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Annual Report  
and Accounts

2006-2007



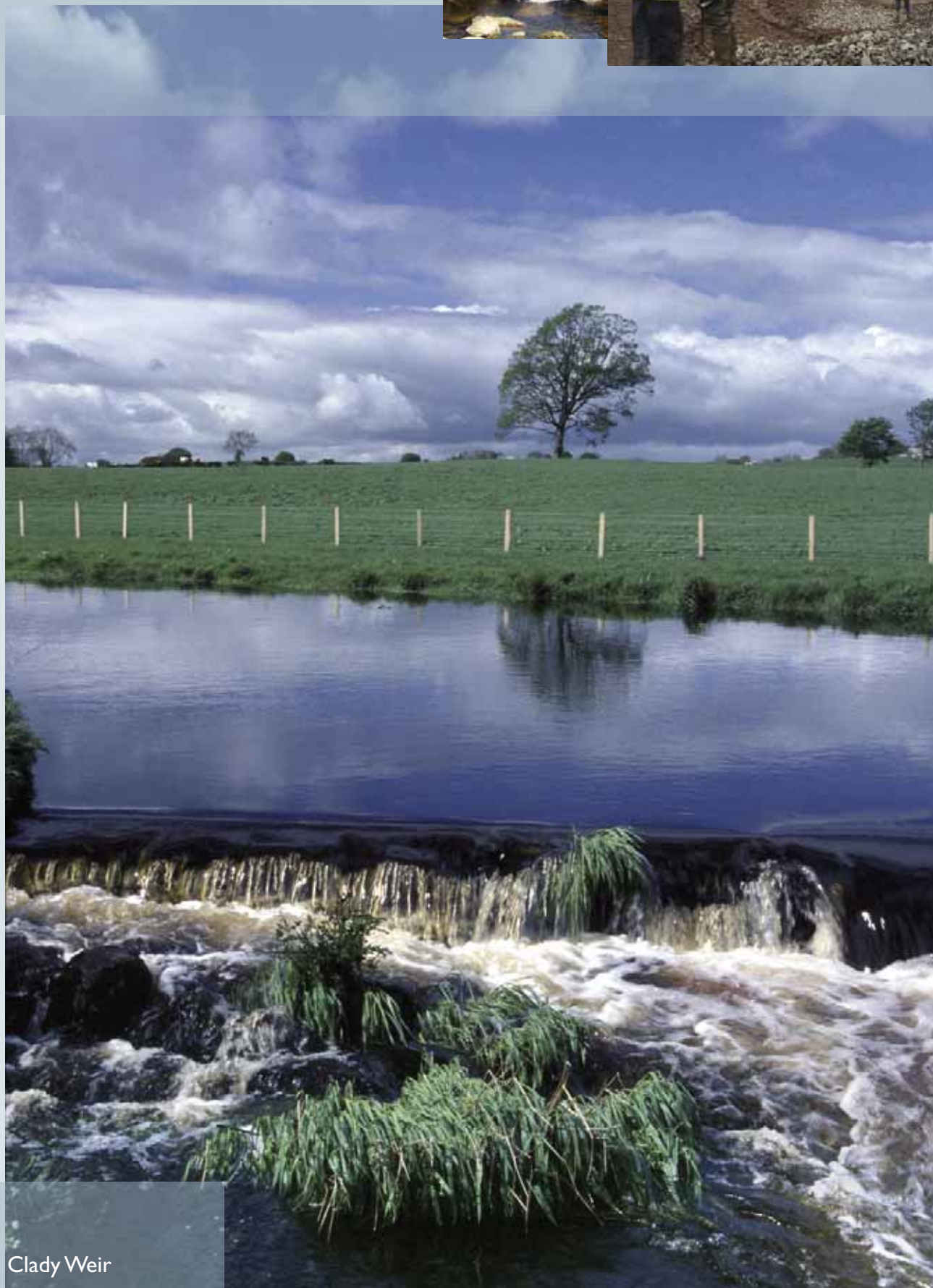
An Agency within the Department of  
**Agriculture and  
Rural Development**  
[www.dardni.gov.uk](http://www.dardni.gov.uk)

**Rivers Agency**  
**Annual Report and Accounts**  
**For the year ended 31 March 2007**

*Laid before the Northern Ireland Assembly  
under section 11(3) (c) of the Government Resources  
and Accounts Act (Northern Ireland) 2001  
by the Department of Agriculture and Rural Development  
05 July 2007*

**NIA 42/06-07**

Front cover:  
Main picture - Spelga  
Smaller pictures - Clady Weir; Omagh Weir







Clady Weir




## INDEX

Click on orange button  
to go straight to page

### ***Annual Report for the period 1 April 2006 – 31 March 2007***

	Page
 Chief Executive's Foreword	4
 Directors Report	6
 Management Commentary	8
 Remuneration Report	35

### ***Accounts for the period 1 April 2006 – 31 March 2007***

 Accounts	43
 Notes on the Accounts for the year ended 31 March 2007	52
 Appendices	69

## CHIEF EXECUTIVE'S FOREWORD



I am pleased to present the Rivers Agency's Annual Report and Accounts for the year ended 31 March 2007. This report covers the main areas of work addressed during the period and shows the progress achieved against the key targets set by the Minister.

The drivers for drainage and flood defence, the nature of flood risk management and the environment in which we work is changing. In view of these changes over the course of the year, while continuing to deliver our core work, we have further developed our policies and procedures to meet the changing needs for flood risk management in Northern Ireland. The work in these areas is essential to ensure that the Agency is ready to deal with these changes while continuing to provide a high quality public service.

The independent Review of Flood Management Policy which commenced in 2005 is now drawing to a conclusion with the completion of a public consultation exercise on a proposed policy framework. This exercise is timely in that it will inform the Review of Environmental Governance which is considering if the functions of the Agency and the Drainage Council should transfer to a new Environment Agency.

I am pleased to report that all of the Agency's key targets were achieved and that, in particular, a reduced risk of flooding was delivered in relation to a significant number of properties through construction and refurbishment of urban flood defences and the replacement and refurbishment of our watercourse culvert assets.

Our commitment to continued improvement in dealing with flooding events is evidenced by the on-going work of the steering and liaison groups set up with our colleagues in Roads and Water Services. It is encouraging that the Agency met its emergency response commitments in respect of all flooding incidents reported during the year.

The Agency continues to liaise closely with Planning Service on drainage and flood protection aspects of Development Plans and individual planning applications in seeking to ensure that new developments do not suffer from flooding or result in increased flood risk elsewhere. During the year proposals were developed for the introduction of subordinate legislation to enable the recoupment of the costs of drainage infrastructure works required to facilitate development.

Pending the outcome of the Review of Environmental Governance, the Drainage Council for Northern Ireland, appointed in February 2006, continues to have responsibility for overseeing our programme of publicly funded drainage and flood defence works.

During the year significant progress was also made towards the development of a strategic flood map product that will provide information on properties at risk of flooding.

Over the year the Agency has dealt with considerable challenges, particularly in relation to the recruitment and retention of staff. I would like to take this opportunity to express my appreciation to staff for their commitment, effort and support in delivering the outcomes that have been achieved in spite of these ongoing pressures.

Senior management has a continued commitment to ensuring that all staff work in a safe and secure environment and are properly equipped to carry out their duties through the provision of appropriate training and development.



**JOHN R HAGAN**  
Chief Executive



## DIRECTOR'S REPORT

### History and Background

The Rivers Agency was established as an Executive Agency within the Department of Agriculture Northern Ireland (DANI) on 1 October 1996. As a result of restructuring, the parent Department is now known as the Department of Agriculture and Rural Development (DARD).

The Agency is responsible for arterial drainage and flood protection in Northern Ireland under the Drainage (Northern Ireland) Order 1973.

### Principal Activities

The principal activities of the Agency are:-

- to construct and maintain flood and sea defences
- to maintain designated watercourses
- to respond to flooding incidents
- to protect the drainage functions of all watercourses; and
- to regulate water levels on Lough Neagh and Lough Erne.

### Agency Management Board

The Rivers Agency Management Board is responsible for the day-to-day management and performance of the Agency. Members of the Board for the financial year were:

John Hagan	Chief Executive
John Clarke	Director of Development
Philip Mehaffey	Director of Operations
Alan Morton	Director of Corporate Services (retired 31 August 2006)
Eddie Gaw	Director of Corporate Services (appointed 9 October 2006)

Following a recruitment competition Mr John Hagan was appointed Chief Executive on 24 April 2000 for a fixed period of three years under the Senior Civil Service Management Code. The Contract of Employment was subsequently converted to an "indefinite period" in June 2001.

The Chief Executive's pay is determined by the Permanent Secretary in accordance with the rules set out in Chapter 7.1 Annex A of the Civil Service Management Code and that of the Directors is determined by the Central Personnel Group of the Department of Finance & Personnel. Details of the remuneration of the Chief Executive and senior staff within the Agency are provided in salary bands in the Remuneration Report.

### Accounts Direction

The Rivers Agency's audited Accounts for the Financial Year to 31 March 2007 have been prepared in accordance with the Department of Finance and Personnel Direction under Section 11(2) of the Government Resources and Accounts Act (Northern Ireland) 2001.

### Pension Costs

Further details in relation to the pension schemes are given in accounting policy note 1.10 to the accounts and in the Remuneration Report.

## MANAGEMENT COMMENTARY



### AIMS AND OBJECTIVES OF THE AGENCY

#### Our Business

The Rivers Agency is an Executive Agency within the Department of Agriculture and Rural Development (DARD). It is the statutory drainage and flood defence authority for Northern Ireland.

#### The Organisation

The Agency is headed by a Chief Executive supported by a Senior Management Directorate who together make up the Agency Management Board. It is a multi-disciplinary organisation employing 425 staff spanning Industrial, Administrative, Professional and Technical disciplines.

Our Headquarters are located at Hydebanks in Belfast and there are Regional Offices in Lisburn and Omagh with Area Offices in Coleraine and Craigavon, while an office in Riversdale services a Fermanagh Sub-area. Further details of our office locations and addresses are detailed in Appendix 1.

#### Management and Accountability



The Agency's relationship with the Department of Agriculture and Rural Development, and its accountability to Ministers and the Northern Ireland Assembly, are set out in a Framework Document. The Chief Executive is responsible to the Minister for our operations and performance. The Minister determines the policy framework within which we operate, the level of

resources made available each year, and the scope of our activities. The Minister also approves our Corporate and Business Plans, sets key performance targets and monitors our performance.

A senior official within the DARD core advises the Minister on strategic issues relating to the Agency and its business performance.

