



**STRATEGY IMPLEMENTATION: CHANGES TO CORPORATE GOVERNANCE
ARRANGEMENTS**

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JOINT NATURE CONSERVATION COMMITTEE

STRATEGY IMPLEMENTATION: CHANGES TO CORPORATE GOVERNANCE ARRANGEMENTS

Paper by Sue McQueen

1. Introduction

- 1.1 The proposals in this paper take forward the changes to governance arrangements agreed by Committee in December to enable the strategy to be delivered and to allow Committee to operate at a more strategic level.
- 1.2 The schedule of delegations (Annex 1) has been amended to:
 - i. reflect the decisions by Committee about the type of business items it intends to deal with in future;
 - ii. clarify responsibilities;
 - iii. streamline approval processes; and
 - iv. future-proof the document.
- 1.3 These changes have been reflected in the terms of reference for the relevant groups. This opportunity has also been taken to make presentational changes to the terms of reference, including standardising the format, and to tie them in closely to the schedule of delegations.

2. Committee sub-groups

- 2.1 It is proposed that two of the three Committee sub-groups are disbanded, as follows:
 - i. The **Vision Working Group** is no longer required since the vision work has been completed;
 - ii. the **Process Working Group** undertook useful work but has not met since September 2007. Its work areas have either been completed (Stakeholder Relationship Management Strategy), transferred elsewhere (staff pay), or undertaken by the Committee itself (Committee development and business planning). It is therefore proposed that the Group is disbanded and, if the need arises for Committee to engage in detail in specific work areas, time-limited and context-specific groups are formed to progress these instead.

- 2.2 Additional delegations are proposed for the **Remuneration Committee** (Annex 2). One is new (and mainly theoretical). This is to determine pensions with the approval of the Secretary of State. The others are to reflect the practice that is in place with regard to the Managing Director's performance objectives and pay-related issues.
- 2.3 Changes are proposed to the **Inter-Agency Climate Change Forum (IACCF)** which are consistent with its own recent review of its future role as follows:
- i. JNCC needs to be a contributor to, and beneficiary of, the Forum as climate change issues relate to European and international agreements and much of its own work is affected by climate change. However, within the UK much effort will be at country agency level and does not need formal co-ordination through JNCC;
 - ii. Committee/ Board-level input has been useful in the initial stages of the IACCF. However, as much of the future business will be operational, the group's membership is better pitched at officer level;
 - iii. given the above, the Forum Chair would be an officer (either JNCC or JNCC and the country conservation bodies in rotation). Direction will be given by Committee to the Forum (and other inter-agency groups) through annual agreement of priorities for inter-agency/JNCC working;
 - iv. annual updates will be provided to Committee by the Forum;
 - v. it will be for the Forum to agree its own membership and terms of reference to reflect the requirements of JNCC, the GB country conservation bodies and the Northern Ireland Environment Agency (NIEA).
- 2.4 Initial consideration has been given to the **Marine Natura 2000 Project Group** (which also has in its terms of reference responsibility for marine protected areas work beyond Natura 2000). This has concluded that there will be an ongoing requirement for Committee involvement in this work. However, due to the increased scale and complexity of this work some changes are believed to be necessary to the governance of work on marine protected areas. Following discussion with the GB country conservation bodies and Environment Agency Northern Ireland, proposals will be brought back to Committee at the June meeting.

3. **Company Board**

- 3.1 One additional delegation is proposed for the **company Board**. This is to endorse any in-year changes needed to key performance indicators.

4. Other changes

- 4.1 It is proposed that the Standing Orders for the Committee are revised, circulated for comment by postal action and approved by the Chair on behalf of Committee.
- 4.2 Suggested amendments to terms of reference and timings of meetings will be proposed to the Chief Scientists' Group and Policy Directors' Group to reflect Committee's requirements for their advice.

