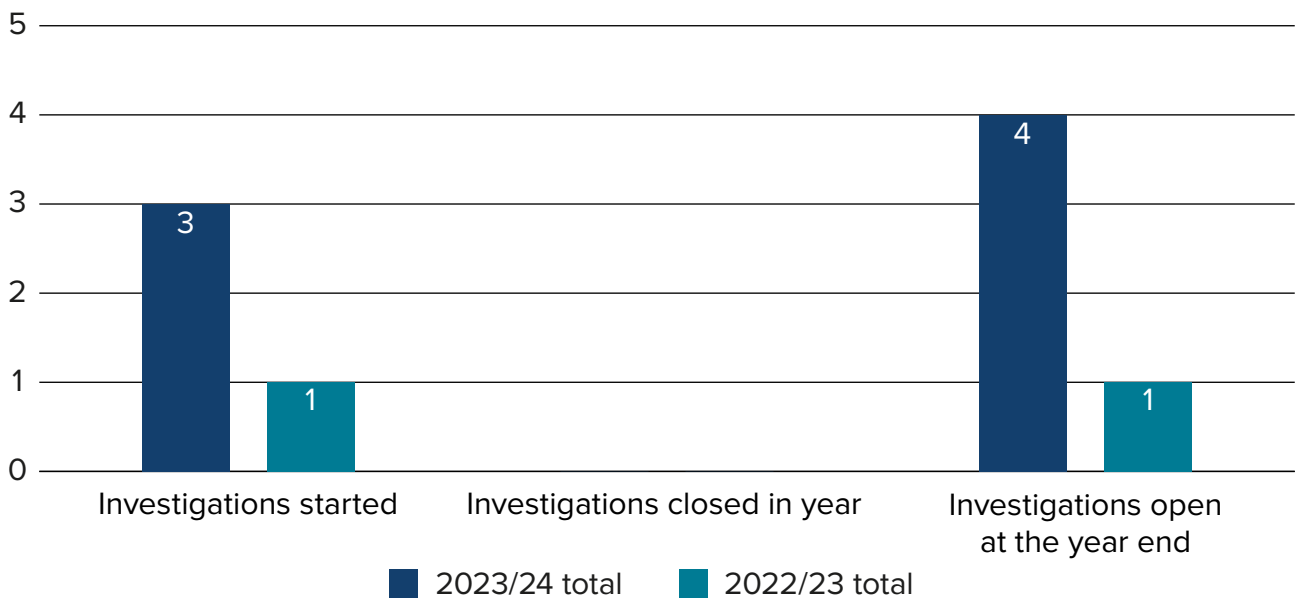
| Origin of complaints | 12 months to 31 March 2024 | 12 months to 31 March 2023 | 4½ months to 31 March 2022 | 10½ months to 17 November 2021 | Total |
|----------------------|----------------------------|----------------------------|----------------------------|--------------------------------|-------|
| England | 28 | 38 | 14 | 20 | 100 |
| Northern Ireland | 4 | 6 | 0 | 4 | 14 |
| Other | 0 | 0 | 0 | 1 | 1 |



| Category of complaint received | 12 months to 31 March 2024 | 12 months to 31 March 2023 |
|--------------------------------|----------------------------|----------------------------|
| Nature conservation | 13% | 22% |
| Pollution control | 44% | 33% |
| Governance | | 2% |
| Monitoring and assessment | 13% | 28% |
| Waste and resource use | 16% | 2% |
| Other/non environmental law | 14% | 13% |



| Investigations | 12 months to 31 March 2024 | 12 months to 31 March 2023 |
|---------------------------------|----------------------------|----------------------------|
| Investigations started in year | 3 | 1 |
| Investigations closed in year | 0 | 0 |
| Investigations open at year end | 4 | 1 |
| Of which | | |
| England | 2 | 1 |
| Northern Ireland | 2 | 0 |



Public authorities should comply with environmental law, so that they can protect and improve the environment as intended. We hold public authorities to account for their compliance with environmental law, and challenge and remedy serious failings.

The complaints we receive from members of the public provide important intelligence on potential failures to comply with environmental law which may be serious. We provide information, including a decision support tool, on our website to support potential complainants understand of our complaints procedure is the right vehicle for their concern. We continually improve this information.

This year, we responded to 587 contacts from members of the public about our work, or potential failures to comply with environmental law, a 45% increase in the year. The majority (57% vs 49% last year) of these relate to environmental concerns, and possible complaints about a potential failure to comply with environmental law. We signpost those who contact us to the most appropriate route for their concern, which in most cases is not our complaints process. By doing so we support overall efficiency for us and the public authorities we oversee, reduce the number of complaints we receive, where we are not the appropriate step for the complainant, and make it more likely that the concerns of the public receive a resolution to their concern.

We received fewer complaints this year, but a greater proportion of those complaints were valid complaints for us to receive, as they met the criteria set out in the Environment Act. The number of valid complaints was stable.

We explain in [our enforcement policy](#) that we normally aim to resolve potential non-compliance we identify in agreement with public authorities. This means that we raise issues identified, and work with public authorities to understand where a failure may have occurred, whether that is serious and how it can be remedied. This may involve discussions and correspondence with the public authority, the agreement of an action plan, or other similar steps that give confidence that the compliance issue (whether or not it has occurred) has or will be remedied. We have made more information available about our work on our website, including four matters which we resolved during the year.

Spotlight on our approach to resolving non-compliance

It is our strategy to resolve issues wherever possible at the earliest opportunity, and without taking enforcement proceedings. We publicise information about the matters we resolve in this way on our website.

DAERA failed to complete a review and public consultation of the Nutrient Action Programme for Northern Ireland by the date on which they were due in law. We were concerned, not only because of the legal requirement, but also because of the need to address issues connected to nutrient pollution in Northern Ireland, and their impact on important environments.

We had met and corresponded with relevant officials in advance, to seek assurances on their approach to conducting the steps required in environmental law. Through the course of our active monitoring during Autumn 2023, DAERA produced a detailed action plan setting out the steps that they intended to take to remedy the issue.

Given the steps set out in the action plan, we agreed to pause further action under our enforcement functions. We have an active interest in this matter and will continue to track how this work progresses, in order to keep the delay to a minimum. It is important the time is used to deliver a meaningful review and public consultation as they play a key part in the urgent action needed to secure the protection and improvement of water quality in Northern Ireland.

This approach supports the law to be complied with, with proportionate steps through our compliance and oversight role.

We are a strategic oversight body, with powers to consider serious issues of compliance with the law by public authorities. We had one investigation open at the start of the financial year, and four at the end. We [provide information about our investigations on our website](#).

The nature of our functions is to consider serious issues of compliance. These are often complex. We expect to determine next steps in relation to a least two of the four open matters at year end during 2024/25.

Spotlight on our investigation into DAERA's guidance to planning authorities in relation to ammonia emitting developments

In May 2023, we launched an investigation into whether DAERA's standing advice (commonly known as the 'Operational Protocol') to planning and other authorities responsible for assessing proposals for ammonia-emitting developments complied with environmental law.

Shortly after, the Northern Ireland Environment Agency (NIEA) paused issuing this advice to planning authorities. This decision was subsequently reversed on 29 September 2023, by which time we had gathered information to be confident in our judgement that the Operational Protocol was unlikely to comply with environmental law.

We have different enforcement powers which we may apply in different circumstances. In serious matters, when urgent action is needed to prevent or mitigate serious damage to the natural environment or public health, we can apply for a judicial review. We judged this an appropriate step in this instance, and therefore issued a pre-action protocol letter on 10 November, setting out that we would seek a judicial review of DAERA's decision to reinstate the Operational Protocol on 29 September, unless it was reversed.

On 19 December, DAERA directed the NIEA to cease providing advice based on the Operational Protocol. Instead, the NIEA would provide advice based on an interim approach until a revised Operational Protocol was adopted. We scrutinised this interim approach, and were satisfied that it did comply with environmental law. We published a report of our investigation in October 2024.

Our actions in this instance secured compliance with environmental law, and ensured that the impact of ammonia-emitting developments were appropriately taken into account by planning authorities in reaching their decisions. This was achieved without recourse to the Court.

In explaining DAERA's actions to the Assembly, the DAERA Minister said: *"When the Office for Environmental Protection comes a-knocking, action needs to be taken, and that is what officials did."*¹

The issue of ammonia emissions, and related issues connected to the management of nutrients are critical for environmental improvement in Northern Ireland. We responded to DAERA's consultation on its ammonia strategy, and in 2024/25 have instigated a broad programme of work to scrutinise issues connected to nutrient management in Northern Ireland.

We use all our powers to hold public authorities to account for compliance. Our reporting functions can play an important role to shine a light on practice and stimulate improvement.

At the end of 2022/23, we [reported to Parliament on the post implementation review of environmental law](#). We found that the UK government had not completed 49 of 56 legally required reviews by the time due, and made three recommendations including that reviews should be completed and publicly available before reform to those laws is proposed. The previous UK [Government responded to our report](#), in June 2024 including setting out its plans to clear Defra's post implementation review backlog by the end of 2024. We have monitored this plan, and Defra's progress in reducing the backlog.

¹[Official Reports \(niassembly.gov.uk\)](#) Monday 17 June 2024

Organisational excellence and influence

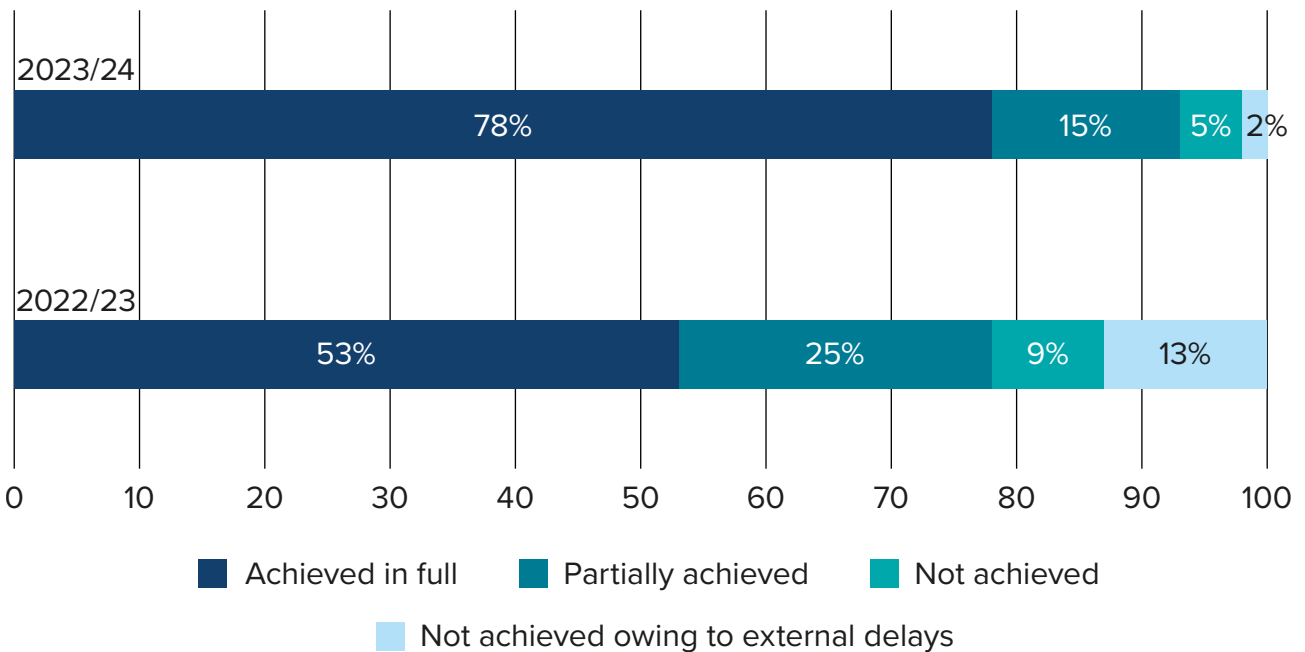
We are effective and efficient, with the authority, relationships, expertise and voice to play our full part in national environmental governance.