The Agency Management Board consists of the Chief Executive and three functional Directors whose responsibilities are set out in Appendix 2.

## Aims

The Agency aims to improve social conditions and to support economic development in Northern Ireland through:-

- Reducing risk to life and damage to property from flooding from rivers and the sea
- Preserving the productive potential of agricultural land.

## Objectives

In support of these aims the Agency's objectives are to:-

### *Operational Objectives*

- Identify flooding risks and execute works to minimise such risks
- Maintain a network of free flowing watercourses to provide adequate outlet for land drainage
- Administer advisory and enforcement procedures to protect the drainage function of all watercourses
- Regulate and control the water levels of Lough Neagh and Lough Erne within specified limits so far as climatic conditions permit
- Execute all work programmes in an environmentally sympathetic manner and conserve and enhance the environs of watercourses wherever possible.

### *Customer Service Objectives*

- Pursue continuous improvement in the delivery of services having regard to the effective use of available resources and the Government's fairness and equality policies
- Secure an improvement in the quality of services available to the public in line with the principles of the Agency's Charter Standard Statement.

### *Finance and Administration Objectives*

- Secure ongoing value for money and improved efficiency in the management of the Agency
- Enhance business processes.

## AGENCY PERFORMANCE IN 2006/07



The Agency was successful in meeting the six Key Targets set by the Minister for the 2006/07 business year. A summary of the outturn achieved against the targets set is given at Table I.

**Table I** *Outturn Against Key Targets*

Target	Outturn
<i>Output</i>	
To construct or refurbish 1693 metres of urban flood defences	Achieved
To accommodate increased storm run-off from 18 hectares of development land	Achieved
To replace/refurbish 242 m of dangerous culverts	Achieved
To complete identified maintenance works on 865 of 1,484 designated open watercourses included in the Notice of Annual Maintenance as part of a 6-year scheduled maintenance programme.	Achieved
<i>Quality Of Customer Service</i>	
To issue substantive replies to 80% of written enquiries within 15 working days of receipt	Achieved
To respond to 98% of Schedule 6 applications within 3 months.	Achieved

## DEVELOPMENTS IN DRAINAGE AND FLOOD DEFENCE

### Major Schemes

A substantial part of the work of the Rivers Agency is to design and construct new or replacement river flood alleviation, sea defence and drainage infrastructure schemes to protect people, homes and property and facilitate development across Northern Ireland. The main schemes progressed during the period of this report were as follows:

### Newcastle, Burren River Flood Alleviation Scheme

This scheme is designed to provide an appropriate standard of flood protection to 850 homes and commercial properties at risk in Newcastle. It involves the construction of 3,300 metres of flood walls and embankments and the reconstruction of 3 footbridges. Extending over a 3 kilometre length of the Burren River it was important that the impact on the environment was minimised. This was achieved by maintaining the natural floodplain where possible, softening the impact of flood defences by creating earth banks where appropriate and carrying out fishery enhancement measures. Given the numbers of properties involved, considerable effort has been made in liaising with residents and landowners to minimise disruption.

A major proportion of this challenging scheme has been completed this year and the construction of floodwalls is currently underway through the urban area. This has entailed the contractor adjusting construction methods to deal with the confined working environment.

Construction, which began in November 2005 is on programme for completion in June 2007.





### Enniskillen, Killynure Lough Drain

The Killynure scheme is being undertaken to alleviate flooding problems in Enniskillen in the vicinity of Derrychara Link and Dublin Road and to facilitate additional development identified in the Development Area Plan. Given the poor ground conditions in the area redevelopment presented an opportunity to realign part of the route of the scheme. A novel system of foundation piles and precast concrete culvert units was used where ground conditions remained poor. In the interests of joined up government the Agency is also undertaking work on behalf of DRD Water Service (now NI Water) as part of the scheme. Given the use of the realigned route the Agency is confident that the scheme will be completed Summer 2007.

### Lisburn, Plantation & Altona Streams Scheme

In order to facilitate substantial development in an area to the east of Lisburn near the M1 motorway upgrading of the existing watercourse system was required. This comprised replacement of 1 kilometre of hydraulically deficient and structurally defective culverts including construction of a tunnel beneath the motorway. The scheme has been completed in Spring 2007.

### Other major works

The Agency has undertaken renovation work to the Quoile Barrage structure at the mouth of the River Quoile near Downpatrick.

### Other Works

Maintenance of the arterial drainage network is an essential part of the delivery of flood risk management. To this end some 6,850 kilometres of watercourses are maintained by Rivers Agency at public expense for land drainage and flood protection purposes.

Maintenance work undertaken by the Agency's Direct Labour Organisation (DLO) and under contract included flood bank repairs, grille and flap valve maintenance, culvert repair and removal of excess weed, silt, shoals and fallen trees that threatened to impair the drainage capability of watercourses. The well-established practice of incorporating appropriate fishery and other environmental measures within maintenance schemes continued.

Particular emphasis has been placed during this business year on planning and implementing repairs and refurbishment of the Agency's culvert assets.

In addition, an extensive review of management of watercourse maintenance was completed during the year, leading to a substantial revision of the Agency's Maintenance Manual and subsequent training for all staff with responsibility in this key area of work. Particular emphasis has been placed on management of a Maintenance Plan based on a 6 year rolling programme of watercourse inspection, identification of works requirements, environmental standards and efficient deployment of resources.

## Hydrometrics

The Agency continued to operate the Northern Ireland surface water hydrometric network, mainly for flood defence, water quality and water resource purposes. As well as assisting the Agency's flood estimation, flood assessment and regulatory and advisory functions, the network supports key functions of some other government agencies.

River flows, lough and groundwater levels throughout the Province continued to be monitored at 120 hydrometric stations across the network. Efficient and prompt collection of data is achieved through a high degree of electronic instrumentation and telemetry. The data is used within the Agency in the core area of flood defence to assist with the estimation of flood flows and flood frequency. Data was made available to many external organisations during the year such as Environment and Heritage Service in relation to water quality and pollution issues, DRD Water Service (now NI Water) for water resources, universities for environmental research and other educational establishments for various projects. The Agency also fulfilled its obligation to supply data to the National Water Archive in Wallingford, which publishes river flow information through its National Hydrological Summary publication and on the Internet ([www.nwl.ac.uk/ih/nrfa/](http://www.nwl.ac.uk/ih/nrfa/)). An Agency representative currently chairs the Hi-Flows UK project Steering Group to update information used within the Flood Estimation Handbook and sits on the National Surface and Groundwater Archives Committee. The Agency is also represented on the UK Committee for the International Hydrology Programme (IHP) and is an observer on the Irish National Committee for IHP.

In 2006 the total rainfall in the Province amounted to 1156mm which was 105% of normal. The month with the most rainfall was March with 142.2mm which was 156% of the long-term average, while June had the lowest at 36.3mm which was 50% of the long-term average. The month of June had the lowest rainfall recorded at Aldergrove since 1942.



## EC Water Framework Directive

The second stage of the comprehensive study into the potential impacts of the Water Framework Directive on the Agency's business was undertaken and completed during the year. Consideration is now being given as to how best the key issues identified in the study report might be progressed. Agency staff continued to be engaged, in a broader context, in the overall implementation of the Directive in Northern Ireland.

## Asset Management

The whole life optimal management of the Agency infrastructure assets is essential to maximise their contribution to flood risk management. Key to this management is the production of Asset Management Plans (AMPs) which are designed to ensure that existing assets are maintained in satisfactory condition, and to plan for future refurbishment and replacement. The Agency's infrastructure assets consist of an extensive Culvert Network, Fluvial (river) Defences, Sea Defences as well as Land and Buildings.

The Agency is in the process of completing a suite of AMPs. In addition to the AMP currently in place for the Culvert Network an AMP was completed for Sea Defences during the year. Information on the condition of assets is essential to the development of these AMPs and this is maintained and updated through a range of planned surveys and inspections. The Agency is also developing a database for management of its Fluvial Defences and has embarked on a survey programme to collate and record detailed information on the structural composition and condition of these assets. This information will be used to carry out an Asset Valuation of the Fluvial Defences and develop an AMP. The Land and Buildings Assets, which are currently valued by the Valuation and Lands Agency, will be reviewed in future years.

## Geographical Information System (GIS)

The Agency is becoming more and more reliant on information which is spatially referenced and is fully committed to the application of GIS to improve efficiency and effectiveness. This will more readily facilitate the sharing and communication of information across government departments and to the public.

During 2006/2007 the Agency upgraded the technical infrastructure supporting its corporate GIS systems, and this has improved the performance and service to internal staff. More importantly the upgrade has provided a more robust platform thus improving the resilience of the corporate systems.

The Agency fully supports the implementation of the Geographic Information Strategy for Northern Ireland through the Mosaic Programme, and is an active participant in a number of Mosaic initiatives – information on the Agency's infrastructure assets is hosted on the Mosaic "Utilities and Networks" website, where it is accessible by other utilities and their agents. The Agency is also working in partnership with Ordnance Survey NI in support of pilot geographical information applications for the Mosaic GeoHub – this work will be key in providing a hosting infrastructure for communication of flood mapping and flood risk information.



## Flood Mapping

Information on flood risk will increasingly drive flood risk management activities with increased emphasis on reducing risk through the formulation and implementation of plans and the provision of information and advice. Flood mapping is essential to this process to enable the sharing and communicating of flood risk.

During 2006/2007 the Agency developed an interim Flood Mapping strategy. The requirements for flood mapping have a number of drivers including: Planning Service's Planning Policy Statement on Flood Risk (PPS15), and the Agency's role as a statutory consultee; the proposed EU Floods Directive, and its requirements for development of various flood maps. The mapping requirements associated with the Floods Directive are the subject of intense negotiation between the EU and Member States, consequently the strategy will require review once these negotiations are concluded. The final strategy document will also take into account the agreed approach to implementation of the Directive in Northern Ireland.

During the year the Agency has made significant progress towards the development of a strategic flood map product for Northern Ireland. The initial flood map that is being produced represents the present day undefended flood plain for both fluvial and coastal flood risk. The product is being developed using industry standard generic methodologies that have already been applied in the rest of the UK. The initial flood map will be supplemented by spatial information pertaining to the flood defence assets, in order to provide an indication of the areas that are protected by these defences.