Annex 1. Draft schedule of delegations

Introduction

1. Under the Regulatory Reform (Joint Nature Conservation Committee) Order 2005, and following approval from the Secretary of State, the Joint Committee set up the JNCC Support Co. as a company limited by guarantee. The purpose of the company is to provide services to the Joint Committee in connection with the functions specified in sections 33 and 36 of the Natural Environment and Rural Communities Act 2006 and in connection with any other functions of the Joint Committee. The change of arrangements for the provision of services to the Joint Committee implements action agreed in the Government's response, published in November 2002, to a review of the JNCC that reported in January 2002.
2. The Joint Committee, company Board and Executive Management Board has made certain delegations in accordance with the attached schedule.
3. The schedule comprises:
 - Part 1 Delegations from the Joint Committee to the company, Board of the company and any staff that the Board considers competent to undertake those responsibilities, and sub-groups of Committee.
 - Part 2 Delegations from the company Board to the Executive Management Board, Audit and Risk Management Committee and Company Secretary.
 - Part 3 Delegations from the Executive Management Board to staff. This is supplemented separately by detailed financial delegations.¹
4. Each schedule shows the matters reserved to the delegating body alongside the areas of responsibility delegated. The schedules also require the body to whom responsibilities are delegated to refer back up through the line any matters that may involve either the company or the Joint Committee in significant risk to their reputations, legal standing or financial positions.

¹ Available to Committee members on request.

Part 1. Schedule of delegations from the Joint Committee to the JNCC Support Company.

1. The responsibilities of the Joint Committee are set out in its accountability statement.
2. The Joint Committee has agreed that certain of its functions will be discharged by the JNCC Support Company (hereafter known as the ‘company’). The Joint Committee has delegated certain of its responsibilities to the company, the company Board and any employees of the company which the Board considers competent to undertake those responsibilities. The following table sets out in the left hand column the general areas of responsibility delegated to the company and in the right hand column the specific matters from each of these areas that are reserved for the Joint Committee. The Joint Committee has established a Remuneration Committee and the delegations made to it by the Joint Committee are shown in the central column. The Committee may at any time take back any responsibilities that it has delegated and specifically requires the company to refer to it any matter that may involve either the company or the Joint Committee in significant risk to their reputations, legal standing or financial positions.

Delegated to the company	Delegated to the Remuneration Committee	Reserved for the Committee
<p>Maintaining an effective framework of corporate governance to ensure that the Joint Committee fulfils its responsibilities for promoting the efficient and effective use of staff and other resources by the JNCC. This includes maintaining effective systems of:</p> <ul style="list-style-type: none"> • delegated authorities; • risk management and audit; • planning and monitoring; • programme and project management; • financial management; • staff management; • environmental management; • information management; • health and safety; and • internal and external communications. 		<p>Regulating the Committee’s own procedures, including approving and amending Standing Orders and a schedule of matters reserved to the Committee.</p> <p>Approving corporate governance arrangements for the JNCC, with the agreement of the GB country conservation bodies and Defra and devolved administrations where necessary.</p> <p>Ensuring that the company is run in accordance with the intentions of the Natural Environment and Rural Communities Act 2006 and making recommendations as necessary to the Secretary of State on matters concerning establishing or winding up the company or changing its objects.</p> <p>Approving and submitting to the Secretary of State</p>

Delegated to the company	Delegated to the Remuneration Committee	Reserved for the Committee
		<p>the JNCC's annual report and accounts (Chairman).</p> <p>Receiving and reviewing annual reports from the Audit and Risk Management Committee on the Committee's and company's control and risk management.</p> <p>Establishing the strategic direction of the JNCC and approving corporate and business plans and associated budgets to be executed through the company.</p> <p>Approving projects outwith the corporate or business plan, where these have a total full-life cost of more than £300k prior to obtaining final approval from Natural England (for projects with a total full-life cost of less than £500k) or Defra via Natural England (for projects with a total full-life cost of more than £500k).</p> <p>Approving high-level organisational strategies, such as communications and funding strategies, that have significant implications for the organisation.</p> <p>Reviewing and addressing major risks.</p>
<p>Delivering the Joint Committee's corporate and business plans. This includes the provision of any advice, information</p>		<p>Agreeing strategies for JNCC's work including collaborative work with, or between, the GB</p>

