



The one hundred and eighteenth meeting of the
Joint Nature Conservation Committee to be held
at 08.45 on 14 March 2019 at Natural Resources Wales, Maes y
Ffynnon, Penrhosgarnedd, Bangor, Gwynedd, LL57 2DW

This paper was provided to the Joint Committee for decision/discussion
or information. Please refer to the minutes of the meeting for
Committee's position on the paper.

To view other Joint Committee papers and minutes visit <http://jncc.defra.gov.uk/page-2671>

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Joint Nature Conservation Committee

Matters arising

1. Principles for JNCC's wider markets activity were discussed by the Joint Committee at a workshop on 28 November. A final version of the principles, endorsed by the Wider Markets Sub-Group, is attached at [Annex 2](#).
2. A report on outstanding action points from previous meetings is attached at [Annex 1](#). All other action points have been discharged.

Annex 1. Action points from Joint Committee meetings

June 2018

Action	Person responsible	Progress update
9.2.i Annual report from ARAC (JNCC 18 22) AP02 Mrs Quince to develop a simple summary of ARAC responsibilities and purpose to communicate to staff to help increase engagement with ARAC and the work of internal audit.	Mrs Quince	Completed.

November 2018

Action	Person responsible	Progress update
13.3.i Business plan for 2019/20 (Official-sensitive) (JNCC 18 51) AP06 The Wider Markets Sub-Group to refine the principles for income generation and present to the Joint Committee intersessionally for adoption.	Mr Banner	Completed. The Wider Markets Sub-Group has revised the principles for income generation.
13.3.iii Business plan for 2019/20 (Official-sensitive) (JNCC 18 51) AP07 Lord Blencathra to provide the names of Mr Gove's special advisors to Professor Gilligan and Mr Yeo.	Lord Blencathra	Completed. Details provided to Professor Gilligan and Mr Yeo on 28/01/2019.
13.3.iv Business plan for 2019/20 (Official-sensitive) (JNCC 18 51) AP08 Mr Yeo to prepare an intersessional paper on options for growth and contraction prior to a decision on the business plan at the March 2019 Joint Committee meeting.	Mr Yeo	Completed. Provided to Committee members in advance of telecons on 01/02/18 and 08/02/18.

16.2 Joint Committee forward programme (Official) (JNCC 18 54) AP09 Mrs Quince to add 'Draft post-2020 strategy' to the forward programme.	Mrs Quince	Completed. Added to March 2019 agenda.
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Annex 2. Principles for JNCC's wider markets activity

These principles have been developed by the Joint Committee's Wider Markets Sub-Group and subsequently amended following discussions at the Joint Committee workshop on 28 November. They aim to set out how JNCC, operating in partnership with the other country nature conservation bodies, could begin to explore wider markets. This is a new way of operating and whilst the principles provide the framework for the approach any risks will be fully assessed before any projects are implemented.

- 1. While JNCC has a secure GIA funding base, bids for additional work should be focused on bolstering areas of work prioritised by the GIA funders.** JNCC's work already covers a very broad range of business areas, often with limited staff capacity within any one area. One of the key risks with pursuing additional sources of income is that the work broadens the areas that JNCC covers even further. Whilst GIA funding is secure (e.g. there is confidence it will remain relatively stable over the next five years) JNCC should principally target income sources to develop expertise and outcomes within the existing priorities defined by GIA funders, or towards their anticipated future priorities. This will naturally narrow the range of opportunities that are pursued (and hence the total income gained).
- 2. If the GIA funding base becomes less secure the income strategy should be diversified to maximise income.** If GIA funding becomes, or looks to become, less secure then income opportunities should be diversified to compensate. There is obviously a fine distinction between this and the previous principle around how stability or confidence in GIA income is judged; they are thus not mutually exclusive. This would naturally lead to the organisation undertaking work that could be less relevant to GIA funders but potentially be more lucrative (i.e. the organisation's funding would naturally move to areas of business where it is most competitive, and/or the demand is high). The focus would still be on retaining the skills and capabilities required to support GIA-funded functions. Building up this sort of market would take time and hence requires a longer term steer or funding guarantee from existing funders.
- 3. Any activity to develop wider markets must not interfere with GIA delivery.** The majority of JNCC's existing funding comes through its GIA settlement and delivery of GIA-funded work for governments and country nature conservation bodies must not be jeopardised through additional funding from other sources. This is particularly a risk as the skills required to deliver GIA work are likely to be similar to those which are most marketable elsewhere and the organisation needs to avoid any potential conflicts. However, there may be some flexibility/innovation in how GIA functions are delivered through more integrated working with other sectors.
- 4. Any activity needs to fall within JNCC's legal constraints.** JNCC's powers and duties are set out in sections 31-39 of the Natural Environment and Rural Communities Act 2006 ('the NERC Act'). By virtue of section 31(b), Schedule 4 of the NERC Act operates as JNCC's 'constitution'. Any activities JNCC undertakes must be authorised by and consistent with these statutory provisions. Further, the JNCC Support Company, which is the corporate personality through which JNCC operates, may only operate pursuant to the conditions imposed on the Consent that was granted by the Secretary of State authorising the company's establishment pursuant to paragraph 13 of Schedule 4. However, the relevant statutory provisions and the conditions of the Secretary of State's Consent allow for a high degree of flexibility in the present context and do not impose any in-principle legal obstacles to the activities to which these principles relate. Finally, as a matter of company law rather than as a matter of public and administrative law, the JNCC Support Company's activities must be within the