Highlights:

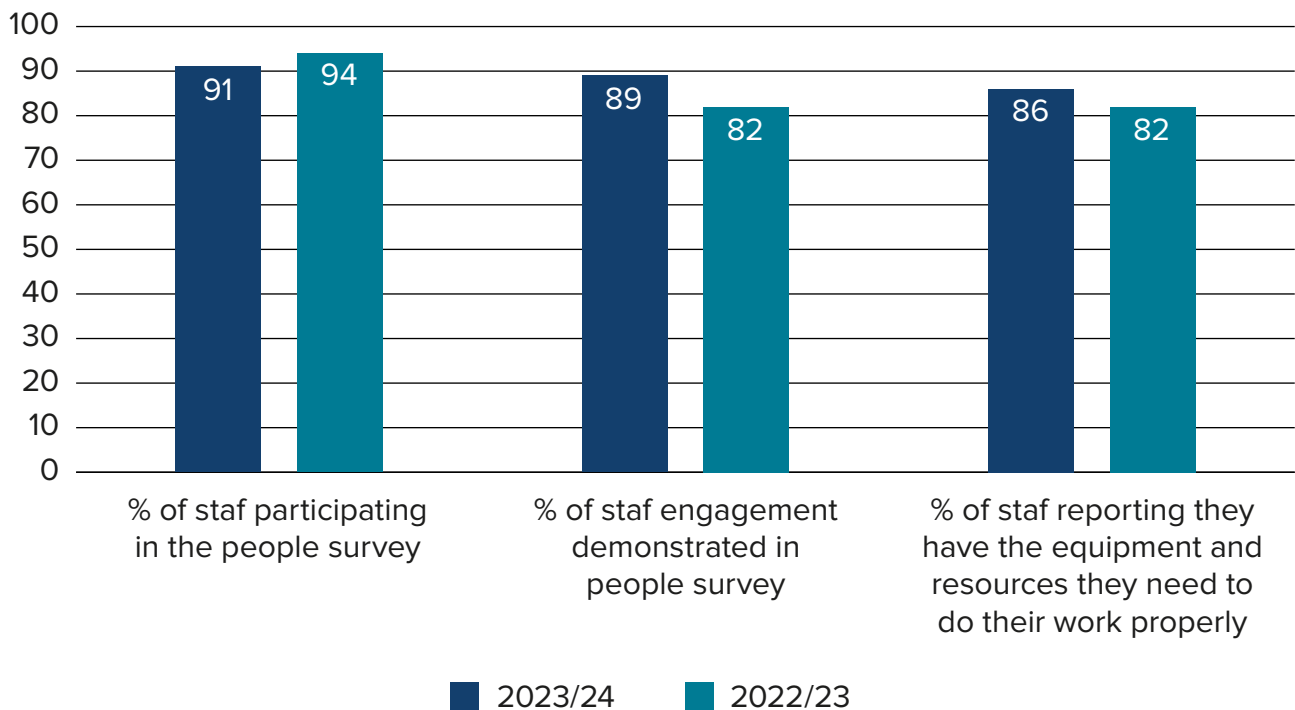
- Moved into our long-term offices in Worcester
- Refreshed our website following user research and feedback
- Recruited and launched our College of Experts to broaden how we access scientific and technical expertise to support our work
- Adopted our sustainability policy
- Received Outstanding Workplace Award

Data and measures:

| % of commitments made in our corporate plan achieved | 2023/24 | 2022/23 |
|--|---------|---------|
| Achieved in full | 78% | 53% |
| Partially achieved | 15% | 25% |
| Not achieved | 5% | 9% |
| Not achieved as impacted by external delays | 2% | 13% |



| People survey | 2023/24 | 2022/23 |
|--|---------|---------|
| % of staff participating in the people survey | 91 | 94 |
| % of staff engagement demonstrated in people survey | 89 | 82 |
| % of staff reporting they have the equipment and resources they need to do their work properly | 86 | 82 |



We can only play our full part to protect and improve the environment, if we are the effective and efficient organisation we intend.

We remain a young organisation. Whilst the bulk of our organisational establishment was completed by the start of the year, we continued to complete activities to establish the enabling functions and infrastructure to enable us to succeed, and to secure the long-term resources and people we need to fulfil our role

We recruited 22 people in year, following an increase in the number of staff we are permitted to employ under the terms of our funding from Defra. This includes recruitment of a greater number of permanent staff, offset in part by a reduction in the number of seconded and temporary staff we employed. Recruitment was concentrated in our scientific, legal and regulatory skills and a small number of specific enabling functions, as we moved from establishment to operational activities.

In September we published our people strategy, focused on our culture and ways of working, promoting staff engagement, staff wellbeing, continuous learning and attracting and retaining talent. Our people survey reported an exceptional outcome for a second year, with participation of 91%, and overall engagement score of 89%, an improvement of 7% on the prior year and 13% the public sector benchmark. We received an Outstanding Workplace Award for 2023/24 from the provider of our people survey.

We have a broad remit, covering all goals, objectives and targets of the EIPs and all areas of environmental law. Our operating model relies on drawing the right expertise from across our organisation of scientists, lawyers, and specialist functions, and working with those outside the OEP to gather the evidence and complete the analysis which inform our judgments. This year we increased our capacity to secure this evidence, and broadened the ways to obtain it, including through establishing our College of Experts.

Spotlight on our College of Experts

We have established and recruited 58 specialists to form the opening cohort of our College of Experts through an open recruitment process. The College will increase our access to specialist expertise, providing an additional means for us to broaden our evidence base, identify and review key areas of research, and enhance the provision of external expertise, challenge and advice.

Members of the College are drawn from academia, and practitioners in industry in relevant domains of the environment, environmental regulation and environmental law. They volunteer their expertise to support different stages of our work – from horizon scanning, supporting the scope of our work, to peer review and other requests.

The College supported 11 projects in the first four months from its establishment in November 2023. Early engagements have given positive indications that it will enable us to be more effective and efficient as we intended.

[We publish the members of the College on our website.](#)

In October, we moved into our long-term offices in England in Worcester, and implemented our hybrid working policy for our staff based in Great Britain. This completed the largest single remaining aspect of our operational establishment. Our offices are part of the existing public sector estate and were refurbished with sustainability considerations built in by design. Since October, we have been able to hold our Board meetings, engage with stakeholders, and hold our staff communication events predominantly in our Worcester office.

We undertook specific user research to identify improvements to our website, which we subsequently implemented. These focus on the ability to identify and search for information and reports by theme and function. We implemented a range of further enhancements to our digital and data technologies, including implementing an e-procurement system to improve efficiency and make compliance with relevant regulations simpler, and we developed an intelligence management system to collate and manage information we receive and make it available for decision making. We also decommissioned our complaints management system, implementing instead off-the shelf technology.

Sustainability Report

It is our mission to protect and improve the environment by holding government and public authorities to account. Environmental improvement is at the core of what we do. This includes managing our own impact on the environment and climate.

Our Board adopted our [sustainability policy and action plan](#) during the year. This sets out the Board's commitment to hold ourselves to account for the impact we have on the environment through our operations, and to aim to be an example to others for the good management of our environmental impacts and our wider sustainability.

Our policy states our ambitions to build a better understanding of our environmental impacts, and build stronger foundations for our sustainability in our governance, and how we measure and report our impact. Our action plan aims to take advantage of government's wider sustainability actions wherever possible, yet define our own priorities, targets and actions to achieve them so we can go beyond that ambition where we can.

To prepare our sustainability policy and action plan, we undertook a materiality assessment, seeking feedback from a range of internal and external stakeholders, to identify the most important issues for us. The priority areas we identified were setting a net zero goal, reducing our greenhouse gas emissions, tackling waste and water in our organisation and embedding sustainable procurement practices. Our action plan includes initial steps to be taken to achieve these in areas of good governance, sustainable offices, sustainable procurement, and measurement, reporting and review.

The OEP was exempt from sustainability reporting including its contribution to Government's Greening Commitments in 2021/22. We reported sustainability data where available and relevant in our annual report in 2022/23. As we reported last year, our environmental impacts in 2022/23 were not representative of how we will work. For example, we started that year with no staff in Northern Ireland, and only began to exercise our functions in June. This means some of the travel and similar impact necessary in the ordinary course of our business did not exist.

This year, we have moved into our long-term offices in Worcester, and implemented our hybrid working policy for the majority of our staff. We also undertook refurbishment works which will not be replicated. This, again, means that our environmental impacts are not likely to be equivalent to those we will experience now fully established.

We have also progressively improved the measurement and reporting we are able to undertake in relation to our environmental impacts over the year, in line with our policy and action plan. We have been able to gather additional measures and information at different times during the year, as set out below. We therefore expect to gain greater understanding of our impacts in time. In line with our action plan, we expect to report in future years our trajectory against targets that we set.

| | Measurement | 2023/24 | 2022/23 |
|---|---|--------------------------------|----------------------------|
| Business travel | Total kilometres (per FTE ^a) | 209,715 (2,842) | 103,630 (1,857) |
| | Tonnes CO ₂ e (per FTE ^a) | 19.5 (0.26) | 8.8 (0.16) |
| | Expenditure (per FTE ^a) | £55,849 (£757) | £53,259 (£954) |
| | Of which air travel within the UK (per FTE ^a) | 80,791 (1,095) | 48,063 (861) |
| | Tonnes CO ₂ e (per FTE ^a) | 13.0 (0.18) | 6.7 (0.12) |
| | Number of flights (per FTE ^a) | 103 (1.40) | 85 (1.52) |
| | Expenditure (per FTE ^a) | £18,550 (£257) | £14,080 (£252) |
| | Of which international air travel (per FTE ^a) | Nil | Nil |
| Electricity, gas and other heating fuels | Electricity consumption (kwh) (per FTE) | 32,496 ^c (451) | Not available ^b |
| | Gas consumption (kwh) (per FTE) | 50,760 ^c (704) | Not available ^b |
| | Tonnes CO ₂ e (per FTE) | 16.6 ^c (0.23) | Not available ^b |
| | Expenditure (per FTE) | £23,096 ^c (£313) | Not available ^b |
| Waste | Tonnes (per FTE) | 0.05 ^d (0.00) | Not available ^b |
| | Waste to landfill (per FTE) | Nil ^d | Not available ^b |
| | Tonnes waste reused or recycled (per FTE) | 0.01 ^d (0.00) | Not available ^b |
| | Tonnes waste incinerated with energy recovery (per FTE) | 0.05 ^d (0.00) | Not available ^b |
| | Waste incinerated without energy recovery (per FTE) | Nil ^d | Not available ^b |
| | Waste composted (per FTE) | Nil ^d | Not available ^b |
| | Expenditure (per FTE) | £449 ^d (£6) | Not available ^b |
| Hazardous Waste | Tonnes | 0.35 ^e (0.00) | 0 |

| | Measurement | 2023/24 | 2022/23 |
|------------------|---|----------------------------|----------------------------|
| Paper use | A4 reams (500 sheets per ream) (per FTE) | 15 (0.2) | 26 (0.5) |
| Water | Consumption (m ³) (per FTE) | Not available ^f | Not available ^b |

^a business travel includes the business travel of our Board. The calculation per FTE therefore includes the FTE of the six non-executive members of our Board.

^b For 2022/23 all our energy consumption, waste and water consumption arises from our office occupation. During 2022/23 we occupied a temporary office space within Defra's occupation of Worcestershire County Hall, the environmental impact of which is reported in Defra's annual report and accounts. We occupied a touchdown space for our staff in Northern Ireland from October 2022, within a multi-occupied private estate. Our occupation is 1% of the building and is not separately metered. Meaningful data for this occupation is therefore not available.

^c For 2023/24, all our reported energy consumption arises from occupation of our long-term offices in England. We took occupation of the office from 31 March 2023 and occupied it from September 2023 after completing refurbishment work. Data therefore reflects 6 months of occupation, and 6 months during which refurbishment works were being completed. Data for our Northern Ireland touchdown space is not available, as set out at ^b above. Similarly, data for our temporary occupation of office space within Defra's occupation of Worcestershire County Hall is reported in Defra's annual report and accounts as set out at ^b above.

^d For 2023/24, all our reported waste generation arises from our office occupation in England. Waste collection services are provided by our landlord. We worked with our landlord to establish appropriate reporting to support our sustainability action plan and this report. Data has been available from 1 January 2024, and therefore reflects three months of occupation. Data for our Northern Ireland touchdown space is not available, as set out at ^b above. Similarly, data for our temporary occupation of office space within Defra's occupation of Worcestershire County Hall is reported in Defra's annual report and accounts as set out at ^b above.

^e In 2023/24 we refurbished offices in Worcester, ahead of our occupation. In doing so, 0.35 tonnes of hazardous waste was removed. It is unlikely that we will have comparable hazardous waste in future. We are unable to report on non-hazardous waste relating to the refurbishment.

^f No water consumption data is available in respect of our Northern Ireland touchdown space, nor our long-term office accommodation in England. We are continuing to work with our landlords to seek such information in England. Data for our temporary occupation of office space within Defra's occupation of Worcestershire County Hall is reported in Defra's annual report and accounts as set out at ^b above.

Mitigating climate change: working towards net zero by 2050

Business Travel

The total kilometres travelled, number of domestic flights and travel per FTE increased during the year. Our carbon emissions from business travel therefore increased by 221% in absolute terms and by 63% per FTE.

We operate in both England and Northern Ireland. In 2022/23 we recruited to our organisational design in Northern Ireland after our remit in respect of Northern Ireland was confirmed just before the start of that year. As set out in our last annual report, our Northern Ireland staff were predominantly appointed in the second half of that year.

Almost all our domestic air travel arises from journeys of our staff, senior leaders and Board between England and Northern Ireland in order to meet with stakeholders, engage in activities related to our remit, and to manage our operations in each jurisdiction. All our travel within each of Northern Ireland and Great Britain was by train or car. With a full year of operations in Northern Ireland, emissions from domestic air travel rose by 94% in absolute terms and 50% per FTE. This is our first full year of operation in Northern Ireland and we will use this information as our baseline. Future performance will be assessed against this baseline.

Other business travel needs arise within England and Northern Ireland as our staff travel to meet stakeholders or to fulfil our functions. 2023/24 is our first full year of operations, and business travel needs arose accordingly.

We have adopted a travel policy which requires the most sustainable travel is considered first when making travel choices. We have evaluated our most frequently travelled routes and provided guidance on the most sustainable choices available to staff, to inform these choices, including the use of sleeper trains and ferries for long distance travel within the UK.