## Best Practice Client

The Agency procures a range of works and services in the delivery of flood risk management. In doing so the Agency works together with other organisations within the public sector to act as a better co-ordinated and joined-up client and thus achieve better value for money for the public service and the successful delivery of programmes and projects. To this end the Agency applies the procurement guidelines for Northern Ireland Government Departments which encourage efficiencies and helps to ensure delivery of the Agency's programmes within appropriate time frames. Rivers Agency procurement gateways have been adopted whereby, at four stages during the life of a project, opportunity is taken to review and decide on the merits of proceeding to the next stage. Projects are regularly reviewed with the aim to ensure continuous improvement. Further, the Agency seeks to improve its procurement practices through its plans with respect to initiatives such as 'Achieving Excellence' in Construction, Value for Money and Sustainability in Construction. The Agency's expertise in Procurement has been recognised by the Central Procurement Directorate (CPD) of the Department of Finance and Personnel and is subject to a Service Level Agreement.

The extensive use of a Framework for Consulting Engineers has become essential to the delivery of flood risk management and a new framework was delivered during the year. Frameworks have also brought improved efficiency in the delivery of services and works and a new framework for works is to be put in place in the 2007-08 business year.



## Planning Advice

A key aspect of sustainable flood risk management is to facilitate development of housing, workplaces and transport links by ensuring that they are not at risk from flooding and do not increase flooding elsewhere.

As a key consultee in the planning process, over the year the Agency has continued to provide advice to Planning Service in respect of flood risk areas, particularly in relation to floodplains, flood mapping and safe disposal of storm water run-off from development sites. In addition the Agency continues to work closely with the Planning Service in the delivery of its planned programme of adoption and publication of the various Area Development Plans. To this end over the course of the year the Agency was represented on Planning Co-ordinating Committees for Magherafelt, Banbridge-Newry and Mourne, Armagh, Ards-Down, Antrim-Ballymena-Larne, Northern and West Tyrone Area Development Plans. In addition it has continued to input to the Belfast Metropolitan Area Plan (BMAP) and has allocated a considerable resource to delivering timely and adequate drainage advice to this major project.

Over the course of the year the Agency also provided considerable technical support to Planning Service in the development of its policy on Planning and Flood Risk (PPS15).

## Emergency Planning

Rivers Agency in conjunction with DRD Road Service and the Water Service (now NI Water) and in co-operation with a range of responders promotes a joined-up approach to flood emergency response to help people cope with flooding emergencies.

During the year the Agency has continued to develop its emergency planning functions in line with the Northern Ireland Civil Contingencies Framework, the Department's Integrated Emergency Management Development Plan and within the context of the Agency's Flood Management Strategy.

Progress has been made in the development of an Agency Integrated Emergency Plan. The plan comprises four parts; Generic Emergency Plan, Business Continuity Plan, Flooding Emergency Plan and Site Specific Plans.

The Agency has continued to play a leading role in the further development of inter-agency flooding response procedures with other emergency responders at both an operational and strategic level. As a representative on the Belfast Resilience Forum the Agency has contributed to the development and implementation of emergency planning and emergency response arrangements for Greater Belfast.

The Agency has participated in a number of integrated emergency planning exercises throughout the year and will continue to support the development of flood emergency response exercises in the coming year.



## Emergency Response

During the business year Agency staff responded to 137 reports of flooding incidents across Northern Ireland. The Customer Service target of responding to 80% of incidents within a 3-hour period was exceeded with 99% responded to within the target time.

Weather conditions were such that there were no widespread flooding incidents during the year. Flooding events were sporadic in nature substantially caused by localised heavy rainfall.

Due to the localised nature and reduced number of incidents it was not necessary to activate inter-agency flood teams for any of these occurrences.

## Environmental Aspects

Environmentally sympathetic good working practices are adhered to in the execution of works. With the specific responsibility on the Agency to ensure that fisheries interests are accommodated within our works programmes, there has also been ongoing liaison with the Department of Culture, Arts and Leisure on Inland Fisheries.

During the business year the Agency consulted with other Government bodies and a variety of conservation organisations and interest groups on a range of environmental issues.

In support of the Northern Ireland Biodiversity and Conservation Strategies the Agency sits on relevant habitat delivery groups and inputs to local biodiversity action plans. Staff from Environment Section made a presentation of the Agency's work to the Northern Ireland Biodiversity Officers Forum.

The Environment Section contributed to a review of the Agency's Watercourse Maintenance Manual and had involvement in the associated staff training courses.

Amendments to the Environmental Assessment (Drainage) Regulations have required the Agency to review its environmental assessment and advertising procedures, including the environmental scopings carried out by Environment Section.

## LOUGH ERNE AND LOUGH NEAGH LEVELS

The Agency has continued to fulfil its obligations to maintain water levels within statutory limits in the interests of all stakeholders, as far as climatic conditions permit.

Water levels in both Loughs were monitored on a daily basis. The Lough Erne level continues to be managed by the Agency in liaison with the Electricity Supply Board at Ballyshannon while the Lough Neagh level is solely the responsibility of the Agency. Control is exercised by adjusting sluice gates and in the case of Upper and Lower Lough Erne by spilling at the two hydroelectric power stations near Ballyshannon.

As in previous years the restricted Lower Bann channel downstream of Loughs Neagh and Beg tended to impede the outflow during heavy rainfall in the Lough Neagh catchment, which drains 43% of the land area of Northern Ireland. During such occasions the flood gates at Toome were fully opened, where possible in advance of the anticipated rise in level. Incremental adjustment of flood gates was practiced in order to minimise impact on the range of environmental and other interests which can be affected.

### Lough Neagh Levels

Lough levels were generally controlled within the statutory limits of 12.45m to 12.6m to Belfast Datum. However during the winter period, between 19 November 2006 and the end of January 2007, the upper statutory level was breached due to the duration and intensity of rainfall across the Province. There were no notable breaches of the lower statutory level of the Lough this year.

### DARD Rivers Agency Hydrometry and Hydrology Study of Lough Neagh

During the year, the Agency completed a research study into the hydrological behaviour of the Lough Neagh catchment and the Lower Bann river system. The study included a digital hydrological model which may be useful in future considerations relating to the EU Water Framework Directive because of the catchments' status as an International River Basin. The Agency will be taking forward recommendations from this study.



### Lough Erne Levels

Water levels in Lower Lough Erne remained within the statutory operating limits throughout the year. The Upper Lough also remained within the preferred range specified in the Erne Drainage and Development Act for most of the period. A very wet spell of weather at the end of November and early December 2006 caused the level of Upper Lough Erne to rise 400mm above the normal maximum by 15 December 2006, this water was drawn off as quickly as possible. The sluice gates at Portora, which are used to ensure that sufficient water is retained in the Upper Lough to provide adequate depths in the navigable channels, were not required to be operated during this financial year.

### Lough Erne Estate

Rivers Agency, acting on behalf of the Department of Agriculture and Rural Development manages the Lough Erne Estate which consists mainly of the bed and soil of Upper and Lower Lough Erne and a strip of land around the perimeter of the Loughs exposed by past schemes which lowered the Lough levels.

## WORKS UNDERTAKEN FOR THE DEPARTMENT OF CULTURE, ARTS AND LEISURE

The Agency continued to carry out operational works related to both water recreation and inland fisheries on behalf of the Department of Culture, Arts and Leisure (DCAL). In addition the Agency continued to carry out work under a Service Level Agreement with the Loughs Agency.

For DCAL works providing pathways, fencing and anglers' facilities were completed at a number of locations. Improvement works were completed at Edenderry, River Lagan to stabilise a heavily utilised section of the Towpath and to enhance access for cyclists and wheelchair users. Dredging works were completed at Moira to improve angling facilities. Routine inspection and maintenance plus minor improvement works were carried out to water recreation sites across Northern Ireland during the year.

For the Loughs Agency, works included some addition fishery enhancement on the Rivers Faughan and Roe.

## WORKS UNDERTAKEN FOR WATERWAYS IRELAND



The Agency carried out dredging works to the Lower Bann navigation channel for Waterways Ireland. Significant works took place at the Cutts, Movanager, Carnroe, Portna and Toome. This work was carried out under a Service Level Agreement and is an example of the successful partnership approach taken to maintain and enhance the watercourses of Northern Ireland. The Agency's Water-Witch boat proved invaluable in carrying out these and other similar works.

## CUSTOMER SERVICE

The Agency continued to implement its Charter Standard Statement which sets out the standards of service members of the public can expect in their dealings with our staff. The key elements of the Charter are:-

- To provide a courteous and timely response to all enquiries from members of the public
- To apply equality of treatment across Northern Ireland regarding decisions to invest public monies in drainage and flood protection works
- To consult with all relevant interest groups prior to commencement of a new works scheme
- To reinstate private property to agreed standards after completion of works
- To provide a prompt response to watercourse related flooding incidents
- To take all complaints seriously and deal with them as quickly as possible.

A copy of our Service Standards has been displayed in all our offices and is also available on our Internet site [www.riversagencyni.gov.uk](http://www.riversagencyni.gov.uk).

The Agency's performance against key measurable standards of customer care is shown in Table 2.

**Table 2** *Out-turn Against Charter Standards*

Standard	Out-turn
To attend 80% of watercourse related flooding incidents within 3 hours	Achieved
To give riparians at least 2 weeks notice in advance of commencing works on a drainage or flood protection scheme	Achieved
To issue substantive replies to 80% of written enquiries within 15 working days of receipt*	Achieved
To respond to 98% of Schedule 6 applications within 3 months*.	Achieved

*\*Also reported as key performance targets in Table 1.*

## DRAINAGE COUNCIL FOR NORTHERN IRELAND



The Agency continued to provide secretariat and administrative support to the Drainage Council for Northern Ireland. The Council is a broadly based Independent Advisory body with 18 members, comprising 10 District Councillors, a Department of Agriculture and Rural Development official representing drainage interests, a Department of the Environment official, one representative each from agriculture, conservation, industry, tourism and fisheries interests and one independent drainage specialist.

Its main functions are to determine which watercourses should be designated for drainage works at public expense and to consider the Department's proposals for Drainage and Flood Protection Schemes. It also has a consultative role in relation to assessment of the environmental impact of drainage works under the Drainage (Environmental Impact Assessment) Regulations (NI) 2006.

The Council is subject to the equality and human rights obligations of the Northern Ireland Act 1998 as well as a statutory duty to ensure uniformity of treatment of drainage throughout Northern Ireland.

Under the Freedom of Information Act 2000, the Drainage Council produced a Publication Scheme to inform the public about information it publishes or intends to publish, where it can be accessed and whether the information will be available free of charge or at a specified cost. Where possible information is published on the Drainage Council website at [www.riversagencyni.gov.uk](http://www.riversagencyni.gov.uk). Information may also be obtained on written request to the Drainage Council Secretariat, c/o Rivers Agency, Hydebank, 4 Hospital Road, Belfast BT8 8JP.