scope of its articles of association. These too are sufficiently broad to allow the activities to which these principles relate.

5. **JNCC must operate within public sector rules (but utilise whatever flexibility is available to it within these constraints).** JNCC is required to follow government rules, for example concerning financial management, procurement and pay, and must continue to work within these. However, the organisation should maximise whatever flexibility is available within these constraints.
6. **JNCC should usually ensure full cost recovery for any work undertaken outside of GIA priorities.** Seeking additional income naturally incurs a cost and, particularly initially, the return on this investment may not be that high. There is a risk that any shortfall is underpinned by reducing the work delivered through this funding. Against this however, risking a certain amount of GIA investment could realise significant benefits and return could be higher especially if commercial rates are charged. Where full cost recovery isn't ensured the risk entailed should be considered on a case by case basis.
7. **JNCC should avoid creating a two-tier organisation.** Whilst there may be potential and even necessity for staff to work to deliver more commercial contracts it is important that JNCC finds ways to achieve this without creating a "two-tier" organisation where certain staff have greater flexibility or pay by virtue of the sort of work they are undertaking. There may be instances where some flexibility is required (e.g. in order to attract and recruit certain specialist skills or in how staff are required to operate) but this should only be applied where absolutely required.
8. **Ensure good support and buy in from staff.** Gaining additional income from other sources is likely to bring organisational and cultural change. It is vital to ensure that JNCC staff are cognisant of the rationale and drivers for change and as far as possible included in the planning and delivery of change. JNCC must work to maintain support from staff for the change, for example, through development of an ethics policy that guides decisions on working with potential clients or on sensitive issues.
9. **Any work undertaken should not risk JNCC's reputational profile.** One of JNCC's core strengths is its profile, particularly as a trusted advisor to government. In entering new areas of work, which the organisation is potentially less familiar with, there is a risk of non-delivery or poor-quality outputs. This could potentially affect JNCC's reputation. Additionally, other risks (e.g. working for organisations with poor environmental credentials) could also undermine the organisation's profile. Risks such as these need to be managed carefully.
10. **JNCC should avoid potential conflicts of interest.** In broadening its funding base there is potential for JNCC to fall on both sides of an issue (e.g. advising both the operator and government around the impact of an operation).
11. **JNCC must operate as transparently as possible.** To maintain support and avoid potential challenges JNCC needs to ensure a high degree of transparency around how it is operating across government funders, staff and the broader public. This includes sources of funding and what they are being used for, the benefits of the work, etc. Transparent mechanisms should be set up to manage potential areas of internal conflict of interest. There may be instances, especially with more commercial work, where absolute transparency may not be possible but JNCC should push for as much clarity and openness as is possible.

12. **JNCC should develop enabling partnerships.** JNCC is relatively small and should work to develop partnerships with other organisations in the public and private sectors to provide more flexible capability and capacity to bid for and undertake wider markets work.