We do not have a vehicle fleet, and therefore do not report the number of ultra-low emission vehicles we have.

Energy use

Our long-term office in England has a 'B' energy rating, is supplied with 100% renewable energy and has its own solar generation. We designed our office layout with the aim of the most efficient energy use. For example: the location of working spaces makes good use of natural light; our meeting rooms are placed in a central spine and benefit from transparent walls to enhance light flow, and motion-sensitive low-energy LED lighting is implemented throughout.

Minimising waste and promoting resource efficiency

Waste

We secured the lease of our long-term office accommodation in Worcester from 31 March 2023, the day before the period of this report.

Our landlord provides services in relation to waste collection and disposal. Over the year we have worked with our landlord to establish information about our waste in order to be able to report in line with Government's Greening Commitments. This has only been available since 1 January 2024 and is therefore reported above for the three months available. We will report further in future years. We have procured services for the collection and recycling of confidential waste, but it has not yet been necessary for this waste to be collected from site.

Understanding and measuring our waste will allow us to assess progress, make specific action plans and set targets in relation to our waste use. This includes the contribution we make towards the UK Government's targets to reduce waste by 15% from the 2017/19

baseline, reduce waste to landfill to less than 5% of overall waste and increase the % of waste recycled or reused to at least 70% of waste.

Consumer single-use plastic

We have minimised use of consumer single-use plastic. We provide reusable glass and tableware for staff in all our offices, and have made no use of single-use cups, cutlery and tableware.

We have no on-site catering facilities, and procure external suppliers on the small number of occasions where catered meetings are held on or off site. These suppliers have provided catering using single-use recyclable sandwich and fruit trays. We also provide tea and coffee making facilities for our staff, with milk supplied in single-use recyclable bottles.

We provide stationary to staff as required. Our stationary supplier promotes sustainable choices to staff when searching for products to meet requirements. Single-use plastic pens and highlighters have been purchased in year.

As opportunity arises, we will review procurement arrangements to seek to further reduce single-use plastics wherever this is feasible.

Paper usage

Our purchases of paper reduced in absolute terms, and per FTE.

Reducing our water use

Our water supply is not separately billed or metered, with communal facilities with other tenants in both our Worcester and Belfast sites. We are presently unable to provide data in respect of our water usage, and therefore do not currently meet this expectation of Government's Greening Commitments.

We have provided guidance to staff with practical steps for how to minimise water usage when making use of the office facilities, for example in using dishwashers and washing up facilities.

Reducing environmental impacts from ICT and Digital

We align with the Greening Government sustainable information technology strategy. As a new organisation, with no legacy technology, we have taken a cloud first approach to designing our technology infrastructure. Our technology estate is provided by outsourced providers. All our suppliers were procured with sustainability in mind, and have publicly stated Net Zero plans. We make use of Microsoft Azure hosting and its virtual infrastructure to ensure we use resources efficiently. We use Office 365 and its cloud-based video and telephony services which supports our hybrid working workforce strategy and reduces the need for unnecessary travel for face-to-face meetings.

Our contractual arrangements require our suppliers to provide energy efficient devices and to manage the repair, reuse, recycling and disposal of devices based on a principle of maximum use through the lifecycle of device leasing.

We will begin the process to re-procure our principal suppliers of ICT in the coming business year. We will embed sustainability considerations in decisions in this respect.

Procuring sustainable products and services

We award many of our major contracts through Crown Commercial Service frameworks, or through other central purchasing bodies where sustainability has been built into the contracts, and the social, economic, and environmental impact in the purchase of goods, services and works has been considered.

We recognise that purchasing has potential to support people, communities, and the environment. Our sustainability action plan decided in December 2023 identifies sustainable procurement as one of four priority areas. We commit to review our sustainable procurement approach, incorporating good practice from across the public sector so we can identify and take steps to mitigate the impacts in our supply chain, as they arise.

During the year, we established processes to gather information to assess the carbon footprint of our purchased goods and services, as part of our assessment of our scope 3 carbon emissions. We were able to apply this approach retrospectively to our purchased goods and services in 2022/23. We therefore report on these in this report.

Sustainable construction

We undertook construction works at our long-term office in England in 2023/24.

Throughout the tender and award process, opportunities were identified to make the construction as sustainable as possible. For example, we recycled and reused existing carpets, and procured additional where necessary through a supplier with a carbon negative supply chain. Where recycled and reused equipment was not possible, we identified opportunities to ensure a sustainable office estate. For example, we specified improved energy efficiency in lighting, and furniture supplied by providers with a net zero pledge by 2030, and zero waste-to-landfill policy. We provide information above about the hazardous waste disposed of during the refurbishment. We are unable to provide similar information about non-hazardous waste.

Nature recovery and biodiversity action planning

We have no landholdings, and no independent estate. All of our office occupation in the period was within multi-occupied estates, as a small proportion of the total office occupation. We do not have a biodiversity action plan given this context. Our sustainability action plan commits us to actively engage with our landlords to encourage them to make space for nature in the wider estate of which we lease part.

During the year we considered the action we could take to further the conservation and enhancement of biodiversity in England in light of new legal duties for all public authorities. We [published a statement](#) setting out how we considered this duty, so that others could scrutinise and learn from our approach.

We adopted a policy to take biodiversity conservation and enhancement into account as part of all relevant strategic and operational decision-making, and set an objective relating to this policy and our work. We make our greatest contribution to nature recovery and biodiversity through the exercise of our functions. An area of focus for our work in the period was to advise, monitor and report on the laws which protect biodiversity and nature in England and Northern Ireland.

Adapting to climate change

We have not yet developed a climate change adaptation strategy.

Our estate consists of our long-term office accommodation in Worcester, and a touchdown space in Belfast available for our home-working staff in Northern Ireland to use. We completed a flood risk assessment, including a climate change risk assessment as part of the processes of occupying our Worcester.

Our information technology is all cloud based and provided by third party providers. The resilience of these suppliers is an important factor in our procurement decisions. We will consider how climate change adaptation can feature in our assessments for future procurement.

Beyond physical assets, our operating model relies on our staff, and access to expertise through consultancy, research and other activities.



Natalie Prosser

Chief Executive and Accounting Officer

22nd October 2024

Accountability report

Accountability report

This accountability report contains three sections: a corporate governance report; a remuneration and staff report and a governance statement. Together they show how the OEP has been governed, controlled and managed to contribute to environmental protection, and the improvement of the natural environment.

Corporate governance report

The directors' report

Board and senior leadership

Our board has the legal authority to exercise the OEP's functions. The composition of our board is described within the governance statement of this report.

The board derives its authority from the Environment Act 2021. The board provides strategic leadership, takes certain decisions and decides who is authorised to take other decisions. It operates in accordance with a [governance framework](#), which is published on our website.

The board has agreed a [delegation policy](#) which confirms the approach we take in exercising our functions and the arrangements in place to provide assurances that we are exercising them effectively and consistently. The board has delegated authority to the Chief Executive and certain other members of our staff for day-to-day leadership and management, and the exercise of specific decisions in support of our functions. The board varied our scheme of delegation in July 2023, delegating further decisions to specific members of staff and amending some existing delegations, generally to reduce the seniority of decision-making given our experience in exercising our functions and the organisational structures now in place.

Executive leadership

Natalie Prosser was appointed as Interim Chief Executive on 17 November 2021 by the Secretary of State for the Environment, Food and Rural Affairs, at the request of the Chair. This was for a fixed term for the period to 30 June 2022 pending appointment of a permanent Chief Executive. On 1 May 2022, Natalie Prosser was appointed as the OEP's first Chief Executive by the Chair, as provided for in the Environment Act.

The OEP's executive leadership team is formed by the Chief Executive and four executive directors. Each executive director and the Chief Executive was appointed on merit on the basis of fair and open competition, in line with the Civil Service Recruitment Code.

The executive leadership team in the period has been:

| Position | Position holder | Date of Appointment |
|--------------------------|------------------------------|---|
| Chief Executive | Natalie Prosser | 17 November 2021 to 30 April 2022 as Interim Chief Executive 1 May 2022 |
| General Counsel | Peter Ashford | 1 January 2022 |
| Chief of Staff | Richard Greenhous | 17 January 2022 |
| Chief Insights Officer | Professor Robbie McDonald | 20 September 2022 to 31 March 2025 |
| Chief Regulatory Officer | Helen Venn | 1 March 2022 |

Professor Robbie McDonald was appointed to this post on secondment from the University of Exeter on an interim basis on 20 September 2022, and subsequently appointed on long-term basis on 13 March 2023. This arrangement is on a 0.8 FTE basis and expires on 31 March 2025. Professor Robbie McDonald will commence his role as Chief Insights Officer on permanent full time basis from November 2024.

The notice period for permanently employed executive directors and senior officials is 3 months. The notice period for the Chief Insights Officer is 1 month during the period of his secondment. This is the same for most seconded staff.

The composition of the management committees of the OEP is described in the governance statement of this report.

Statement of Accounting Officer's responsibilities

The Environment Act 2021 requires the OEP to prepare a statement of accounts in the form specified by the Secretary of State.

The Secretary of State for Defra has directed the OEP to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the OEP and of its income and expenditure, statement of financial position and cash flows for the financial year.

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

- observe the Accounts Direction issued by Defra, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in FrEM have been followed, and disclose and explain any material departures in the accounts
- prepare the accounts on the going concern basis

- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable

The Principal Accounting Officer for Defra designated the Interim Chief Executive and then the Chief Executive as Accounting Officer of the OEP. The responsibilities of an Accounting Officer are set out in *Managing Public Money* published by HM Treasury. These include responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the OEP's assets.

Preparation and audit of the accounts

The accounts have been prepared under a direction issued by Defra and are audited by the Comptroller and Auditor General.

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

Governance statement

The Accounting Officer is responsible for maintaining a system of internal control that supports the achievement of the OEP's policies, aims and objectives, while safeguarding public funds and departmental assets. This is in accordance with the responsibilities assigned in the HM Treasury publication [Managing Public Money](#).

The Accounting Officer ensured that proportionate controls were in place, and that these were applied in a system of effective governance. She received assurances during the period to ensure that these controls and the system of governance were effective.

This governance statement describes how these duties have been carried out by the Accounting Officer, the supporting structure and assurances in place in the period and those disclosures relevant to make in relation to the system of governance and control.

Overall system of governance

The framework document which sets out the governance, accountability and funding arrangements between the OEP, Defra and DAERA was in negotiation in the period, and remains in negotiation at the date of publication. In the absence of a framework document, the OEP followed relevant guidance and standards including *Managing Public Money* and Cabinet Office Spend Controls.

The board agreed in principle to a draft framework document prepared in conjunction with HM Treasury, Defra and DAERA officials in July 2023. Whilst this was not agreed by the relevant decision-makers in Defra and DAERA in the period, we developed plans to and then followed the intended requirements of the framework document agreed in principle. Many of the likely expectations of the framework document were in place throughout the period or were put in place during the year.

Our internal governance framework has been designed to comply with HM Treasury's Code of Good Practice for Corporate Governance, as is appropriate for an independent non-departmental public body, and consistent with the provisions for our governance in the Environment Act 2021. Our operations are designed to comply with the mandatory requirements of the relevant government functional standards.

Our arrangements differ in limited circumstances set out here. The board has decided not to constitute a nominations committee, and instead consider such matters itself.

Our organisational structure envisages the role of Head of Finance and Corporate Services to be the senior officer responsible for finance and to hold the role of Finance Director envisaged by Managing Public Money. The board decided on these arrangements to be proportionate for the size and nature of the OEP and the complexity of our operations. The Head of Finance and Corporate Services has a right of attendance at all meetings of the board, and to give advice to the Accounting Officer or the board at their discretion at any time.

This role was vacant from 14 July 2023 to 1 October 2023. In this period, the Principal Finance Officer was the senior officer responsible for finance, and the Chief Executive extended these responsibilities, rights of attendance and rights to give advice to the Principal Finance Office for this period.

In 2022/23, the arrangements for our governance were reviewed by Defra under the Cabinet Office's Arm's-length Body Review programme. It found the OEP to be in good health, with plans in place to meet the minimum requirements of an Arm's-length Body. [The 12 recommendations of this review are published](#). Our approach to governance, strategy and performance management was audited by our internal auditors in 2022/23.

The board

The board is the legal authority of the OEP. The Environment Act 2021 sets out how its members are to be appointed.

The Chair and two to five non-executive board members are appointed by the Secretary of State for Environment, Food and Rural Affairs in England. One non-executive member is appointed by the Department of Agriculture, Environment and Rural Affairs in Northern Ireland.

Natalie Prosser, the first permanent Chief Executive was appointed by the Chair on 1 May 2022. Future Chief Executives are to be appointed by the board.

The board must also appoint one to three employees as executive members. The board has decided to appoint one executive member, and for that to be an executive director of the OEP. This appointment will be made for a six-month period in rotation between the executive directors, with the exception of the General Counsel. During his secondment to the role of Chief Insights Officer, Professor Robbie McDonald is not eligible to be appointed as an executive member of the board. The executive member of the board is therefore either the Chief of Staff or the Chief Regulatory Officer in rotation.