Details of Drainage Council membership are set out in Appendix 3.

## MANAGING THE BUSINESS

The Agency has made progress on a number of fronts during the year to improve the way in which the business is managed.

### Human Resource Management

The expertise of a skilled and experienced workforce is one of the Agency's greatest assets and we are committed to developing that potential to the full. This commitment was recognised through the Agency's participation in the Investors in People (IIP) re-assessment during December 2005 and successful re-accreditation of the IIP award as part of the Department of Agriculture and Rural Development (DARD). A further re-assessment will take place during 2008.

As in previous years, staffing pressures continued to present a problem compounded by the increasing need for expertise in aspects of the Agency's business. A highly competitive labour market and continuing difficulties with recruitment and retention in the civil engineering grades has resulted in the Agency being unable to obtain the requisite number of recruits to fill current and anticipated vacancies.

During the period under review the Agency recruited at various levels and held several promotion/trawl competitions. A joint DRD, Roads Service/DARD, Rivers Agency PTO recruitment exercise was held during December 2006 but supply failed to meet demand in both Agencies.

In an attempt to deal with recruitment and retention issues the Agency is reviewing the grading of a small number of vacant civil engineering posts to investigate if the work can be more appropriately undertaken by staff of other disciplines.

Career management of staff in the professional and technical grades continued to be progressed. The Head of Profession role established during 2001 continued to develop further with the Agency having regular contact with the Institution of Civil Engineers (ICE).

The Career Development Working Group met several times during 2006/07. This group comprises of management and Trade Union representatives. The Director of Corporate Services now acts as Chairperson of the group and the Head of Engineering Policy has recently joined the forum.

The Agency's continued commitment to training and development was maintained through the requirement for all non-industrial staff to agree a personal development plan outlining their development needs. The Agency is accredited as a registered training provider with ICE. During the year the Agency implemented a Standard Training Programme for all professional and technical grades from PTO to PPTO.



The programme identifies the specific competences that postholders require to undertake the engineering duties of their posts effectively.

During the year staff spent on average 2.8 days on training. This training included specialised engineering functions, health and safety, IT, management training and other non-technical skills training. The Agency continued to evaluate training and development to ensure training objectives were achieved and business needs were met.

### Health and Safety

The Agency is committed to adhering to all existing legislation on health and safety at work to ensure that staff and customers enjoy the benefits of a safe environment.

During the year the Agency has introduced a number of Health and Safety Policy documents, and has revised its method of recording accidents to allow benchmarking to be undertaken against other organisations. In addition new procedures for risk assessment and extensive training in the new procedures were undertaken by the Health and Safety Section. Monitoring of the new procedures will be carried out continually throughout the next business year.

### Communications

High importance is placed on the need for good internal communication in order to achieve good business performance and maintain high standards in our dealings with the public. Staff are kept abreast of policy developments through a variety of communication mechanisms. These include policy/information circulars, the DARD core brief, Rivers Agency Team Briefing process, regular management meetings and through the Agency's and DARD's Internet/Intranet sites. During the period under review DARD/ Rivers Agency's internet and intranet sites were reviewed and re-structured. All staff receive copies of the departmental staff magazine 'Groundwork' to keep them abreast of wider DARD developments.

### Financial Management

The Agency uses the DARD financial accounting system which was introduced to support the production of accruals and resource accounts for the Department as a whole and for its Agencies. The Agency does not have an independent accounting system of its own.

The financial objective of the Agency was to maintain expenditure within the control totals agreed with DARD. The Agency carried out its budget management and monitoring regime on an accruals basis during the year and achieved its objective.

The Agency's administration and running costs budget (Admin Cost Limit) was £11,200k for 2006/2007 and was largely based on rolling forward and uplifting expenditure from the previous year. The budget for the Agency's programme of capital and maintenance works was £10,500k.

Income decreased from £573k in 2005-06 to £422k in 2006-07. This was due to a decrease in work done for the Loughs Agency and other Government Departments.

The Net Cost of Operations increased from £29,182k in 2005-06 to £32,645k in 2006-07 as a result of increases in cost of capital and depreciation. Staff costs have fallen from £10,182k in 2005-06 to £10,042k in 2006-07. This reflects the ongoing resourcing difficulties within the Agency. Other administration costs have fallen by 8% (from £2,548k to £2,349k) reflecting ongoing efficiency savings within the Agency. The value of the Agency's tangible fixed assets rose from £366m to £403m over the year. This can be mainly attributed to the revaluation exercise. The increase in cost of capital and depreciation costs was mainly as a result of the revaluation of tangible fixed assets.

### Practice on Prompt Payment

The Rivers Agency is committed to the prompt payment of bills for goods and services received in accordance with the Confederation of British Industries Better Payment Practice Code and the British Standard BS 7890 – Achieving Good Payment Performance in Commercial Transactions.

Unless otherwise stated in the contract, payment is made within 30 days of the receipt of the goods or services on presentation of a valid invoice or similar demand, whichever is later.

Regular reviews conducted to measure how promptly the Agency paid bills found that 98.1% were paid within this standard. In this context it is relevant to note that the Agency does not itself pay suppliers directly, but processes invoices through DARD.



## Vehicles, Plant & Equipment

The Agency does not recognise any material difference between the market and book value of its fixed assets at 31 March 2007.

There is continued investment in updating and maintaining the vehicles, plant and equipment required to enable it to fulfil its range of functions effectively.

This fleet currently consists of 192 Large Goods and Support Vehicles, 52 excavators, 12 Dumpers and Dump Trucks, and 465 Items of Ancillary Vehicles and Equipment.

Total replacement value is approximately £8.3 million and write down value is approximately £3.1 million.



## Charitable Donations

The Agency made no charitable donations during the year.

## Disabled Persons

The Agency follows the NI Civil Service Code of Practice on the Employment of Disabled People. The Agency aims to ensure that disablement is not a bar to recruitment or advancement.

## Equality of Opportunity

The Agency follows the NI Civil Service policy that all eligible persons shall have equal opportunity for employment and advancement on the basis of ability, qualifications and aptitude for work.

## Audit

The audit function within the Agency is monitored by a Corporate Governance and Audit Committee (CGAC). The Committee is chaired by a member of the DARD Board and includes the DARD Director of Finance and is attended by the Agency Directors. The Northern Ireland Audit Office and DARD Internal Audit are represented at each meeting of the Committee.

The process of business risk management has now been fully embedded in the Agency and clear links with the Business Plan have been put in place. The Agency's Risk Register is reviewed at least quarterly. The audit process is informed by the Risk Register.

Under the terms of a Service Level Agreement, DARD Internal Audit Branch provides an annual assurance report to the Chief Executive as Agency Accounting Officer. The audit report in respect of the 2006/07 business year provided general assurance that the Agency's internal control framework, risk management, and governance procedures were effective and that they enabled achievement of the Agency's objectives. The report made some recommendations for improving controls that have been accepted by the Agency Management Board. Appropriate implementation schedules have been agreed in respect of these recommendations.

DARD Internal Audit Branch also validated the out-turn against the key targets as reported in the Agency Performance section of this Report.

The financial statements are audited by the Comptroller and Auditor General (C&AG) for Northern Ireland in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001. He is head of the Northern Ireland Audit Office and he and his staff are wholly independent of the Agency. His findings are reported to the Northern Ireland Assembly.

The audited Financial Statements for 2006/2007 resulted in a notional audit fee of £20,000 which is included within the administration costs of the Income and Expenditure Account.

The C&AG may also undertake other statutory activities that are not related to the audit of the Agency's Financial Statements.

## EFFICIENCY AND EFFECTIVENESS



### Business Planning

The Agency remained committed to applying business planning principles at all levels in the organisation. The published 2006/2007 Business Plan was supported by Operational Plans for each Business Unit within the Agency. These plans were regularly reviewed and updated to ensure the most effective use of resources in securing the Agency's corporate aims and objectives.

### Industrial Pay and Grading

Specific industrial relations issues pertaining to the Rivers Agency industrial workforce continued to be discussed and negotiated in the well-established forum – the Rivers Agency Joint Industrial Council. Also many localised issues were resolved at Area level in the Joint Consultative Committees.

Negotiations on the 2006/07 pay settlement were conducted centrally by the Department of Finance and Personnel because of the current requirement to address complex issues related to harmonisation of pay and working conditions for industrial staff. Progress with achieving an agreed pay settlement for industrial staff has been very disappointing; due mainly to the delay in obtaining a negotiating remit combined with fundamental differences in perception of issues on the part of management and trade union sides.

### Recoupment of Drainage Infrastructure Costs

The Drainage (Amendment) (Northern Ireland) Order 2005 came into operation on 8 August 2005 providing the Department with the power, inter alia, to charge developers for infrastructure works. A Consultation Document 'Recoupment of Drainage Infrastructure Costs' issued on 31 October 2005 and the consultation period ended on 20 January 2006. The responses to consultation were generally supportive of the proposed policy. Subordinate legislation will be brought forward during 2007 to introduce charging in the 2007/2008 financial year.

## Information Systems & Information Technology

During the year the Agency continued to maintain, develop and enhance its use of Information Systems and Technology. Work has been completed on the upgrade of all Agency PCs, servers, databases, software and key infrastructure facilities to support current and planned DARD, inter-departmental and Agency IS/IT Projects.

The Agency has made considerable progress in data capture, validation and archiving of manual and digital records in preparation for implementation of the planned NICS Electronic Records and Document Management System. Work progressed this year included the enhancement and further development of the Asset Management systems, Project Administration System and Staff Training database. In keeping with DARD Policy the Agency developed a new website which integrates with the Department's current website through a portal style home page.

The use of IT in the management of information, communication, technology and assets is regarded as essential in order to improve internal efficiency and effectiveness and to meet greater internal and external demands.

## FUTURE STRATEGY



There is a continuing drive across the public sector to improve the efficiency and effectiveness of the delivery of services to the public. In his announcement on final decisions of the Review of Public Administration the Secretary of State said that the functions of the Rivers Agency and the Drainage Council would transfer to a new Environment Agency, subject to the outcome of the Review of Environmental Governance. The final report of the Review of Environmental Governance was published at the end of June 2007.

A review of the Agency flood management policy has recently been completed by an independent consultant. Stakeholders and the general public were encouraged to give their views during a comprehensive consultation process. A Government response to the independent review will be published soon. The Review of Flood Management will inform both, the Review of Environmental Governance and the future strategic direction of flood management in Northern Ireland.