In the period, the Secretary of State for Environment, Food and Rural Affairs reappointed Julie Hill MBE to the board for a second term and extended the first term of Professor Richard Macrory CBE. Changes to their terms of appointment are included in the information below. In the period, the board was formed by:

| Appointee | Role | Term |
|-------------------------------|---|--|
| Dame Glenys Stacey | Chair | 1 February 2021* to 31 January 2026 |
| Natalie Prosser | Chief Executive | 17 November 2021 to 30 April 2022~ From 1 May 2022# |
| Malcolm Beatty OBE | Non-executive member appointed by DAERA | 1 April 2022 to 31 March 2027 |
| Richard Greenhous | Executive member appointed by the OEP | 1 February 2023 to 31 July 2023 1 February 2024 to 31 July 2024 |
| Julie Hill MBE | Non-executive member appointed by Defra | 1 July 2021* to 30 June 2024 1 July 2024 to 30 June 2028 |
| Professor Dan Laffoley | Non-executive member appointed by Defra | 1 July 2021* to 30 June 2025 |
| Dr Paul Leinster CBE | Non-executive member appointed by Defra | 1 July 2021* to 30 June 2025 |
| Professor Richard Macrory CBE | Non-executive member appointed by Defra | 1 July 2021* to 30 June 2024 1 July 2024 to 31 March 2025+ |
| Helen Venn | Executive member appointed by the OEP | 1 August 2023 to 31 January 2024 |

* These appointments were made on a designate basis before the OEP was legally created, and became appointments to the board of the OEP on 17 November 2021, when the OEP was legally created.

~ Natalie Prosser was a member of the board in the role of Interim Chief Executive until her appointment as Chief Executive on 1 May 2022

This appointment has no determined end-date. The OEP Chief Executive is an ex-officio member of the board.

+ Professor Richard Macrory's term was extended for the period from 1 July 2024 to the earlier of 31 March 2024 or such time as further appointments to the board are made by the Secretary of State for Environment, Food and Rural Affairs

The board held nine ordinary and six extraordinary meetings and two strategy days from 1 April 2023 to 31 March 2024. Minutes and papers of board meetings are published on [our website](#), ordinarily within two months of being approved by the board.

Owing to vacancies in our Board secretariat and related functions, we experienced challenges maintaining this schedule in early 2024 resulting in a delay in the publication of minutes for the period from 1 January 2024. Publication of minutes is now being brought up to date.

The regular business of the board included: agreeing minutes from previous meetings and the matters arising; considering a report of the Chief Executive setting out progress in delivering our strategic objectives; considering reports about finance and risk and other matters escalated by the Chief Executive.

In addition, the board regularly considered decisions reserved to it in law, or under our delegation policy. This includes approval of our annual report to Parliament on progress in improving the natural environment in England; advice to Ministers, or departments of the Northern Ireland Executive; considering strategically significant decisions to begin investigations into potential failures to comply with environmental law by a public authority, and receiving reports on the progress of such investigations; considering the objectives and scope of reports initiated into the implementation of environmental law, and; the review of our strategy and enforcement policy, annual report and accounts, corporate plan and budget, and significant policies, contracts and other corporate matters.

Data and information were provided to the board within the formal reports it received. This included information on complaints received, risks, progress in delivering our corporate plan and certain other performance information. All information provided to the board was scrutinised and assured by the executive leadership in advance. The board judged the information it received proportionate and of appropriate quality.

Committees of the board

In the period there was one committee of the board, the audit and risk assurance committee (ARAC).

The ARAC is a permanent sub-committee of the board to support it and the Chief Executive as Accounting Officer in their responsibilities for risk, control and governance. It also oversees internal and external audit arrangements covering both financial and non-financial systems.

The ARAC met five times in the period. It is chaired by Dr Paul Leinster CBE and Professor Dan Laffoley is a second non-executive board member. An independent member is also appointed to the ARAC to bring expertise relevant to the ARAC's remit. The Head of Internal Audit and external auditor also routinely attended and reported to the ARAC.

| Appointee | Role | Term |
|------------|---|------------------------------------|
| Kieran Rix | Independent member appointed by the OEP | 1 January 2022 to 31 December 2024 |

The regular business of the ARAC included: agreeing minutes from previous meetings; considering an action tracker; considering the financial report; considering the risk report; considering deep dives into areas of strategic risk in accordance with a programme decided by the ARAC; considering reports from our internal and external auditors; considering reports on health and safety, mandatory training completion, fraud, security and whistleblowing.

In addition, the ARAC considered other business. This included recommending the annual report and accounts to the board for approval; considering the audit planning report; considering the internal audit opinion; considering significant policies relevant to its work, including financial policies and procedures, the risk framework and the business continuity policy.

Board effectiveness

The board appointed an independent consultant to review its effectiveness in accordance with Cabinet Office and other relevant guidance and good practice. The board decided to conduct an independent review after its first year of operation to provide early independent assurance of its own effectiveness.

The review reported to the Board in the period. It reported that the board is working well and showing the attributes of an effective board. The board endorsed the findings of the review and agreed a plan to improve its effectiveness, in response to its recommendations. Areas of focus include ensuring sufficient time for the board to focus on its most strategic discussions, and to develop a medium-term plan to consider strategic questions as to how the OEP can best secure the impact we intend.

Board and committee attendance

The board has adopted a [governance framework](#) to govern its business. This includes a code of conduct for the board consistent with the [seven principles of public life](#) and the [code of conduct for board members of public bodies](#).

Members' attendance at the board and committees on which they served is shown below:

| Appointee | Board Meetings | Strategy Day | ARAC |
|---------------------------|------------------|----------------|----------------|
| Dame Glenys Stacey | 15 of 15 (100%)* | 2 of 2 (100%)* | n/a |
| Natalie Prosser | 15 of 15 (100%) | 2 of 2 (100%) | n/a |
| Richard Greenhous | 6 of 6 (100%) | 1 of 1 (100%) | n/a |
| Julie Hill MBE | 15 of 15 (100%) | 2 of 2 (100%) | n/a |
| Prof. Dan Laffoley | 15 of 15 (100%) | 2 of 2 (100%) | 5 of 5 (100%) |
| Dr. Paul Leinster CBE | 14 of 15 (93%) | 2 of 2 (100%) | 5 of 5 (100%)* |
| Prof. Richard Macrory CBE | 15 of 15 (100%) | 2 of 2 (100%) | n/a |
| Malcolm Beatty OBE | 5 of 15 (33%) | 1 of 2 (50%) | n/a |
| Kieran Rix | n/a | n/a | 4 of 5 (80%) |
| Helen Venn | 9 of 9 (100%) | 1 of 1 (100%) | n/a |

* denotes the chair.

Executive Directors not appointed to the Board, the Head of Finance and Corporate Services, Head of Communications and Strategic Engagement and the Head of Business Strategy and Planning routinely attend meetings of the Board, workshops and relevant committee meetings. Other staff members attend to support the consideration of business before the board. During the period, the Northern Ireland Lead routinely attended the Board to provide additional experience and expertise in relation to environmental law and policy in Northern Ireland at times when Malcolm Beatty OBE, the Board member appointed by DAERA, was unable to attend due to ill health.

The Board also invited external parties to a small number of its meetings and strategy discussions to provide additional context to its deliberations. In the period, these include academics, employees of non-governmental organisations working for environmental protection and improvement, employees of local authorities and government agencies, and business leaders. None of these were present when the Board considered decisions, or participated in decision-making of the Board.

Significant interests

Every 12 months, board members and executive directors are required to complete a declaration of interests in which they must disclose any financial and non-financial interests of their own, their partner or any immediate family members. In addition, any new interests are required to be declared as they arise. Where a member’s interest may represent a conflict, arrangements are put in place by the Chair to manage the risk.

As a further safeguard, at the start of each board meeting, members are asked to declare if they have any interests which they believe conflict with any item on the meeting agenda. This is recorded in the minutes.

The directorships and other significant interests of members of the board and its committees are shown below.

During the year, Julie Hill MBE and Dr Paul Leinster CBE were recused from discussions and decisions relating to certain items of the Board’s business in light of their previous roles as a board member and Chief Executive of the Environment Agency respectively.

| Name | Type of interest | Organisation | Start date | End date |
|-----------------------|----------------------------|--|---------------|---------------|
| Dame Glenys Stacey | Paid advisor | Ministry of Justice | | n/a |
| | Trustee | Tetbury Hospital Trust | July 2023 | n/a |
| Natalie Prosser | Lay advisor (voluntary) | Warwickshire multi-agency public protection arrangements (MAPPA) | April 2019 | April 2025 |
| Richard Greenhous | None to declare | n/a | n/a | n/a |

| Name | Type of interest | Organisation | Start date | End date |
|--------------------|---|---|--------------|---------------|
| Julie Hill MBE | Chair and board member | Waste and Resources Action Programme (WRAP) | n/a | November 2022 |
| | Board member | Accelerating Growth Fund (subsidiary of WRAP) | n/a | November 2022 |
| | Vice-chair, advisory committee on social science | Food Standards Agency | n/a | October 2022 |
| | Chair, advisory committee on social science | Food Standards Agency | October 2022 | n/a |
| | Chair | Institution of Environmental Sciences | n/a | April 2026 |
| | Associate | Green Alliance | n/a | n/a |
| | Fellow | Royal Society of Arts | n/a | n/a |
| | Advisory Board member | Etsaw Ventures | 2023 | 2025 |
| | Chair | Expert Advisory Group to the Enhanced Rock Weathering Greenhouse Gas Removal Demonstrator | n/a | 2025 |
| | Honorary Research Fellow | Bartlett School, University College London | 2024 | 2027 |
| Visiting Professor | University of Surrey | 2019 | 2025 | |
| Prof. Dan Laffoley | Director | Ocean Innovations Ltd | n/a | n/a |
| | Director | Sargasso Sea Commission | n/a | n/a |
| | Chair | Mission Blue Hope Spot Council | n/a | n/a |
| | Emeritus Marine Vice Chair/Chair's Advisory Group | IUCN World Commission on Protected Areas | 2022 | n/a |
| | Fellow | Marine Biology Association | n/a | n/a |
| | Fellow | Royal Geographical Society | n/a | n/a |
| | Fellow | Linnean Society | n/a | n/a |
| | Fellow | Royal Society of Biology | n/a | n/a |
| | Overseas Fellow | The Explorers' Club | n/a | n/a |

| Name | Type of interest | Organisation | Start date | End date |
|---------------------------|------------------------|---|---------------|---------------|
| Dr Paul Leinster CBE | Chair | bpha Housing Association | April 2018 | August 2024 |
| | Non-executive director | Flood Re Ltd | October 2015 | March 2023 |
| | Non-executive director | Delphic HSE Ltd | October 2015 | n/a |
| | Chair | Water Resources East Ltd | April 2021 | March 2026 |
| | Chair | Bedfordshire Local Nature Partnership | December 2016 | n/a |
| | Chair | Upper Bedford Ouse Catchment Partnership | June 2023 | n/a |
| | Chair | Oxford Cambridge Arc Environment and Infrastructure Working Groups | n/a | March 2022 |
| | Chair | Oxford Cambridge Pan Regional Partnership Water Leadership Group | May 2022 | n/a |
| | Non-executive director | Oxford Cambridge Pan Regional Partnership | November 2023 | March 2025 |
| | Member | Oxford Cambridge Pan Regional Partnership Environment Working Group | May 2022 | March 2025 |
| | Member | Natural Capital Committee | n/a | December 2021 |
| | Fellow | Royal Society of Chemistry | n/a | n/a |
| | Trustee | Bromham Baptist Church | n/a | October 2023 |
| | Visiting Professor | Cranfield University | n/a | n/a |
| Prof. Richard Macrory CBE | Master of the Bench | Grays Inn | n/a | n/a |
| | Honorary Patron | UK Environmental Law Association | n/a | n/a |
| | Honorary Fellow | Chartered Institute of Waste Management | n/a | n/a |

| Name | Type of interest | Organisation | Start date | End date |
|--------------------|-------------------------|--|---------------|---------------|
| Malcolm Beatty OBE | Director | Field Studies Council | n/a | n/a |
| | Director | Centre Ministries | n/a | n/a |
| | Governor | St Colman's High School & Sixth Form College | n/a | n/a |
| | Fellow | Chartered Institute of Public Finance and Accountancy | n/a | n/a |
| | Fellow | Institute of Chartered Foresters | n/a | n/a |
| | Fellow | Royal Society of Biology | n/a | n/a |
| Helen Venn | Non-executive director | Environmental Trust Scheme Regulatory Body | January 2024 | December 2026 |
| Kieran Rix | Director | Electoral Commission | February 2018 | April 2023 |
| | Chief Operating Officer | Independent Commission for Reconciliation and Information Recovery | November 2023 | n/a |
| | Director | London & Partners Ltd. | April 2024 | November 2024 |
| | Fellow | Chartered Institute of Public Finance & Accountancy | n/a | n/a |

The directorships and other significant interests of executive directors who are not members of the board are as follows:

| Name | Type of interest | Organisation | Start Date | End Date |
|---------------------------|--|--------------------------|----------------|--------------|
| Peter Ashford | None to declare | | n/a | n/a |
| Professor Robbie McDonald | Professor and Chair in Natural Environment | University of Exeter | September 2011 | October 2024 |
| | Fellow | Royal Society of Biology | December 2022 | n/a |
| | Trustee and vice-chair | Vincent Wildlife Trust | December 2017 | n/a |

During the period we updated our conflicts of interest policy for all staff, improving guidance on the controls available, which are to be applied in different circumstances, and clarifying where escalation of decisions on conflicts should be made. We also completed our first annual declarations of interest for all staff. Records of specific declarations of interest and associated controls are maintained within each investigation and enforcement activity, as an additional and supplementary control.