In the meantime the Agency will continue to provide flood defences to reduce the risk to life and property from flooding, to maintain designated watercourses and existing flood defences, to improve the management of the capital assets through the development of asset management plans, to provide advice to the Planning Service aimed at preventing unsustainable development, to put in place arrangements for charging developers for infrastructure works and to keep abreast of developments at the EU and National levels.



## REMUNERATION REPORT

### Remuneration Policy

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries.

The Review Body also advises the Prime Minister from time to time on the pay and pensions of Members of Parliament and their allowances; on Peers' allowances; and on the pay, pensions and allowances of Ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975.

In reaching its recommendations, the Review Body has regard to the following considerations:-

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities
- regional/local variations in labour markets and their effects on the recruitment and retention of staff
- Government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services
- the funds available to departments as set out in the Government's departmental expenditure limits
- the Government's inflation target.

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

Further information about the work of the Review Body can be found at [www.ome.uk.com](http://www.ome.uk.com)

The remuneration of all senior civil servants is entirely performance based. It was agreed at Ministerial level that the application of the recommendations in the Review Body report should be implemented for the NICS SCS pay award. Permanent Secretaries' pay awards are determined by the Northern Ireland Civil Service (NICS) Permanent Secretary Remuneration Committee and the pay strategy is also based on the recommendations of the Review Body report.



The Remuneration Committee is comprised as follows:-

Mr John B McGuckian

Ms Ann Shaw

Mr Jonathan Philips

Mr Nigel Hamilton.

### Policy on the performance management of senior managers

The *Performance Management System for the Senior Civil Service* provides a means to improve management of individual performance and a better link between organisational success, individual contribution and reward. It links objective setting to business objectives; provides a delivery-focused set of Senior Civil Service Leadership Competences; encourages the development of skills and knowledge; focuses on personal development through the mid-year development review; and rewards results through the performance review and pay awards.

### Service Contracts

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

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended until they reach the normal retiring age of 60. Policy relating to notice periods and termination payments is contained in the Northern Ireland Civil Service (NICS) Staff Handbook.

Further information about the work of the Civil Service Commissioners can be found at [www.nicscommissioners.org](http://www.nicscommissioners.org).

### *Duration of Notice Periods*

Recruits or promotees to the Senior Civil Service on or after 1 January 1997 will be required to give three month's notice of resignation. DARD reserves the right to introduce a longer period of notice for individual posts of up to a maximum of six months and incumbents will be notified accordingly. This may be appropriate where the recruitment of a replacement is likely to be a protracted process.

At the time of resignation, the Department may, by agreement with the member of staff concerned, agree to waive the required notice. Existing members of the senior civil service prior to 1 January 1997 will have the reserved right to give one month's notice.

Where the Department is of the opinion that the appointee is unfit to continue in post or is incapable of adequately performing the duties of the post, it can terminate the appointment with immediate effect by written notice.

### *Termination Payments*

If for any reason other than disciplinary dismissal, the minimum period of notice cannot be given, the member of staff will receive compensation in lieu of the unexpired period of notice. Compensation is not payable when the date of leaving is mutually agreed, for example, in cases of flexible early retirement, approved early retirement, voluntary redundancy or where staff resign before the end of the notice period.

No significant awards have been made to past senior managers.

### *Emoluments of Chief Executive and Senior Management*

The following sections provide details of salary, pension entitlements and the value of any taxable benefits in kind of the most senior members of the Agency.



### Salaries and Benefits in Kind

Officials	2006-07		2005-06	
	Salary £'000	Benefits in kind (to nearest £100)	Salary £'000	Benefits in kind (to nearest £100)
Mr John Hagan <i>Chief Executive</i>	60-65	Nil	60-65	Nil
Mr John Clarke <i>Director of Development</i>	50-55	Nil	50-55	Nil
Mr Philip Mehaffey <i>Director of Operations</i>	45-50	Nil	45-50	Nil
Mr Alan Morton <i>Director of Corporate Services (Retired 31/08/06)</i>	20-25	Nil	40-45	Nil
Mr Eddie Gaw <i>Director of Corporate Services (Appointed 09/10/06)</i>	20-25	Nil	Nil	Nil

### Salary

Salary includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowances to the extent that it is subject to UK taxation. This report is based on payments made by the Department and thus recorded in these accounts.

## Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the Inland Revenue as a taxable emolument. There were no benefits in kind received by any of the Senior Management in the 2006/07 financial year.

## Pensions

Officials	Accrued pension at age 60 as at 31/3/07 and related lump sum	Real increase in pension and related lump sum at age 60	CETV at 31/3/07	CETV at 31/3/06	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Mr John Hagan <i>Chief Executive</i>	25-30 plus lump sum of 80-85	0-2.5 plus lump sum of 0-2.5	679	633	0	-
Mr John Clarke <i>Director of Development</i>	20-25 plus lump sum of 65-70	0-2.5 plus lump sum of 5.0-7.5	516	441	43	-
Mr Philip Mehaffey <i>Director of Operations</i>	15-20 plus lump sum of 55-60	0-2.5 plus lump sum of 5.0-7.5	385	325	35	-
Mr Alan Morton <i>Director of Corporate Services (Retired 31/08/06)</i>	20-25 plus lump sum of 70-75	0-2.5 plus lump sum of 0-2.5	554	586	3	-
Mr Eddie Gaw <i>Director of Corporate Services (Appointed 09/10/06)</i>	10-15 plus lump sum of 35-40	0-2.5 plus lump sum of 0-2.5	181	170	7	-



## Pension Entitlements

Pension benefits are provided through the Civil Service Pension arrangements. From 1 October 2002, civil servants may be in one of three statutory based 'final salary' defined benefit schemes (**classic**, **premium**, and **classic plus**). The Schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, and **classic plus** are increased annually in line with changes in the Retail Prices Index. New entrants after 1 October 2002 may choose between membership of **premium** or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (**partnership pension account**).

Employee contributions are set at the rate of 1.5% of pensionable earnings for **classic** and 3.5% for **premium** and **classic plus**. Benefits in **classic** accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three year's pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). **Classic plus** is essentially a variation of **premium**, but with benefits in respect of service before 1 October 2002 calculated broadly as per **classic**.

The **partnership pension account** is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a selection of approved products. 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 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

Further details about the CSP arrangements can be found at the website [www.civilservicepensions-ni.gov.uk](http://www.civilservicepensions-ni.gov.uk).

### *Cash Equivalent Transfer Values*

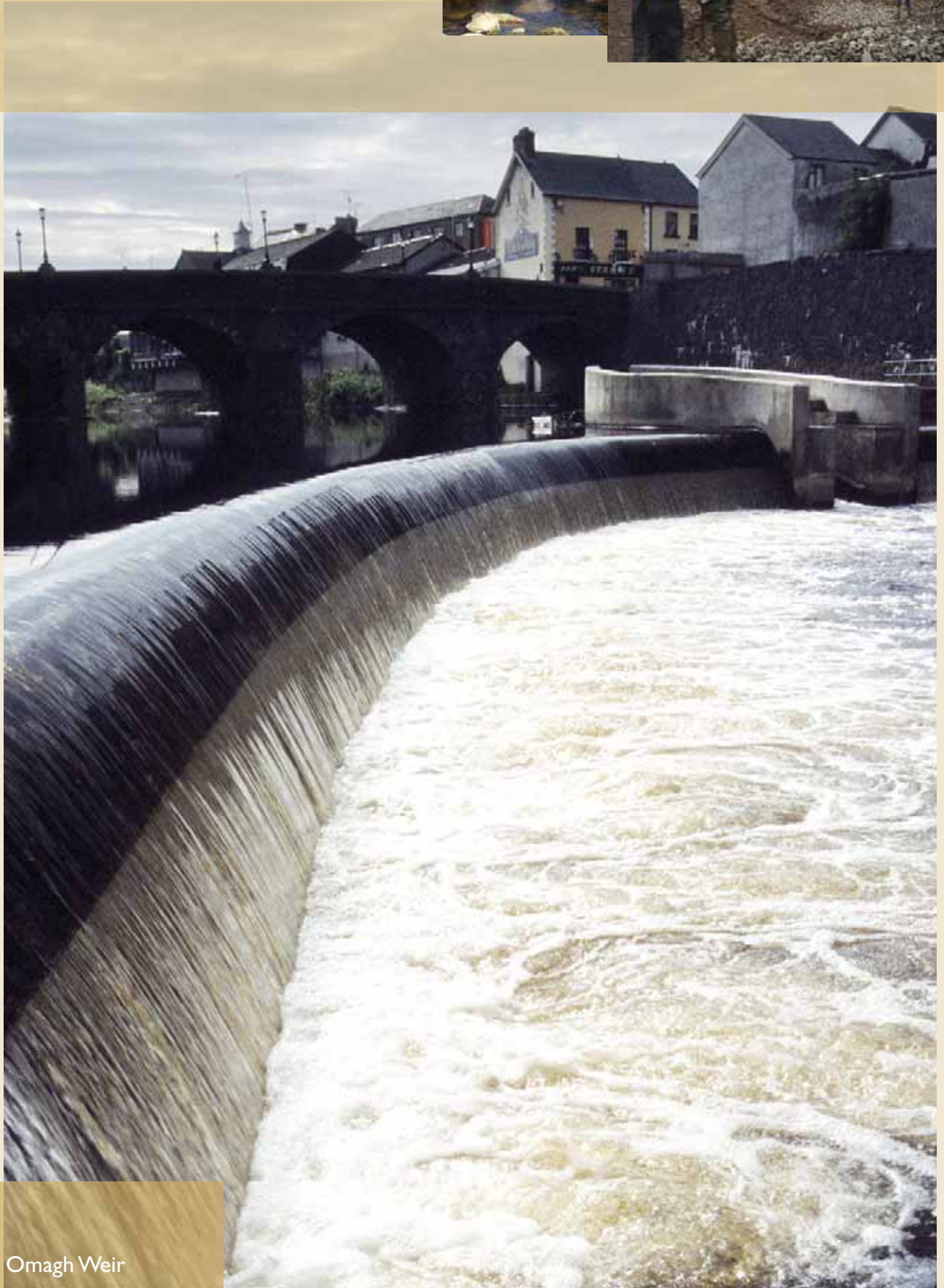
A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements and for which the CSVote has received a transfer payment commensurate with the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

### *Real increase in CETV*

This reflects the increase in CETV effectively funded by the employer. It takes account of 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.