Executive governance

The Chief Executive established an executive committee to advise her in the discharge of her delegated authority from the board, to provide a forum for assurance, scrutiny and challenge of recommendations and information provided to the board and to provide leadership for the business of the OEP.

The executive committee is constituted by the Chief Executive, the executive directors, the Head of Business Strategy and Planning, the Head of Finance and Corporate Services and the Head of Communications and Strategic Relations and the Northern Ireland Lead. The Data Protection Officer has the right to attend the executive committee. In the period in which the role of Head of Finance and Corporate Services was vacant, the Principal Finance Officer had a right to attend the executive committee.

The business of the executive committee included the assurance of information provided to the board and the analysis supporting recommendations for the decisions of the board. It also regularly considered finance, people issues and organisational performance and risk.

Risk management

Our risk framework defines the approach to identify, manage and report on risk decided by the board, and scrutinised by the ARAC. It is based on HM Treasury's [Orange Book: Management of Risk – Principles and Concepts](#). The risk framework was reviewed in the period, and subsequently assured by the ARAC in May 2024 before being adopted.

All OEP staff have responsibility for identifying and escalating risks. All decisions of the OEP's executive committee, board and any board committee are supported by an analysis of risk.

Risks to the OEP's objectives and strategic goals are escalated to the strategic risk register, which is reviewed by the executive committee no less than quarterly. The strategic risk register is scrutinised by the ARAC in each of its meetings and considered by the board quarterly.

The management of operational risk is delegated to executive directors, supported by operational risk champions in each directorate and by project leads for each significant project.

In accordance with the draft framework document, we report relevant risks to Defra and DAERA on a quarterly basis which could have an impact beyond the OEP, and which require a wider approach to mitigate and control. These can be escalated within Defra or DAERA to the appropriate governance forums in which they can be managed.

Our approach to managing risk was provided an assessment of substantial assurance in the internal audit in 2022/23. ARAC has played an active role in further developing the approach, supporting improvements in risk recording and reporting in year. This has included the setting and monitoring of risk tolerances for each of our strategic risks, to guide mitigative actions and controls.

The strategic risk register has remained generally stable through the year. Strategic risks or issues that have been reported in the 2023/24 period include:

- **Risks that we do not have the influence we intend in each of England and Northern Ireland.** Some of our functions make recommendations to Government, Parliament or other parties. These depend therefore on the influence those recommendations have with those who received them. We mitigate this risk through engagement, and the objective, evidence-led and impartial basis to our work. We plan to develop the approach we take to measure our impact, over time.
- **A risk that the lack of timely and effective cooperation with Defra fetters our ability to discharge our statutory duties.** Much of our work requires cooperation from public authorities, including through the provision of information. All public authorities have a duty to cooperate with us, set out in the Environment Act. During the year, we experienced challenges in securing cooperation from Defra in the way we had expected. In mitigation, we worked with Defra to develop processes and principles to improve effective and efficient cooperation between us, and to escalate issues as appropriate.
- **A risk that the OEP has insufficient access to expertise to fulfil its strategy and workplan.** Our size relative to the breadth of our remit make this a notable risk to the effective delivery of our functions in each of England and Northern Ireland. In mitigation, we recruited in year, established greater capacity and efficiency in our work with external experts, researchers and other suppliers, and established our College of Experts to broaden the routes to secure such expertise.
- **A risk that the OEP's funding is insufficient** for future years. We set out above our assessment that we were sufficiently funded to fulfil our functions in the period, but we are not yet funded to the extent required to deliver as Parliament and the Assembly intended. In the medium term, we aim to mitigate this risk through Defra and DAERA's review of our long-term resourcing needs including within government spending review processes, as well as by continually improving our own efficiency.
- **A risk that the OEPs has a material under or overspend.** We aim to maximise the value we create from the resources made available to us. Over the course of the year, our improvements to financial reporting and control allowed us to be increasingly effective and confident in managing this risk.
- **A risk that a cyber security or business continuity event causes disruption to the OEP.** We have controls in place through the contractual arrangements for our information management technology and estate. We developed and tested our business continuity management approach further in year.
- **A risk that the Board of the OEP is not quorate.** The coincidence of the expiry of the terms of two members of our Board and sickness absence, created a risk to quoracy of our Board. This was escalated to Defra and mitigating steps taken including through the appointments to the Board outlined elsewhere in this report.

During this reporting period the following risks were reported as strategic risks, but de-escalated to be managed by Executive Directors:

- **A risk that the independence of the OEP is, or is seen to be, fettered.** The independence of our judgements and actions is central to the confidence the public and stakeholders have in us, and the effectiveness of our activities and recommendations. With embedded controls developed, we judged this risk to be within our risk tolerance and de-escalated it to directorate management.
- **A risk that the wellbeing of the OEP's staff is impacted.** We monitor this through our annual people and other surveys and address concerns as needed with an in-year action plan. With this system established and operating, we de-escalated to directorate management.

Financial governance and control

We continued to develop our system of financial governance and control during the reporting period, continually improving the content, presentation and timeliness of our financial reporting. The ARAC played a significant role in guiding the development of our financial reporting to meet the needs of all users, and in line with good practice.

In the prior year, 2022/23, there were delays in the production of regular monthly management accounts and in carrying out the intended system-led control of bank reconciliations due to challenges in recruiting to the finance team and subsequent delays to the accounting function set up. Separate checks were carried out to mitigate against the risks of fraudulent transactions occurring through the bank. An action plan in respect of these issues was agreed with our external auditors, overseen and scrutinised by the ARAC and Accounting Officer, and discharged before completion of the audit of the prior year's accounts.

Bank reconciliations were maintained on monthly basis throughout the full 2023/24 reporting period, and regular management information was provided to both the Executive Committee, ARAC and the Board.

Financial delegations are agreed by the board within a wider system of oversight and control to provide assurance on how delegated decisions are being taken. In 2023/24, authority to spend budget relevant to the Insights directorate was delegated to the Chief Insights Officer in accordance with our Financial Scheme of Delegation. As noted above, the Chief Insights Officer is seconded to the OEP. After period end, the Chief Executive received advice that the specific provisions of the Environment Act require functions to be delegated to employees of the OEP. This delegation has therefore been withdrawn for 2024/25.

Internal Audit

The Government Internal Audit Agency (the GIAA) is appointed to provide the OEP's internal audit service in March 2022.

The ARAC agreed an internal audit plan for 2023/24 in January 2023 within an indicative three-year audit programme.

Six audit activities were delivered in 2023/24, four which provided an assurance rating and two on an advisory basis. There were no variations to the plan in year.

The GIAA uses four classifications to summarise its opinion of its assurance on the matters subject to audit: substantial, moderate, limited or unsatisfactory. Individual audits completed in year and the GIAA's opinion for each are set out below.

| Audit title | Opinion |
|--|----------------|
| Data and information management | Moderate |
| Strategy review | Moderate |
| Commissioning process | Moderate |
| Budgetary control and management information | Moderate |
| Assurance mapping | n/a – advisory |
| Workforce planning | n/a – advisory |

We agreed a response to each of the 9 recommendations made during the course of the GIAA's work during the year. Progress in implementing these was reported to the ARAC.

At the end of the year, the status of these was as follows. Extensions to the timeline for these actions were discussed by the ARAC, which instigated improved oversight of the closure of actions by the executive committee.

| Status | 2023/24 | 2022/23 |
|-------------|---------|---------|
| Cleared | 0 | 15 |
| Overdue | 1 | 4 |
| Not yet due | 8 | 0 |

The Head of Internal Audit annual opinion and report to the ARAC for 2023/24 assessed their assurance of our framework of governance, risk management and control as moderate in its overall adequacy and effectiveness. This means that some improvements are required to enhance the adequacy and effectiveness of the framework.

Whistleblowing

We are committed to high standards of integrity, honesty, objectivity and impartiality in all that we do, including through our arrangements for whistleblowing from our staff. We received no internal whistleblowing reports.

The OEP became prescribed person in law in Northern Ireland in November 2022 and in England in December 2022. As a prescribed person, the OEP can receive whistleblowing reports from employees of public authorities in England or Northern Ireland who wish to raise concerns about wrongdoing, risk, or malpractice, relating to environmental law at their workplace.

One whistleblowing report was received from an individual, external to the OEP, in the period. This was reviewed, but no action was deemed to be necessary as a result of the report. We received one further disclosure which was not a whistleblowing report, and was handled in line with our general procedures for enquiries.

Information management and data security

We have established policy and procedures to ensure information assets are handled appropriately. All OEP staff were asked to complete information data handling courses within induction processes, and annually. Compliance with such mandatory training is reported to the ARAC.

There were no data security lapses that were deemed to be significant or critical during the period. There were no personal data incidents to report to the Information Commissioners' Office.

There have been four non-reportable incidents during this period. The ARAC received reports in the year to provide assurance on the management of these and process and actions taken against themes identified. All incidents were resolved, and appropriate controls were put in place where necessary.

Business continuity plans

We developed a business continuity policy and plan, which was agreed in April 2023 after scrutiny by the ARAC. We experienced no business continuity events. We will develop test plans in respect of our policy and plan.

Business-critical analytical models

The OEP had no business-critical analytical models in the reporting period. We [published a methodological statement](#) alongside our annual report on progress in improving the natural environment in England setting out our assessment approach, including the data sources we used, our analytical methods and the stakeholder engagement we undertook.

Fraud

We have a counter fraud policy and fraud response plan. As part of the implementation approach, the GIAA provided training made available to all OEP staff on fraud awareness. This supplemented mandatory training on fraud, bribery and corruption completed by all staff. We participated in Defra's counter fraud networks.

A report on fraud was provided to the ARAC in each of its meetings in year. There were no reported fraud instances in the period.

The OEP did not administer any COVID-19 government support schemes or any grant or other schemes of distribution and there is therefore no related fraud or error to report.

Remuneration and staff report

The OEP has its own independent employment contracts, recruitment and remuneration policies, which are separate from Defra and DAERA. We are a non-departmental public body accredited with the Civil Service Commission which means that while OEP staff are not civil servants, the OEP adheres to Civil Service Recruitment Principles.

The OEP applies Senior Civil Service (SCS) terms for the remuneration of Executive Directors. Remuneration policy for grades below Executive Director is decided by the OEP. The board has decided to abide by the public sector pay controls and public sector pay terms and guidance.

Service contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit, on the basis of fair and open competition. The recruitment principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise. While OEP staff are not civil servants but public servants we have chosen to adopt a recruitment approach which is consistent with these principles.

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

Further information about the work of the Civil Service Commission can be found on the [Civil Service Commission website](#).

Remuneration policy

The remuneration of the Senior Civil Service (SCS) (and therefore the OEP's Executive Directors, as opted into this policy) is set by the Prime Minister following independent advice from the Senior Salaries Review Body (SSRB). The Cabinet Office advises departments in March or April each year of the government's response to the SSRB recommendations and produces guidance for departments and network bodies to follow.

The OEP develops the Executive Directors Reward Strategy within the Cabinet Office Framework, ensuring that the overall pay awards for the Executive Directors are within the cost ceiling allowed.

Executive Directors are eligible to be considered for individual levels of bonus as non-pensionable, non-consolidated variable pay (NCVP), based on their performance. NCVP is paid in the financial year after that in which it was earned. NCVP values, informed by each individual's appraisal grade, are paid within Cabinet Office guidelines.

Remuneration – salary, benefits-in-kind and pensions (audited)

The following sections provide details of the remuneration and pension interests of the OEP’s Directors and Chief Executive. Single total figure of remuneration.

| Officials | Salary (£'000) | | Bonus payments (£'000) | | Pension benefits (£'000) | | Benefits-in-kind (£'000) | | Total (£'000) | |
|---|----------------|---------|------------------------|---------|--------------------------|---------|--------------------------|---------|---------------|---------|
| | 2023/24 | 2022/23 | 2023/24 | 2022/23 | 2023/24 | 2022/23 | 2023/24 | 2022/23 | 2023/24 | 2022/23 |
| Natalie Prosser Chief Executive | 115–120 | 110–115 | 0–5 | – | 55–60 | 10–15 | – | – | 155–160 | 125–130 |
| Peter Ashford General Counsel | 90–95 | 85–90 | 0–5 | – | 30–35 | 30–35 | – | – | 120–125 | 115–120 |
| Richard Greenhous Chief of Staff | 90–95 | 85–90 | 0–5 | – | 25–30 | 35–40 | – | – | 120–125 | 125–130 |
| Helen Venn Chief Regulatory Officer | 95–100 | 90–95 | 0–5 | – | (25–30) | 35–40 | – | – | 130–135 | 130–135 |
| Dr. Simon Brockington Chief Insights Officer | – | 40–45 | 0–5 | – | – | 15–20 | – | – | – | 55–60 |

- The value of pension 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 increases due to inflation or any increase or decrease due to a transfer of pension rights.
- Dr. Simon Brockington was in post from the beginning of the 2022/23 year until 16 September 2022. Figures quoted are for the period 1 April 2022 to 16 September 2022. The full year equivalent annual salary banding for 2022/23 is £85,000 to £90,000.