**JOHN R HAGAN**  
Chief Executive  
3 July 2007



Omagh Weir

## STATEMENT OF THE AGENCY'S AND CHIEF EXECUTIVE'S RESPONSIBILITIES

Under Section 11(2) of the Government Resources and Accounts Act (Northern Ireland) 2001, the Department of Finance and Personnel has directed the Rivers Agency to prepare a statement of accounts for each financial year 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 Agency's state of affairs at the year-end and its income and expenditure, recognised gains and losses and cash flows for the financial year.

In preparing the Accounts the Agency is required to comply with the Financial Reporting Manual prepared by the Department of Finance and Personnel, and in particular to:

- observe the Accounts Direction issued by the Department of Finance and Personnel, including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards, as set out in the Financial Reporting Manual, have been followed and disclose and explain any material departure in the financial statements; and
- prepare financial statements on a going concern basis unless it is inappropriate to presume that the Agency will continue in operation.

The Accounting Officer has the responsibility for providing access to all accounting information and records as requested by the auditors.

The Accounting Officer for the Department of Agriculture and Rural Development has designated the Chief Executive of the Rivers Agency as the Accounting Officer for the Agency. His relevant responsibilities as Accounting Officer, including the propriety and regularity of the public finances and for the keeping of proper records, are set out in the Accounting Officer's Memorandum in "Government Accounting (Northern Ireland)" issued by the Department of Finance and Personnel.

## STATEMENT ON INTERNAL CONTROL



As Agency Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Agency's policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting Northern Ireland. I operate within the terms of a Framework Document, which sets out the Agency's relationship with the Department of Agriculture and Rural Development (DARD) and my accountability to the Minister.

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Agency's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Agency for the year ended 31 March 2007 and up to the date of approval of the annual report and accounts, and accords with DFP guidance.

The process of business risk management at programme level has been embedded in the Agency. Key roles have been defined, senior staff have been trained and a risk register, which identifies the Agency's principal risks and control strategies, has been compiled. The risk register is kept under regular review by the Agency Management Board. The Agency is also represented on the DARD Risk Management Forum.

The Agency uses the service provided by DARD Internal Audit Unit, which operates to standards defined in the Government Internal Audit Standards. The work of Internal Audit is focused on 'principal risks' identified along with a range of Corporate Governance issues. They submit reports which include the HIA's independent opinion on the adequacy and effectiveness of the Agency's system of internal control and on corporate governance and risk management processes, together with recommendations for improvement.

The three Directors within the Agency have each provided me with Support Statements in which they acknowledge their responsibility for ensuring that objectives for which they are responsible are clearly defined and that all members of staff within their Directorates are aware of the objectives relevant to their work. In addition they have each acknowledged their responsibility for developing and maintaining effective internal controls within their Directorates to provide reasonable assurance of achievement of these objectives. They have also provided me with specific details of actions taken in various areas of control. These supporting statements are available for audit inspection.

The Rivers Agency Corporate Governance and Audit Committee considers risk and internal control issues. The Committee is chaired by a DARD Deputy Secretary who is independent of the Rivers Agency. The other members of the Committee are the DARD Director of Finance and the three Agency Directors. The Rivers Agency is an Executive Agency within DARD. The Department is regarded as a related party.

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by the work of the internal auditors and the executive managers within the Agency who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the issues arising from the review of the effectiveness of the system of internal control by the Agency Management Board and the Corporate Governance and Audit Committee and a plan, to address weaknesses and ensure continuous improvement of the system, is in place.

My review of the effectiveness of the Agency's system of internal control is therefore informed by: -

- The Business Risk Register and associated review processes
- The work of internal auditors – The Internal Audit review for 2006/07 provided a satisfactory assurance in relation to the systems of internal control. My management team have accepted the Internal Audit recommendations and are addressing the areas for improvement. I have been advised on the implications of the result of the review of the effectiveness of the system of internal control by the Agency Management Board and have agreed an action plan to address weaknesses and ensure continuous improvement of the system is in place
- The Audit Committee ensures that appropriate action is taken to address internal and external findings raised throughout the year
- Support statements prepared by each of the Directors within the Agency; and
- Comments made by the NIAO in their management letter and other reports.



**JOHN R HAGAN**  
3 July 2007



## **The Certificate and Report of the Comptroller and Auditor General to the Northern Ireland Assembly**

I certify that I have audited the financial statements of Rivers Agency for the year ended 31 March 2007 under the Government Resources and Accounts Act (Northern Ireland) 2001. These comprise the Operating Cost Statement and Statement of Recognised Gains and Losses, the Balance Sheet, the Cashflow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having being audited.

### **Respective responsibilities of the Agency, the Chief Executive and Auditor**

The Agency and Chief Executive, as Accounting Officer, are responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and the Department of Finance and Personnel directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Department of Finance and Personnel directions issued under the Government Resources and Accounts Act (Northern Ireland) 2001. I report to you whether, in my opinion, certain information given in the Annual Report, which comprises of the Chief Executive's Foreword, Directors' Report, Management Commentary, and the unaudited part of the Remuneration Report is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Agency has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by the Department of Finance and Personnel regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Agency's compliance with the Department of Finance and Personnel's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or to form an opinion on the effectiveness of the Agency's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

### Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Agency and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Agency's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.



## Opinion

### Audit Opinion

In my opinion:

- the financial statements give a true and fair view, in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and directions made thereunder by the Department of Finance and Personnel, of the state of the Agency's affairs as at 31 March 2007, and of the net operating cost, recognised gains and losses and cashflows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Department of Finance and Personnel directions issued under the Government Resources and Accounts Act (Northern Ireland) 2001; and
- The information given within the Annual Report, which comprise of the Chief Executive's Foreword, Directors' Report, Management Commentary, and the unaudited part of the Remuneration Report, is consistent with the financial statements.

### Audit Opinion on Regularity

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

### Report

I have no observations to make on these financial statements.

**J M Dowdall CB**  
**Comptroller and Auditor General**  
**4 July 2007**

Northern Ireland Audit Office  
106 University Street  
Belfast

The maintenance and integrity of the Rivers Agency website is the responsibility of the Agency Board; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

## INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2007

	NOTE	2006/07		2005/06	
		£'000	£'000	£'000	£'000
Income	2		422		573
<b>Expenditure</b>					
Staff costs	3.2	10,042		10,182	
Other Admin costs	4.1	2,349		2,548	
Programme costs	4.2	20,676		17,025	
<b>Total Expenditure</b>			<u>(33,067)</u>		<u>(29,755)</u>
<b>Net cost of operations</b>			<u><u>(32,645)</u></u>		<u><u>(29,182)</u></u>

The net cost of operations arises wholly from continuing operations.

## STATEMENT OF RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2007

	NOTE	2006/07 £'000	2005/06 £'000
<b>Net gain/(loss) on revaluation of tangible fixed assets</b>		34,660	76,832
<b>Net gain/(loss) on revaluation of intangible fixed assets</b>		<u>3</u>	<u>1</u>
<b>RECOGNISED GAINS/ (LOSSES) FOR THE YEAR</b>	12.2	<u><u>34,663</u></u>	<u><u>76,833</u></u>

The notes on pages 52 to 68 form part of these accounts



## BALANCE SHEET

AS AT 31 MARCH 2007

		2006/07		2005/06	
	NOTE	£'000	£'000	£'000	£'000
<b>Fixed Assets</b>					
Tangible Assets	5	403,272		366,236	
Intangible Assets	6	<u>71</u>		<u>36</u>	
			403,343		366,272
<b>Current Assets</b>					
Stocks	7	211		182	
Debtors	8	735		567	
Cash in hand	9	<u>2</u>		<u>2</u>	
		948		751	
<b>Current liabilities</b>					
Creditors - amounts falling due within one year	10	<u>(2,114)</u>		<u>(1,775)</u>	
<b>Net current assets / (liabilities)</b>			<u>(1,166)</u>		<u>(1,024)</u>
<b>Total assets less liabilities</b>			402,177		365,248
<b>Provisions for liabilities 11 and charges</b>			<u>(116)</u>		<u>(43)</u>
			<u>402,061</u>		<u>365,205</u>
<b>Taxpayers Equity</b>					
General Fund	12.1	259,767		257,310	
Revaluation reserve	12.2	142,294		107,895	
			<u>402,061</u>		<u>365,205</u>

**JOHN R HAGAN**  
Chief Executive  
3 July 2007

The notes on pages 52 to 68 form part of these accounts

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2007

	NOTE	2006/07 £'000	2005/06 £'000
<b>Operating activities</b>			
Net cash outflow from continuing operating activities	13.1	13,041	13,476
Net cash outflow from capital expenditure activities	13.2	7,636	6,515
<b>Total cash outflow before financing</b>		<u>20,677</u>	<u>19,991</u>
<b>Financing</b>			
Cash inflow from financing		20,677	19,990
(Increase) / decrease in cash	9	-	1
<b>Net cash inflow from financing</b>	16	<u>20,677</u>	<u>19,991</u>

The notes on pages 52 to 68 form part of these accounts



## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2007

### 1. Accounting policies

The financial statements have been prepared in accordance with the Financial Reporting Manual (FRoM) issued by DFP. The accounting policies adopted by the Agency are described below. They have been consistently applied in dealing with all the items relating to the accounts.

#### 1.1 Basis of accounting

The accounts have been prepared in accordance with the historical cost convention, modified to include the revaluation of fixed assets at their value to the business by reference to their current cost.

Without limiting the information given, the accounts meet the accounting and disclosure requirements of the Companies (Northern Ireland) Order 1986, accounting standards issued or adopted by the Accounting Standards Board and accounting and disclosure requirements issued by DFP, in so far as these requirements are appropriate.

#### 1.2 Tangible fixed assets

Freehold land and buildings have been restated at current cost using professional valuations carried out by the Valuation and Lands Agency (VLA) at five yearly intervals and appropriate indices in the intervening years. The valuation of land and buildings currently used in these accounts was provided by the VLA at 1 April 2005. Buildings that are of a specialised nature, if ever sold on the open market, are valued at depreciated replacement cost. The minimum level of capitalisation of a tangible fixed asset is £5,000. Other tangible assets have been stated at current cost using indices extracted from a publication of The Stationery Office Limited entitled 'MM17 - Price Index Numbers for Current Cost Accounting'.

#### 1.3 Infrastructure assets

##### *a. Flood defence*

Expenditure on all flood defence assets is capitalised and depreciated over the useful economic life of the asset. For most assets this will be a period of 50 years. Flood defence assets (both sea and river) have been defined as the product of capital expenditure on the creation, provision, purchase, replacement or improvement of discrete physical watercourse based structures, which enable the Agency to achieve its strategic aim of providing flood protection.

In the financial year to 31 March 2006 a revaluation of flood defence assets was carried out. Sea defence assets were independently valued by RPS Consulting Engineers. River defence assets were valued in accordance with FreM para 5.2.6(d) using indices and other appropriate information.

### *b. Culverts*

The Agency manages a culvert network of 300 kilometres, in which there are over 6,200 culvert reaches, i.e. lengths of culverts between manholes. The depths at which culverts are laid vary between 1 metre and 12 metres.

Prior to 1 April 2005, the Agency used an in-house model to calculate a modern day replacement value (MDRV) of the total culvert network, which includes both pipe and box culverts. In the financial year to 31 March 2006 a revaluation of the total culvert network was carried out. This gave a new valuation for the culvert network at 1 April 2005. The modern day replacement value (MDRV) of the culvert network is now based on a hybrid cost model of a UK National Industry Standard Cost Estimating Package (TR61) for the pipe network, and an In-House Developed model for the box culvert network. The rates derived from both cost models are applied to the network statistics, which are contained within the Agencies Asset Inventory Database, INFONET. The TR61 cost model has been independently validated by Halcrow Management Services Ltd. on behalf of WRC and member companies (including Rivers Agency), and the In-House model validated by WS Atkins. Each year the valuation will be revalued using indices mentioned in note 1.2 above. It will also take account of any additions and condition surveys that may have taken place in the year.

The accounting policy adopted in relation to culverts is a variant of renewals accounting as detailed in FReM paragraph 5.2.10. This policy requires the formulation of a detailed Asset Management Plan that determines the amount to be spent to maintain the asset in a steady state condition and also the charge to the Income and Expenditure Account. The Agency charges actual refurbishment costs to the Income and Expenditure Account, with any variation between this figure and that suggested by the Asset Management Plan adjusted in the accounts.



### *c. Soft defences*

Soft Defences mainly consist of levees and soft earth banks of varying heights. Those on designated watercourses are maintained to their existing standard, and do not contain a hard core as in the case of urban Flood Defences. The Agency has decided that it will not attempt to value these defences because:

- For most part they provide protection to agricultural land to a lesser degree than that afforded to the urban environment
- They are subjected to a six-year rolling programme of scheduled inspection, and are maintained on the basis of need, rather than by reference to a detailed maintenance plan. Any expenditure incurred is merely reactive in nature.

The accounting policy adopted by the Agency in respect of Soft Defences is to expense all expenditure to the Income & Expenditure Account each year.

### *d. Capitalisation of engineers time*

The Agency has included engineer salary costs in Flood Defence and Culvert Network valuations.

## **1.4 Depreciation**

Freehold land is not depreciated. Depreciation is provided at rates calculated to write off the valuation of freehold buildings and other tangible fixed assets by equal instalments on a straight-line basis over their estimated useful lives, which are as follows:

Culvert Infrastructure	120 years
Flood Defences	50 years
Freehold Buildings	50 years
Vehicles	5 to 10 years
Plant and Machinery	5 to 15 years
Equipment and Tools	3 to 10 years
Computer Equipment	3 to 7 years

## 1.5 Intangible fixed assets

Purchased computer software licences are capitalised as intangible fixed assets where expenditure of £5,000 or more is incurred. In addition similar licences falling below this threshold, which when grouped exceed the threshold, are also capitalised. The value of the capitalised licences is restated at current value at the balance sheet date in accordance with the movement in the Retail Prices Index (RPI). Software licences are amortised over their expected useful life, which can be from 3 to 15 years depending on the licence.

## 1.6 Stock

Stocks are valued at the lower of cost and net realisable value.

## 1.7 VAT

Apart from VAT which is taken into account for all trade debtors and trade creditors, all other items in the accounts are exclusive of VAT that is recoverable on a departmental basis.

## 1.8 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with FRS 12, the Agency discloses certain liabilities where the likelihood of a transfer of economic benefit is remote. These comprise:

- Items over £100,000 that do not arise in the normal course of business and which are reported to Parliament / the Northern Ireland Assembly by minute prior to the Agency entering the arrangement
- All items (whether or not they arise in the normal course of business) over £250,000, which are required by FReM to be noted in the resource accounts.



## 1.9 Cost of capital

A charge, reflecting the cost of capital utilised by the Agency, is included in operating costs. The charge is calculated at a real rate set by the Department of Finance and Personnel (currently at 3.5%) on the average net book value of all assets less liabilities, except for, tangible and intangible fixed assets where the cost is based on opening values, adjusted pro-rata for in-year:

- additions and subsequent capital expenditure on existing assets at cost
- disposals as valued in the opening balance sheet (plus any subsequent capital expenditure prior to disposal)
- impairments at the amount of the reduction of the opening balance sheet value (plus any subsequent capital expenditure); and
- depreciation of tangible and amortisation of intangible fixed assets.

## 1.10 Pension costs

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (NI), which are described in Note 3. The defined benefit schemes are unfunded and are non-contributory except in respect of dependants' benefits. The department recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the Principal Civil Service Pension Scheme (PCSPS) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution schemes, the department recognises the contributions payable for the year.

## 1.11 Taxation

No taxation is chargeable on the financial results of the Agency.

## 1.12 Provisions

The Agency provides for the legal or constructive obligations, which are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation.

## 2 Income

Income comprises monies received in respect of the following:

	<b>2006/07</b>	<b>2005/06</b>
	<b>£'000</b>	<b>£'000</b>
Work done for Dept. of Culture, Arts & Leisure under the terms of a Service Level Agreement	187	191
Work done for Loughs Agency under the terms of a Service Level Agreement	6	149
Work done for Waterways Ireland	30	-
Work done for other Government Departments	150	149
Sundry income	49	84
	<u>422</u>	<u>573</u>

## 3 Staff Numbers and Related Costs

### 3.1 Average number of staff employed

	<b>2006/07</b>	<b>2005/06</b>
	<b>Number of staff</b>	<b>Number of staff</b>
Board and Senior Management	3	3
Administration	52	50
Professional and Technical	110	114
Industrial	260	260
	<u>425</u>	<u>427</u>



### 3.2 Analysis of Staff Costs

	2006/07	2005/06
	£'000	£'000
Salaries and Wages	8,359	8,307
Social security costs	590	585
Superannuation	1,359	1,337
Less Capitalised Engineers' time	(266)	(47)
	<u>10,042</u>	<u>10,182</u>

The PCSPS(NI) is an unfunded defined benefit scheme which produces its own resource accounts, but the Department of Agriculture and Rural Development is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2003 and details of this valuation are available in the PCSPS(NI) resource accounts.

For 2006/07, employers' contributions of £1,359,260 were payable to the PCSPS(NI) (2005/06 £1,335,804) at one of four rates in the range 16.5 to 23.5 per cent of pensionable pay, based on salary bands (the rates in 2004/05 were between 12% to 18%). These rates have increased from 1 April 2005 as a result of the latest actuarial valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees joining after 1 October 2002 could opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £Nil were paid to one or more of a panel of four appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5 per cent of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of £Nil, 0.8 per cent of pensionable pay, were payable to the PCSPS(NI) to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions due to the partnership pension providers at the balance sheet date were £Nil. Contributions prepaid at that date were £Nil. Two persons retired early on ill health grounds; the total additional accrued pension liabilities in the year amounted to £235.68.

## 4 Other operating costs

### 4.1 Administration costs

	2006/07	2005/06
	£'000	£'000
Travel and subsistence	500	504
Telephone	76	74
Staff training	113	126
Printing, stationery & advertising	39	49
Accommodation costs	273	276
Miscellaneous	23	236
Permanent diminution	7	2
Notional costs (Note 4.3 below)	1,266	1,231
Cost of capital	9	3
Depreciation	43	47
	<u>2,349</u>	<u>2,548</u>

### 4.2 Programme costs

	2006/07	2005/06
	£'000	£'000
Supplies, Services and Stores	428	373
PV & E Running costs	1,109	1,102
Other expenditure	389	141
Other maintenance	250	774
Culvert maintenance	208	242
Impairment of fixed assets		-
(Profit)/Loss on disposal of assets	(118)	(49)
Cost of capital	12,886	10,108
Depreciation	5,524	4,334
	<u>20,676</u>	<u>17,025</u>



### 4.3 Notional

Certain services are provided and received without the transfer of cash. The amounts included in the net cost of operations to reflect these costs are as follows:

	2006/07 £'000	2005/06 £'000
NIAO	20	23
Accommodation	302	287
Core Services	866	865
Services from Other Departments	35	15
BDS	43	41
	<u>1,266</u>	<u>1,231</u>

#### Note 1:

The Agency takes out commercial insurance to cover third party risks associated with vehicles, owned or leased on the Agency's behalf, and for buildings leased on its behalf where insurance is a requirement of the lease. No other external insurance is effected against fire, explosion, common law, third party and similar risks. A notional charge, based on standard rates, as advised by the Department of Finance and Personnel, has been calculated to reflect the costs of insurable risks of 2006/07 £107,078 (2005/06: £106,750).

In accordance with paragraph 4.5.2, FReM 2006 edition, this has not been charged to the income and expenditure account.

## 5. Tangible Fixed Assets

	Land, Bldgs & Sluices	Plant, Vehicles Equipt	Computer Equipt	Flood Defence Assets	Culverts	Assets Under Constr- uction	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>							
At 1 April 2006	15,231	8,535	200	95,725	337,161	2,146	458,998
Additions (Note 1)	147	548	108	240	783	6,609	8,435
Disposals		(627)	(57)		(412)		(1,096)
Transfers (Note 2)							
Reclassifications (Note 3)				356	377	(733)	
Revaluations (Note 4)							
Impairments			(13)				(13)
Indexation	1,008	234	2	9,398	32,746		43,388
At 31 March 2007	16,386	8,690	240	105,719	370,655	8,022	509,712
<b>Depreciation</b>							
At 1 April 2006	-	4,045	112	26,402	62,202	-	92,761
Charge for year	386	976	42	2,066			3,470
Disposals		(547)	(49)				(596)
Transfers (Note 2)							
Revaluations (Note 4)							
Impairments			(7)		2,083		2,076
Indexation	8	115		2,571	6,035		8,729
At 31 March 2007	394	4,589	98	31,039	70,320	-	106,440
<b>NBV @ 31/3/07</b>	<b>15,992</b>	<b>4,101</b>	<b>142</b>	<b>74,680</b>	<b>300,335</b>	<b>8,022</b>	<b>403,272</b>
<b>NBV @ 31/3/06</b>	<b>15,231</b>	<b>4,489</b>	<b>88</b>	<b>69,323</b>	<b>274,959</b>	<b>2,146</b>	<b>366,236</b>



**Note 1: - Capitalisation of Engineers' Time** – Culverts and flood defence asset additions include engineers' salary costs which have been capitalised.