Third party payments 2023/24 (audited)

| Officials | Total costs (£'000) | Total costs (£'000) |
|---|---------------------|--------------------------------------|
| | 2023/24 | 2022/23 |
| Prof. Robbie McDonald Chief Insights Officer | 130–135 | 70–75 (full year equivalent 130–135) |

Prof. Robbie McDonald joined the OEP on secondment from the University of Exeter on 20 September 2022 and continued a secondment in the year 1 April 2023 to 31 March 2024 on an 0.8 FTE basis. The costs shown in this table are based on accrued costs made by the OEP in each financial year and comprise the total costs of the secondment including Basic Salary, Bonus, Pension, National Insurance, Apprenticeship Levy and VAT that will be charged to the OEP by the University of Exeter.

Salary

‘Salary’ includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances, and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by the OEP and thus recorded in these accounts. None of our permanent employees are paid a London allowance.

Benefits-in-kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument.

Bonuses – (audited)

Bonuses are based on performance and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2023-24 relate to performance in 2023-24. No bonuses were issued in 2022-2023.

Fair Pay Disclosures (audited)

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

| | 2023/24 | 2022/23 | 2022/23 |
|---|-----------------|-----------------|-----------------|
| | Including bonus | Including bonus | Excluding bonus |
| Band of highest paid employee total remuneration excluding pension benefits | 130–135 | 120–125 | 110–115 |
| 50th percentile (median) total pay and benefits (£) | 53,173 | 50,453 | 49,499 |
| Ratio | 2.5 | 2.4 | 2.3 |
| 25th percentile (lower) total pay and benefits (£) | 39,910 | 38,167 | 37,367 |
| Ratio | 3.3 | 3.2 | 3.0 |
| 75th percentile (higher) total pay and benefits (£) | 60,456 | 60,031 | 59,341 |
| Ratio | 2.2 | 2.1 | 1.9 |

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.

The median remuneration, 25th percentile pay remuneration and the 75th percentile pay remuneration is based on annualised, full-time equivalent remuneration as at the end of the financial year. Employee remuneration includes temporary employees and secondees covering staff vacancies but excludes consultancy services.

The banded remuneration of the highest-paid employee in OEP in the financial period 2023/24 was £130,000 to £135,000 (2022/23: £120,000 to £125,000). The salary increase in 2023/24 is 8.2%. The highest-paid director remuneration was 2.5 (2022/23: 2.4) times the median remuneration of the workforce, which was £53,173 (£2022/23: £50,453).

The average percentage change from 2022/23 in the salary and allowances of OEP employees as a whole was a decrease of (0.1)%. This reduction is due to new joiners in the 25th percentile with a start date in 23/24 which were not included in 22/23.

The median pay ratio for 2023/24 is consistent with the pay ratio for 2022/23 and in line with the pay, reward and progression policies for the OEP's employees taken as a whole.

In 2023/24, no employees received remuneration in excess of the highest-paid director (2022/23: nil employees). Employee remuneration ranged from £20,000 to £25,000 to £130,000 to £135,000 (2022/23: £25,000 to £30,000 to £120,000 to £125,000). The reduction in 2023/24 is due to new joiners with a start date in 23/24 in the lower bracket which were not included in 22/23.

Compensation for loss of office (audited)

There have been no ex-gratia payments or amounts paid during the year in respect of compensation to former senior managers or to third parties for services of a senior manager (2022/23: £nil).

Civil service pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015, the only scheme was the Principal Civil Service Pension Scheme (PCSPS), which is divided into a few different sections – classic, premium, and classic plus provide benefits on a final salary basis, whilst nuvos provides benefits on a career average basis. 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. All newly appointed civil servants, and the majority of those already in service, joined the new scheme.

The PCSPS and alpha are unfunded statutory schemes. Employees and employers make contributions (employee contributions range between 4.6% and 8.05%, depending on salary). The balance of the cost of benefits in payment is met by monies voted by Parliament each year. Pensions in payment are increased annually in line with the Pensions Increase legislation. Instead of the defined benefit arrangements, employees may opt for a defined contribution pension with an employer contribution, the partnership pension account.

In alpha, pension builds up at a rate of 2.32% of pensionable earnings each year, and the total amount accrued is adjusted annually in line with a rate set by HM Treasury. Members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004. All members who switched to alpha from the PCSPS had 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 accrued pensions shown in this report are the pension the member is entitled to receive when they reach normal pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over normal pension age. Normal 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 in this report show pension earned in PCSPS or alpha – as appropriate. Where a member has benefits in both the PCSPS and alpha, the figures show the combined value of their benefits in the two schemes but note that the constituent parts of that pension may be payable from different ages.

When the Government introduced new public service pension schemes in 2015, there were transitional arrangements which treated existing scheme members differently based on their age. Older members of the PCSPS remained in that scheme, rather than moving to alpha. In 2018, the Court of Appeal found that the transitional arrangements in the public service pension schemes unlawfully discriminated against younger members.

As a result, steps are being taken to remedy those 2015 reforms, making the pension scheme provisions fair to all members. The public service pensions remedy is made up of two parts. The first part closed the PCSPS on 31 March 2022, with all active members becoming members of alpha from 1 April 2022. The second part removes the age discrimination for the remedy period, between 1 April 2015 and 31 March 2022, by moving the membership of eligible members during this period back into the PCSPS on 1 October 2023. This is known as “rollback”.

For members who are in scope of the public service pension remedy, the calculation of their benefits for the purpose of calculating their Cash Equivalent Transfer Value and their single total figure of remuneration, as of 31 March 2023 and 31 March 2024, reflects the fact that membership between 1 April 2015 and 31 March 2022 has been rolled back into the PCSPS. Although members will in due course get an option to decide whether that period should

count towards PCSPS or alpha benefits, the figures show the rolled back position i.e., PCSPS benefits for that period.

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes an age-related basic contribution of 14.75% into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute. 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).

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

Another 'partnership' is available as an alternative, NEST pension. The employer makes an age-related basic contribution of 3% into a stakeholder pension product chosen by the employer from a panel of providers. The employee contributions are 5% before tax relief.

The pension figures quoted for officials in this report show combined pension earned in all schemes as appropriate.

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. These figures also include the value of any pension benefit in another scheme or arrangement which has been transferred to the Civil Service pension arrangements and any additional pension benefit accrued as a result of 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.

Senior Management pension in £'000 (audited)

| Officials | Accrued pension at pension age as at 31/3/2024 and related lump sum | Real increase in pension and related sum at pension age | CETV at 31/3/2024 | CETV at 31/03/2023 | Real increase in CETV |
|---|---|---|-------------------|--------------------|-----------------------|
| Natalie Prosser Chief Executive | 35–40 | 2.5–5 | 628 | 537 | 37 |
| Peter Ashford General Counsel | 5–10 | 0–2.5 | 69 | 39 | 19 |
| Richard Greenhous Chief of Staff | 20–25 plus a lump sum of 50–55 | 0–2.5 plus a lump sum of 0 | 437 | 382 | 4 |
| Helen Venn Chief Regulatory Officer | 30–35 | 0 | 524 | 486 | (24) |
| Taking account of inflation, the CETV funded by the employer has decreased in real terms | | | | | |

- Professor Robbie McDonald’s pension costs are paid for as incurred by the University of Exeter and charged to the OEP.
- No employer contributions were made to partnership pension accounts during 2023/24 (2022/23: £nil) in respect of the OEP’s executive. Employer contributions of £991 were made to partnership pension accounts during 2023/24 in respect of 3 non-executive (2021/22: £850 in respect of 2 non-executive).

Civil Service and other compensation scheme exits (audited)

There were no payments in 2023/24 relating to early retirement, redundancies or loss of office (2022/23- £nil).

External board and ARAC members (audited)

Membership details of the board and the ARAC are detailed in the Governance Statement. The following salaries and benefits-in-kind were paid to the external members:

| Official | 2023/24 | | 2022/23 | |
|----------------------------------|---------------------------------|---------------------------------|---------------------------------|----------------------------------|
| | Salary (as defined above) £'000 | Salary (as defined above) £'000 | Salary (as defined above) £'000 | Benefits-in-kind to nearest £100 |
| Dame Glenys Stacey | 55–60 | – | 55–60 | – |
| Julie Hill MBE | 20–25 | – | 20–25 | – |
| Prof. Dan Laffoley | 20–25 | – | 20–25 | – |
| Dr. Paul Leinster CBE | 20–25 | – | 20–25 | – |
| Prof. Richard Macrory CBE | 20–25 | – | 20–25 | – |
| Malcolm Beatty, OBE | 20–25 | – | 20–25 | – |
| Kieran Rix | – | – | – | – |

- All members of the board were in post at 1 April 2023.
- Benefits in kind relate to reimbursement of home to office travel and reimbursement.
- Julie Hill, Malcolm Beatty and Dan Laffoley received employer contributions to their partnership pensions in 2023/24.

Staff Report

Staff numbers (audited)

At 31 March 2024 we employed 86 staff (81.8 FTE – audited), compared with 74 staff (71.2 FTE – audited) a year prior.

| | 2023/24 | | 2022/23 | |
|----------------------------|---------------------------|---------------|---------------------------|---------------|
| | Number of staff (audited) | FTE (audited) | Number of staff (audited) | FTE (audited) |
| Permanent staff | 68 | 65.1 | 53 | 51.7 |
| Fixed-term appointed staff | 6 | 5 | 2 | 1.6 |
| Seconded staff | 10 | 9.7 | 15 | 13.9 |
| Temporary staff | 2 | 2 | 4 | 4 |
| Total staff | 86 | 81.8 | 74 | 71.2 |

Seconded staff are supplied by other government bodies (9 staff, 8.9 FTE), or other organisations outside of government (1 staff, 0.8 FTE) under a range of terms. Temporary staff are supplied by employment agencies.

The number of full-time equivalent permanent and temporary staff during the period and an analysis of staff-in-post (headcount) by gender are shown on page 77 and 78.

We comply with the equal opportunities legislation and OEP policies on Equality, Diversity and Inclusion (including disability) and Health and Safety.

Staff recruitment

The average number of full-time equivalent employees during the year to 31 March 2024 was as follows:

| Staff | Permanent staff (FTE) | Fixed-term appointed staff (FTE) | Seconded staff (FTE) | Temporary staff (FTE) | 2023/2024 Total | 2022/2023 Total |
|--------------------|-----------------------|----------------------------------|----------------------|-----------------------|-----------------|-----------------|
| Chief of Staff | 16.2 | 0.9 | 4.7 | 2.2 | 24 | 21.8 |
| General Counsel | 9.1 | 0.4 | 2.8 | 0.7 | 13 | 6.6 |
| Insights | 11.6 | – | 1.6 | 0.4 | 13.6 | 10.7 |
| Regulatory | 19 | – | 2.8 | – | 21.8 | 16.2 |
| Total staff | 55.9 | 1.3 | 11.9 | 3.3 | 72.4 | 55.3 |

The number of staff-in-post (headcount) by gender as at 31 March 2024 was as follows:

| Staff | 2023/24 | | | 2022/23 | | |
|--|-----------|-----------|-----------|-----------|-----------|-----------|
| | Male | Female | Total | Male | Female | Total |
| Executive members on the board (all SCS)" | 1 | 2 | 3 | 1 | 2 | 3 |
| Directors (excluding executive members of the board) (all SCS) | 2 | 0 | 2 | 2 | 0 | 2 |
| Other | 38 | 49 | 87 | 36 | 39 | 75 |
| Total staff | 41 | 51 | 92 | 39 | 41 | 80 |
| Non-executive members of the board | 4 | 2 | 6 | 4 | 2 | 6 |

Early departure costs (audited)

The OEP pension benefits are provided through the Civil Service Pension Scheme. Redundancy and other departure costs are therefore paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure or earlier where a demonstrable commitment exists.

There were no payments in 2023/24 relating to early retirement, redundancies or loss of office (2022/23 – £nil).

Staff Turnover

Staff turnover in the year was 24.9% (2022/23 21.7%), this includes planned ends to secondments and contingent labour contracts. Excluding secondees, short term contracts and contingent labour, staff turnover was 4.1%. Only 3 permanent employees left the OEP in the year.

Staff costs (audited) in £

Staff costs consist of the following:

| | Year to 31 March 2024 | | | Period to 31 March 2023 | | |
|-----------------------------|----------------------------|-------------------------|------------------|----------------------------|-------------------------|------------------|
| | Permanently employed staff | Fixed term appointments | Total 2023/24 | Permanently employed staff | Fixed term appointments | Total 2022/23 |
| | £ | £ | £ | £ | £ | £ |
| Wages and salaries | 3,332,576 | 701,653 | 4,034,229 | 2,399,316 | 633,884 | 3,033,200 |
| Social security costs | 393,442 | 76,982 | 470,424 | 294,111 | 65,316 | 359,427 |
| Other pension costs | 868,332 | 140,749 | 1,009,081 | 650,544 | 132,994 | 783,538 |
| Total | 4,594,350 | 919,384 | 5,513,734 | 3,343,971 | 832,194 | 4,176,165 |
| Agency staff | | | 341,025 | | | 189,288 |
| Non-Executive Director fees | | | 102,000 | | | 102,000 |
| Total staff costs | | | 5,956,759 | | | 4,467,453 |

Pensions

Pension benefits provided through the Civil Service pension arrangements are paid from an unfunded multi-employer defined benefit scheme and we are unable to identify our share of the underlying assets and liabilities. The Scheme Actuary valued the scheme as at 31 March 2020. Details are provided in the resource accounts of the Cabinet Office: Civil Superannuation, www.civilservicepensionscheme.org.uk.

For 2023/24, employers' contributions of £856,838 were payable to the Principal Civil Service Pension Scheme (PCSPS) at one of four rates in the range 26.6% to 30.3% of pensionable earnings, based on salary bands. This is in line with 2022/23 employers' contribution taking into account staffing levels (2022/23: £633,089). The Scheme Actuary reviews employer contributions usually every four years following a full scheme evaluation. The contribution rates are set to meet the cost of the benefits accruing during 2023/24 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employers' contributions were also paid in relation to secondees and establishment support from Defra.

No individuals retired early on ill-health grounds during the year and therefore no additional pension liabilities have been accrued for this purpose.

Sickness absence data

The total full-time equivalent days lost through staff sickness absence in the year was 228.5 days (2022/23 102 days). The average working days lost per employee during the year was 3.2 days per FTE (2022/23 1.9 days per FTE). Short term sickness absences of 35 days or less was 2.7 days per FTE (2022/23 1.9).

Tax arrangements of public sector appointees

As part of HM Treasury's review of tax arrangements of public sector appointees, departments and their arms-length bodies are required to publish information in relation to the number of off payroll engagements costing over £245 per day that were in place as at 31 March 2024.

All of our existing off-payroll engagements have at some point been subject to a risk-based assessment to determine whether the contract is within the scope of IR35

| | |
|---|----------|
| Number of existing engagements as at 31 March 2024 | 1 |
| Of which, number that have existed: | |
| Less than 1 year | 1 |
| For between 1 and 2 years | – |

Some of our contractors were engaged in the year to temporarily fulfil roles that will be on payroll once recruitment has been completed. For all off-payroll appointments engaged at any point during the year ended 31 March 2024 and earning at least £245 per day.

| | |
|--|----------|
| Number of appointments in force between 1 April 2023 and 31 March 2024 | 4 |
| Of which: | |
| Number determined as in-scope of IR35 | 4 |
| Number determined as out-of-scope of IR35 | – |
| Number of engagements reassessed for compliance or assurance purposes during the period | – |

Off-payroll engagements of board members and/or senior officials with significant financial responsibility between 1 April 2023 and 31 March 2024.

| | 2023/24 |
|--|-----------------------------|
| Number of off-payroll engagements of Board members, and/or senior officials with significant financial responsibility | – |
| Total number of individuals on-payroll and off-payroll that have been deemed “board members, and/or senior officials with significant financial responsibility” | Board members x 3 |
| | (1 x CEO, 2 x Directors) |
| | Non-Executive Directors x 6 |

Consultancy and temporary staff expenditure

| | 2023/24 | 2022/23 |
|------------------------------------|------------------|----------------|
| Consultancy | 1,105,824 | 785,699 |
| Temporary staff expenditure | 341,025 | 189,288 |
| Total | 1,446,849 | 974,987 |

Additional specialised skills have been required to support the continued establishment of the OEP, and to exercise our functions. The OEP is a small organisation with a wide remit. Specialist expertise is required to supplement in house expertise on specific issues. Consultants are engaged when it is better value for money to do so on specific programme work and when specialised skills are required. Expenditure on temporary staff has provided additional resources to meet short term needs and cover for the backlog in filling vacancies.

Health and safety

Our policies and procedures are based on Defra group practice and our Health & Safety lead engages with the cross-Defra Health & Safety group to utilise best practice. No work-related incidents were reported by employees during 2023/24. There have been two near misses reported. ARAC receive reports on Health and safety incidents (along with instances of fraud, security incidents, whistleblowing and mandatory trainings completion updates) at each of its meetings. There were no material incidents reported in the year.

People Survey

Our second staff survey was undertaken in March 2024. Our staff engagement score was 89% (82% in March 2022) which is 13% higher than the relevant public sector benchmark.

Trade union recognition

Our Partnership Agreement with the Prospect Union has been in place since 1 June 2023. The Agreement forms the basis of our ongoing engagement with the Union in terms of consultation, negotiation, the election of representatives and disputes.

Parliamentary accountability and audit report

Regularity of expenditure

We have considered all our activities during the year and confirm that they are in accordance with the legislation authorising them.

Losses and special payments

Managing Public Money requires a statement showing losses and special payments by value and type to be shown where they exceed £300,000 in total, and those individually that exceed £300,000.

Losses may relate to cash and stores losses; book-keeping losses; losses arising from failure to make adequate charge for the use of public property or services, fruitless payments, and claims abandoned as well as frauds. Special payments may relate to extra contractual, extra statutory, and ex gratia payments and compensation.

There were no losses or special payments that need to be reported in accordance with Managing Public Money.

Contingent liabilities

There were no contingent liabilities as at 31 March 2024.

Remote contingent liabilities

In addition to contingent liabilities reported within the meaning of IAS 37, Provisions, Contingent Liabilities and Contingent Assets, the OEP discloses, for parliamentary reporting and accountability purposes, liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of a contingent liability. As at 31 March 2024 there are nil to report.



Natalie Prosser

Chief Executive and Accounting Officer

22nd October 2024

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament and the Northern Ireland Assembly

Opinion on financial statements

I certify that I have audited the financial statements of the Office for Environmental Protection for the year ended 31 March 2024 under the Environment Act 2021.

The financial statements comprise the Office for Environmental Protection's

- Statement of Financial Position as at 31 March 2024;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

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

In my opinion, the financial statements:

- give a true and fair view of the state of the Office for Environmental Protection's affairs as at 31 March 2024 and its net expenditure for the year then ended; and
- have been properly prepared in accordance with the Environment Act 2021 and Secretary of State directions issued thereunder.

Opinion on regularity

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

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I am independent of the Office for Environmental Protection in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

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

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

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

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

Other Information

The other information comprises the information included in the Annual Report but does not include the financial statements and my auditor's certificate and report thereon. The Chief Executive as the Accounting Officer is responsible for the other information.

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

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Environment Act 2021.

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

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with Secretary of State directions made under the Environment Act 2021; and

- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

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

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

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

Responsibilities of the Board and Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the board and the Chief Executive as the Accounting Officer are responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Office for Environmental Protection from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;
- ensuring that the financial statements give a true and fair view and are prepared in accordance with Secretary of State directions made under the Environment Act 2021;

- ensuring that the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with Secretary of State directions made under the Environment Act 2021; and
- assessing the Office for Environmental Protection’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Chief Executive as the Accounting Officer anticipates that the services provided by the Office for Environmental Protection will not continue to be provided in the future.

Auditor’s responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Environment Act 2021.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

- considered the nature of the sector, control environment and operational performance including the design of the Office for Environmental Protection’s accounting policies.
 - inquired of management, Office for Environmental Protection’s head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Office for Environmental Protection’s policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and

- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Office for Environmental Protection’s controls relating to the Office for Environmental Protection’s compliance with the Environment Act 2021 and Managing Public Money;
- inquired of management, Office for Environmental Protection’s head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team how and where fraud might occur in the financial statements and any potential indicators of fraud.

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

I obtained an understanding of the Office for Environmental Protection’s framework of authority and other legal and regulatory frameworks in which the Office for Environmental Protection operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Office for Environmental Protection. The key laws and regulations I considered in this context included the Environment Act 2021, Managing Public Money, employment law, pensions and tax Legislation.

Audit response to identified risk

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

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

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

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

Other auditor's responsibilities

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

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

Report

I have no observations to make on these financial statements.

Gareth Davies

25th October 2024

Comptroller and Auditor General

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

Financial statements

Financial statements

Statement of Comprehensive Net Expenditure for the year to 31 March 2024

| | | Year to 31 March 2024 | Year to 31 March 2023 |
|---|------|-----------------------------|-----------------------------|
| | Note | £ | £ |
| Operating costs | | | |
| Staff | 2 | 5,956,757 | 4,467,453 |
| Other operating costs | 3 | 3,290,875 | 2,663,238 |
| Depreciation | 3 | 185,235 | 8,509 |
| Total comprehensive net expenditure for the year | | 9,432,867 | 7,139,200 |

The Notes on pages 94 to 104 form part of these accounts.

Statement of Financial Position as at 31 March 2024

| | | Year to 31 March 2024 | | Year to 31 March 2023 | |
|--|------|-----------------------|--------------------|-----------------------|--------------------|
| | Note | £ | £ | £ | £ |
| Non-current assets | | | | | |
| Property, plant and equipment | 4 | 1,202,703 | | 51,266 | |
| Right of use Assets | 5 | 910,261 | | 1,012,525 | |
| Total non-current assets | | | 2,112,964 | | 1,063,791 |
| Current assets | | | | | |
| Trade and other receivables | 6 | 185,625 | | 222,313 | |
| Cash and cash equivalents | 7 | 491,226 | | 814,619 | |
| Total current assets | | | 676,851 | | 1,036,932 |
| Total assets | | | 2,789,815 | | 2,100,723 |
| Current liabilities | | | | | |
| Trade and other payables | 8 | (1,560,458) | | (2,071,785) | |
| Lease liabilities | 9 | (94,293) | | (41,124) | |
| Total current liabilities | | | (1,654,751) | | (2,112,909) |
| Total assets less current liabilities | | | 1,135,064 | | (12,186) |
| Non-current liabilities | | | | | |
| Lease liabilities | 9 | (864,304) | | (947,763) | |
| Total non-current liabilities | | | (864,304) | | (947,763) |
| Total assets less total liabilities | | | 270,760 | | (959,949) |
| Taxpayers' equity | | | | | |
| General fund | | | 270,760 | | (959,949) |
| Total taxpayers' equity | | | 270,760 | | (959,949) |

The Notes on pages 94 to 104 form part of these accounts.



Natalie Prosser

Chief Executive and Accounting Officer

22nd October 2024

Statement of Cash Flows for the year to 31 March 2024

| | | Year to 31 March 2024 | Year to 31 March 2023 |
|---|------|-----------------------------|-----------------------------|
| | Note | £ | £ |
| Cash flows from operating activities | | | |
| Total Comprehensive Net Expenditure | | (9,432,867) | (7,139,200) |
| Increase in trade and other receivables | 6 | 36,688 | (104,369) |
| Decrease in trade and other payables | 8 | (511,327) | (39,325) |
| Interest on lease liability | | 34,710 | 2,884 |
| Disposal of IFRS16 RoU asset | | 178 | 0 |
| Depreciation on IFRS16 RoU asset | | 102,086 | 8,509 |
| Depreciation on non IFRS16 RoU assets | | 83,149 | 0 |
| Net cash outflow from operating activities | | (9,687,383) | (7,271,501) |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 4 | (1,234,586) | (51,266) |
| Net cash inflow/(outflow) from investing activities | | (1,234,586) | (51,266) |
| Cash flows from financing activities | | | |
| Grants from sponsoring department | | 10,663,576 | 7,682,936 |
| Direct costs associated with IFRS16 RoU asset | | (65,000) | (35,031) |
| Net cash inflow from financing activities | | 10,598,576 | 7,647,905 |
| Increase in cash and cash equivalents in the year | 7 | (323,393) | 325,138 |
| Cash and cash equivalents at the beginning of the year | 7 | 814,619 | 489,481 |
| Cash and cash equivalents at the end of the year | 7 | 491,226 | 814,619 |

The Notes on pages 94 to 104 form part of these accounts.

Statement of Changes in Taxpayers' Equity for the year to 31 March 2024

| | Note | General Fund £ | Total taxpayers' equity £ |
|-------------------------------------|------|--------------------|------------------------------|
| Balance at 31 March 2022 | | (1,503,685) | (1,503,685) |
| Total Comprehensive Net Expenditure | | (7,139,200) | (7,139,200) |
| Financing by Defra & DAERA | | 7,682,936 | 7,682,936 |
| Balance at 31 March 2023 | | (959,949) | (959,949) |
| Total Comprehensive Net Expenditure | | (9,432,867) | (9,432,867) |
| Financing by Defra & DAERA | | 10,663,576 | 10,663,576 |
| Balance at 31 March 2024 | | 270,760 | 270,760 |

The Notes on pages 94 to 104 form part of these accounts.

Notes to the Accounts

1. Statement of accounting policies

The accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as adapted and interpreted by the Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounts have been prepared under a direction issued by the Secretary of State for DEFRA under the Environment Act 2021.

Where the FReM allows a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the OEP for the purpose of giving a true and fair view has been selected.

The financial statements are prepared on a going concern basis both on a financial basis and consistent with the FReM 2023/24 continued provision of service basis.

1.1 Accounting convention

These accounts have been prepared on an accruals basis under the historic cost convention. The OEP recognises reporting expenditure when it is incurred rather than when it is paid and where there is an obligation to pay suppliers based on agreed amounts, contractually, or by another form of mutual agreement.

1.2 Property, plant and equipment

Any expenditure on individual capital items above £1,000 is capitalised to the statement of financial position. This includes tangible and intangible items which are classified as assets in accordance with IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets".