**Note 2: - Transfers** – Relates to assets transferred in or out of the Agency, to or from another part of the Department of Agriculture and Rural Development.

**Note 3: - Reclassification of Assets** – The reclassifications relate to assets transferred from Assets Under Construction to additions to Culverts and Flood Defence Assets.

**Note 4: - Revaluation of Land & Buildings and Infrastructure Assets** - A revaluation of land and buildings was carried out by the Valuation and Lands Agency in accordance with the Appraisal and Valuation Manual published by the Royal Institute of Chartered Surveyors. The date of the valuation was 1 April 2005. The index at March 2007 has been applied to these valuations for the purpose of these accounts.

A revaluation of Sea Defences (an element of the Flood Defence Assets) was carried out by RPS Consulting Engineers. The date of the valuation was 31 March 2006.

A revaluation of the Culvert Network was carried out by in-house staff using an industry standard recognised methodology. The date of the valuation was 31 March 2005. The index at March 2007 has been applied to the culvert valuation for the purpose of these accounts.

## 6. Intangible Fixed Assets

The Agency's intangible fixed assets comprise purchased software licences.

<b>Purchased software licences</b>	
	<b>£'000</b>
<b>Cost or Valuation</b>	
At 1 April 2006	46
Additions	45
Indexation	4
At 31 March 2007	<u>95</u>
<b>Amortisation</b>	
At 1 April 2006	10
Charge for year	14
At 31 March 2007	<u>24</u>
<b>NBV @ 31/3/07</b>	<u>71</u>
<b>NBV @ 31/3/06</b>	<u>36</u>

## 7. Stocks

	<b>2006/07</b>	<b>2005/06</b>
	<b>£'000</b>	<b>£'000</b>
Stock	<u>211</u>	<u>182</u>



## 8. Debtors – amounts falling due within one year

	<b>2006/07</b>	<b>2005/06</b>
	<b>£'000</b>	<b>£'000</b>
VAT	548	463
Trade debtors	170	92
Sundry debtors	17	12
	<u>735</u>	<u>567</u>

Included within debtors is £74,666 (2005-06: £84,762) that will be due from other central government bodies.

## 9. Cash

	<b>2006/07</b>	<b>2005/06</b>
	<b>£'000</b>	<b>£'000</b>
Balance at 1 April 2006	2	3
Net change in cash balances	-	(1)
Balance at 31 March 2007	<u>2</u>	<u>2</u>

## 10. Creditors – amounts falling due within one year

	<b>2006/07</b>	<b>2005/06</b>
	<b>£'000</b>	<b>£'000</b>
Other taxation and social security	113	166
Trade creditors	285	37
Capital creditors	1,064	837
Accruals and deferred income	510	640
Other creditors	142	95
	<u>2,114</u>	<u>1,775</u>

Included within creditors is £Nil (2005-06: £4,730) that will be due to other central government bodies.

## 11. Provisions for liabilities and charges – legal costs

	2006/07 £'000	2005/06 £'000
Balance at 1 April 2006	43	60
Provided in the year	82	19
Provisions not required written back	(7)	(27)
Provisions utilised in the year	(2)	(9)
Balance at 31 March 2007	<u>116</u>	<u>43</u>

**Legal costs** – Legal claims under £100,000 are assessed together and a provision of 50% of the likely maximum claim value is made. This percentage is reviewed on an ongoing basis to ensure it continues to represent a reasonable estimate of the expenditure of the Agency on such claims. Claims greater than or equal to £100,000 are assessed on a case-by-case basis, and provided for or disclosed as a contingent liability as applicable.

## 12. Reconciliation of movement in reserves and government funds

### 12.1 General Fund

	Note	2006/07 £'000	2005/06 £'000
Balance as at 1 April 2006		257,310	255,073
Net cash inflow from financing	<b>16</b>	20,677	19,991
Net cost of operations		(32,645)	(29,182)
Notional and other non-cash costs	<b>4.3</b>	1,266	1,231
Cost of capital		12,895	10,111
CFER's repayable to the Consolidated Fund			6
Transfer of assets to Waterways Ireland			-
Transfer of assets to/from Core Department			(6)
Transfer of realised element from revaluation reserve	<b>12.2</b>	264	86
Balance as at 31 March 2007		<u>259,767</u>	<u>257,310</u>



## 12.2 Revaluation Reserve

	Land, Bldgs & Sluices £'000	Plant, Vehicles Equipt £'000	Intangible Assets £'000	Flood Defence Assets £'000	Culverts £'000	TOTAL £'000
At 1 April 2006	5,063	430	2	21,630	80,770	107,895
Revaluations	1,000	121	3	6,828	26,711	34,663
Transfer of realised elements to general fund (note 12.1)	(149)	(115)				(264)
At 31 March 2007	5,914	436	5	28,458	107,481	142,294

## 13 Notes to the Cash Flow Statement

### 13.1 Reconciliation of the net cost of operations to net cash outflow from continuing operating activities

	2006/07 £'000	2005/06 £'000
Net cost of operations	(32,645)	(29,182)
Cost of capital	12,895	10,111
Depreciation	5,566	4,381
Notional and other non-cash costs	1,266	1,231
(Profit)/Loss on sale of assets	(118)	(49)
Impairment of fixed assets	-	-
(Increase) / decrease in stock	(29)	20
(Increase) / decrease in debtors	(166)	23
Increase / (decrease) in creditors	111	14
Increase / (decrease) in provisions	72	(27)
Permanent diminution	7	2
Net cash outflow from continuing activities	<u>(13,041)</u>	<u>(13,476)</u>

### 13.2 Net cash outflow from capital expenditure activities

	<b>2006/07</b>	<b>2005/06</b>
	<b>£'000</b>	<b>£'000</b>
Tangible fixed asset additions	(2,559)	(7,892)
Intangible fixed asset additions	(45)	(20)
(Increase) / decrease in AICC	(5,876)	1,305
Increase / (decrease) in capital creditors	227	(61)
Proceeds from sale of fixed assets	617	153
	<u>(7,636)</u>	<u>(6,515)</u>

### 14 Capital commitments

The capital commitments at the end of the financial year for which no provision has been made in the accounts amounted to £1,007,000.

### 15 Contingent Liabilities

Due to the serious prejudice that would be caused to the Agency's position in relation to disputes with other parties, full disclosure of its contingent liabilities is not possible. The Agency cannot reliably estimate the cost of its contingent liabilities, but considers that the cost should not exceed £20,000.



## 16 Source of Funds

	Note	2006/07 £'000	2005/06 £'000
Net cash outflow from continuing operating activities	13.1	(13,042)	(13,476)
Net cash outflow from capital expenditure activities	13.2	(7,635)	(6,515)
Total cash inflow from financing		<u>(20,677)</u>	<u>(19,991)</u>

The Agency has no borrowings and relies on DARD for its cash requirements, and is therefore not exposed to liquidity risks. It has no deposits and all assets and liabilities are denominated in sterling, so it is not exposed to interest rate or currency risk.

## 17 Related Party transactions

The Rivers Agency is an Executive Agency within the Department of Agriculture and Rural Development ('the Department').

The Department is regarded as a related party. During the year, the Agency has had material transactions with the Department.

In addition the Agency has had a small number of transactions with other Government Departments and other central government bodies.

During the year, none of the Board members, members of the key management staff or other related parties have undertaken any material transactions with the Agency.

## 18 Losses and special payments

### Losses statement

There was one case involving a total amount of £1,440 during the year. This case was in relation to malicious damage and theft.

### Special payments

There were no special payments during the year.

## 19 Post Balance Sheet Events

There have been no adjusting or non-adjusting post balance sheet events since the balance sheet date 31 March 2007 and the date of the Accounting Officer signing the accounts.

## AGENCY OFFICES

### Agency Headquarters

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Fax: 028 6638 8972

### Plant Unit

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Fax: 028 3839 9112

## AGENCY MANAGEMENT BOARD



### Chief Executive Mr J R Hagan

#### Director of Development

**Mr J Clarke**

Capital Works  
Programme

Construction  
Procurement

Hydrometrics

Asset Management

Information Technology

Professional Standards

#### Director of Operations

**Mr P Mehaffey**

Operational  
Management

Design

Plant

Health & Safety

Environment

Emergency Planning

Planning Advice

#### Director of Corporate Services

**Mr E Gaw**  
(from 9.10.06)

Finance

Human resource  
management and  
development

Corporate policy,  
planning and  
correspondence

Legislation

Drainage Council  
Secretariat

## MEMBERSHIP OF THE DRAINAGE COUNCIL FOR NORTHERN IRELAND

### Name

Mr Gerald Crawford (*Chairman*)  
Alderman Hubert Nicholl (*Vice-Chairman*)  
Alderman Roy Beggs  
Mr Garth Boyd  
Mr Robert Cummings  
Miss Janice Gault  
Cllr Michael Gillespie  
  
Cllr Alan Graham  
Cllr Oliver Hughes  
Dr Harold Johnston  
Cllr William King MBE  
Cllr Jim McBriar  
Mr Pat McBride  
Cllr Catherine McCambridge  
Mr John Hagan  
Dr Alexandra McGarel  
Cllr Gerry McHugh  
Ald Edwin Poots

### Interest Represented

Fisheries  
Ballymena Borough Council  
Larne Borough Council  
Industry  
Agriculture  
Tourism  
Dungannon and South Tyrone  
Borough Council  
North Down District Council  
Magherafelt District Council  
Drainage Specialist  
Coleraine Borough Council  
Ards Borough Council  
DOE Planning Service  
Moyle District Council  
DARD Rivers Agency  
Conservation  
Fermanagh District Council  
Lisburn Borough Council

## KEY PERFORMANCE TARGETS 2007/2008



**The key performance targets published in the Agency's 2007/2008 Business Plan are as follows:**

**Urban Flood Defences:**

To construct or refurbish 317 metres of urban flood defences.

**Drainage Infrastructure:**

To accommodate increased storm run-off from 137.6 hectares of development land.

To replace/refurbish 164 metres of dangerous culverts.

**Maintenance of Watercourses:**

To complete identified maintenance works on 865 of the 1484 designated open watercourses included in the Notice of Annual Maintenance as part of a 6-year scheduled maintenance programme.

**Replies to written enquiries:**

To issue substantive replies to 80% of written enquiries within 15 working days of receipt.

**Schedule 6 applications:**

To respond to 98% of Schedule 6 applications within 3 months.

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ISBN 978 | 84807 022 6  
DMS 07.08.153



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