The capitalisation threshold was determined by reviewing the threshold of other ALBs and Defra and considering the OEP's comparative size.

Assets under construction are carried on the Statement of Financial Position (SoFP) at accumulated cost with depreciation commencing when the asset is completed and available to be brought into service. Balances are regularly reviewed to ensure that they only include costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Property, plant and equipment held by the OEP as assets under construction at 1 April 2023 (see note 4) were transferred to Leasehold improvements in the year end 31 March 2024 when the assets were brought into use. Right of Use assets are detailed in note 5.

1.3 Depreciation

Depreciation is provided on a straight-line basis over the estimated useful life of the asset. Depreciation is charged in full in the month of acquisition on the date it was brought into service and is not charged on assets under construction.

1.4 Leased Assets

The OEP applies IFRS 16 as interpreted and set out in the FReM.

At lease commencement date, the OEP recognises the Right of Use asset and lease liability on the Statement of Financial Position. The Right of Use assets comprise the initial measurement of the corresponding lease liability excluding VAT, lease payments made at or before the commencement day and any initial direct costs. As permitted by the FReM, right-of-use assets are subsequently measured using the cost model as a proxy for the measurement of the cost value in use. This is because lease terms require lease payments to be updated for market conditions, for example, rent reviews for leased properties, which will be captured in the IFRS 16 cost measurement provisions. Right-of-use assets also have shorter useful lives and values than their respective underlying assets, and, as such, the cost can be used as a proxy for assets with shorter economic lives or lower values in accordance with the FReM.

Right of Use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The assets useful life and impairment is reviewed annually, and adjusted if appropriate, at the end of the reporting period.

Where the interest rate cannot be readily determined within a lease, the OEP has calculated the lease liability using the discount rates set out in the latest HM Treasury's Public Expenditure System paper as the incremental borrowing rate which for the 2022 calendar year is 0.95% and 3.51% for 2023 and 4.72% for 2024. These rates are used when calculating an initial lease liability or when reassessing the lease.

A low value exemption threshold can be applied to the cost of an underlying asset when new; this has been applied in some instances (less than £5,000). For these leases, payments are recognised as an operating expense on a straight-line basis over the term of the lease.

As mandated by the FReM, the practical expedient that an entity should not reassess whether a contract is, or contains, a lease at the date of initial application has been applied.

1.5 Defra properties occupied by the OEP

For 2023/24, the full cost of occupation of buildings that are either owned or leased by Defra is reflected within the Statement of Comprehensive Net Expenditure as part of 'Corporate Services recharge', see Note 3. The costs are determined by Defra based on proportionate occupation of the properties and include rates, utilities and management overheads. For Defra leasehold properties this also includes rental costs.

1.6 OEP Grant-in-aid

Grant-in-aid is provided by Defra to finance activities and expenditure which supports the statutory and other objectives of the OEP. A portion of the amount (£1,250,000) that is paid by Defra to the OEP relates to funding received from DAERA, that is subsequently passed onto the OEP. Activity for Defra and DAERA is not invoiced or reported as income, but an authority to spend is delegated to the OEP along with deliverable objectives. The Net Parliamentary Funding is recorded as a movement in Taxpayers' Equity.

1.7 Value Added Tax (VAT)

The OEP does not provide taxable supplies and is therefore not able to register for VAT. Input tax cannot therefore be recovered and amounts are stated inclusive of VAT.

1.8 Currency

The functional and presentational currency of the OEP is sterling.

1.9 Pensions

Employees of the OEP are covered by the provisions of a career average basis scheme called alpha, which is described in the Remuneration and staff report on page 67.

The OEP recognises the expected cost of these pension schemes on a systematic and rational basis over the period during which it benefits from employees' services by payment to the schemes of amounts calculated on an accruing basis. Liability for future benefits is a charge on the pension scheme on an accruing basis. The OEP also contributes to one defined contribution pension scheme.

1.10 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and current balances with banks and other financial institutions, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and have an original maturity of three months or less.

The carrying amount of these assets approximates their fair value. Bank overdraft amounts are included within trade and other payables in the Statement of Financial Position.

1.11 General Fund

The General Fund represents the total assets less liabilities of the OEP, to the extent that the total is not represented by other reserves. Financing by Defra and DAERA is credited to the General Fund through monthly cash forecast returns submitted to Defra.

1.12 Critical accounting judgements and key sources of estimation uncertainty

The Chief Executive Officer, in her capacity as Accounting Officer, uses judgement in making estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the accounting period in which the estimate is revised, and if the revision also affects future periods in these periods as well. In reviewing these estimates, we consider the extent to which these could possibly vary and whether such a variation could indicate the need for a material adjustment to the accounts.

There is nothing in the current review to indicate that a variation of a material amount could arise.

There were no critical judgements, that the Chief Executive Officer, in her capacity as Accounting Officer, that were made in the process of applying the OEP's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

1.13 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of 1 entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities would be recognised in the balance sheet if the OEP became a party to the contractual provisions of an instrument.

The OEP 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.

2. Staff numbers and related costs

2.1 Staff costs comprise:

| | Permanently employed staff | Fixed term appointments | Total 2023/24 | Permanently employed staff | Fixed term appointments | Total 2022/23 |
|-----------------------------|----------------------------|-------------------------|------------------|----------------------------|-------------------------|------------------|
| | £ | £ | £ | £ | £ | £ |
| Wages and salaries | 3,332,575 | 701,653 | 4,034,228 | 2,399,316 | 633,884 | 3,033,200 |
| Social security costs | 393,442 | 76,982 | 470,424 | 294,111 | 65,316 | 359,427 |
| Other pension costs | 868,332 | 140,749 | 1,009,081 | 650,544 | 132,994 | 783,538 |
| Total | 4,594,349 | 919,384 | 5,513,733 | 3,343,971 | 832,194 | 4,176,165 |
| Agency staff | | | 341,024 | | | 189,288 |
| Non-Executive Director fees | | | 102,000 | | | 102,000 |
| Total staff costs | | | 5,956,757 | | | 4,467,453 |

No staff costs have been capitalised.

Individual contractors engaged to fill temporary or permanent vacancies, or provide additional resource are included within staff costs in Note 2.1.

Where firms have been engaged to provide services, they are not considered to be employees and are excluded from staff costs in Note 2.1 and are reflected within consultancy costs and professional fees in Note 3.

3. Other operating costs

| | Year to 31 March 2024 | Year to 31 March 2023 |
|---|-----------------------------|-----------------------------|
| | £ | £ |
| IT costs | 908,076 | 714,020 |
| Recruitment costs | 93,786 | 146,775 |
| Corporate service recharge* | 65,867 | 170,772 |
| Consultancy costs | 1,105,824 | 785,699 |
| Professional fees | 232,061 | 291,404 |
| Other operating costs | 660,849 | 316,322 |
| External Auditors' remuneration | 45,000 | 41,000 |
| Internal Audit fees | 59,626 | 56,761 |
| Other accountancy costs | 10,200 | 16,800 |
| Training costs | 74,876 | 120,801 |
| IFRS16 Leasehold Property Depreciation | 102,086 | 8,509 |
| Non IFRS16 Depreciation | 83,149 | 0 |
| Finance costs (interest expense on lease liabilities) | 34,710 | 2,884 |
| Total | 3,476,110 | 2,671,747 |

*Services and facilities provided by Defra.

The Corporate service recharge comprises:

| | Year to 31 March 2024 | Year to 31 March 2023 |
|---|-----------------------------|-----------------------------|
| | £ | £ |
| Estate Management costs | 55,200 | 159,823 |
| Human Resources services | 9,467 | 9,749 |
| Shared services including payroll and financial | 1,200 | 1,200 |
| Total | 65,867 | 170,772 |

During the year to 31 March 2024, the OEP received no non-audit services from the NAO. The reduction in Estate Management costs is due to the OEP moving out of its temporary office space in October 2023 thereby reducing rent costs.

4. Property, plant and equipment

| | Leasehold Improvements | Assets under Construction | Furniture | Fixtures & IT Equipment | Total |
|--|---------------------------|------------------------------|----------------|----------------------------|------------------|
| | £ | £ | £ | £ | £ |
| Cost or valuation | | | | | |
| At 1 April 2023 | | 51,266 | | | 51,266 |
| Additions | 775,434 | 0 | 219,657 | 239,495 | 1,234,586 |
| Transfers | 51,266 | (51,266) | | | - |
| At 31 March 2024 | 826,700 | 0 | 219,657 | 239,495 | 1,285,852 |
| Depreciation | | | | | |
| At 1 April 2023 | - | - | - | - | - |
| Charges in year | 43,511 | - | 15,690 | 23,948 | 83,149 |
| At 31 March 2024 | 43,511 | - | 15,690 | 23,948 | 83,149 |
| Carrying Value at 31 March 2023 | | 51,266 | | | 51,266 |
| Carrying Value at 31 March 2024 | 783,189 | 0 | 203,697 | 215,547 | 1,202,703 |
| Asset financing: | | | | | |
| Owned | 783,189 | | 203,967 | 215,547 | 1,202,703 |
| Leased | | - | | | - |
| Carrying Value at 31 March 2024 | 783,189 | | 203,967 | 215,547 | 1,202,703 |

5. Leases

5.1 Right of Use assets

| | £ |
|-------------------------|----------------|
| At 1 April 2023 | 1,012,525 |
| Additions | 0 |
| Disposal | (178) |
| Depreciation expense | (102,086) |
| At 31 March 2024 | 910,261 |

On 31 March 2023 the OEP entered into a new lease for a permanent office space in Worcester which was available for immediate use. The office space was utilised by the OEP from October 2024.

6. Trade receivables and other current assets

Amounts falling due within one year

| | Year to 31 March 2024 | Year to 31 March 2023 |
|--------------------------|-----------------------------|-----------------------------|
| | £ | £ |
| Prepayments | 185,625 | 222,313 |
| Total receivables | 185,625 | 222,313 |

7. Cash and cash equivalents

| | Year to 31 March 2024 | Year to 31 March 2023 |
|--|-----------------------------|-----------------------------|
| | £ | £ |
| Balances held start of year | 814,619 | 489,481 |
| Net cash inflow | (323,393) | 325,138 |
| Total balance | 491,226 | 814,619 |
| The following balances were held at 31 March: | | |
| Government Banking Services | 491,226 | 814,619 |
| Total balance | 491,226 | 814,619 |

8. Trade payables and other current liabilities

Amounts falling due within one year

| | Year to 31 March 2024 | Year to 31 March 2023 |
|---|-----------------------------|-----------------------------|
| | £ | £ |
| Due to Defra and its agencies | 217,592 | 518,991 |
| Other taxation and social security | 109,033 | 84,943 |
| Trade payables* | 446,653 | 754,367 |
| Pension liability | 97,665 | 84,366 |
| Accruals | 689,515 | 629,118 |
| Total trade payables and other liabilities | 1,560,458 | 2,071,785 |

*Trade payables principally comprise amounts outstanding to suppliers.

The OEP considers that the carrying amount of trade and other payables approximates to their fair value.

9. Lease liabilities

9.1 Lease liabilities

| | Year to 31 March 2024 |
|---|-----------------------------|
| | £ |
| Not later than one year | 130,000 |
| Later than one year and not later than five years | 520,000 |
| Later than five years | 520,000 |
| Less interest element | (211,403) |
| Present value of obligations | 958,597 |
| Current portion | 94,293 |
| Non-current portion | 864,304 |
| Present value of obligations | 958,597 |

9.2 Elements in the Statement of Comprehensive Net Expenditure

| | Year to 31 March 2024 |
|--|-----------------------------|
| | £ |
| Expense related to low-value asset leases (office equipment) | 45,883 |

9.3 Prior year leases

Each individual asset is an individual lease and each falls below the £5,000 low value threshold under IFRS16.

9.4 Cash outflow for leases

| | Year to 31 March 2024 |
|-------------------------------|-----------------------------|
| | £ |
| Total cash outflow for leases | 65,000 |

10. Capital commitments

As at 31 March 2024, there are no capital commitments in excess of one year which require disclosure. Contracts held by Defra, which benefit the OEP, are included in the annual notional recharge of costs, but do not represent long term OEP commitments. (2023: £nil).

11. Contingent assets and contingent liabilities disclosed under IAS 37

Contingent assets

The OEP has no contingent assets.

Contingent liabilities

The OEP has no contingent liabilities.

12. Other financial commitments

There are no financial commitments in excess of one year which require disclosure. Contracts held by Defra, which benefit OEP, are included in the annual notional recharge of costs, but do not represent long term OEP commitments. (2022/23: Nil).

13. Related party transactions

The OEP is an Arm's Length Non-Departmental Public Body within the Defra group. Defra is therefore regarded as a related party. During the year the OEP has carried out a number of material transactions with Defra in the normal course of business. The OEP had material transactions with the following entity within the Defra group for which Defra is regarded as the parent department:


- Environment Agency

No board member, chief officer or senior manager has undertaken any material transactions with the OEP. Further information on Board members and chief officers can be found in the remuneration report.

The OEP has had non material transactions with other government departments, HM Revenue & Customs, Department for Work and Pensions, Office for National Statistics, HM Courts and Tribunals Service, Cabinet Office and Ministry of Defence.

14. Events after the reporting period

These accounts have been authorised for issue by the Accounting Officer on the date the audit certificate and report were signed.



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