Delegated to the company	Delegated to the Remuneration Committee	Reserved for the Committee
<p>or other services necessary to fulfil the plans on behalf of the Joint Committee, including that delivered through inter-agency or lead agency working arrangements.</p> <p>Endorsing any in-year changes needed to key performance indicators.</p>		<p>country conservation bodies and Northern Ireland Environment Agency.</p> <p>Agreeing advice on the development or implementation of policy/legislation, which is potentially high-risk, contentious or novel for UK Government, devolved administrations or JNCC.</p> <p>Reviewing and contributing to new thinking and approaches for, or affecting, nature conservation.</p> <p>Receiving reports from the Executive Management Board on significant decisions made on the Committee's behalf.</p> <p>Giving guidance or information to any of the country Councils on any matter arising in connection with the functions of that Council, which, in the opinion of the Committee, concerns nature conservation for the UK as a whole or nature conservation outside the UK.</p>
<p>Employing staff required to support the Committee in fulfilling its statutory and general responsibilities, and fulfilling all responsibilities associated with this.</p>	<p>Setting the overall pay remit for staff employed by the company on the Committee's behalf, with the approval of Defra and Treasury as required.</p> <p>In consultation with Defra,</p>	<p>Appointing a Managing Director.</p>

Delegated to the company	Delegated to the Remuneration Committee	Reserved for the Committee
	<p>as necessary, setting and reviewing the terms and conditions and performance objectives for the Managing Director and determining the amount of any performance bonuses.</p> <p>Determining pensions with the approval of the Secretary of State.</p>	
<p>Entering into, and managing, contracts and other agreements necessary for the provision of goods and services required for the Joint Committee to fulfil its statutory and general responsibilities and complying with associated requirements in the financial memorandum.</p>		
<p>Holding and managing funding and other assets provided to the Joint Committee for the fulfilment of its statutory and general responsibilities and complying with associated requirements in the financial memorandum. This includes responsibility for administering and accounting for any funds provided by the Joint Committee to the GB country conservation bodies and Northern Ireland Environment Agency.</p>		

Part 2. Schedule of delegations from the Company Board.

1. The responsibilities of the Company Board are set out in its accountability statement.
2. The Board has delegated certain of its responsibilities to two sub-committees of the Board (the Executive Management Board and the Audit and Risk Management Committee) and to the company secretary. Delegations to the Executive Management Board reflect the responsibilities delegated to the Managing Director by the Chief Executive of Natural England as lead Accounting Officer for the JNCC, as set out in the Management Statement. To ensure the Managing Director is able to comply with these responsibilities, the Managing Director will act as the Chairman of the Executive Management Board.
3. The following table sets out in the left hand column delegated responsibilities, in the middle column the group or individual to whom these responsibilities are delegated, and in the right hand column the specific matters from each of these areas that are reserved for the company Board. The Board may at any time take back any responsibilities that it has delegated (but with regard to the Accounting Officer responsibilities delegated to the Managing Director) and specifically requires the sub-committees and company secretary to refer to it any matter that may place either the company or the Joint Committee at significant risk.

Responsibility	Delegated to:	Reserved for the company Board
Making company appointments (excluding staff).		<p>Admitting members of the company in accordance with the Articles of Association.</p> <p>Appointing additional directors to the company in accordance with the Articles of Association.</p> <p>In the absence of the chairman of the company Board, appointing a chairman for the meeting in accordance with the provisions of the Articles of Association and the requirements of the Secretary of State.</p> <p>Establishing, amending or dissolving sub-committees of the Board as may from time to time be appropriate, including agreeing their</p>

Responsibility	Delegated to:	Reserved for the company Board
		terms of reference and membership.
Maintaining a comprehensive system of internal delegated authorities which are notified to all staff, together with a system for regularly reviewing compliance with these delegations.	Executive Management Board	
<p>Planning JNCC's work in support of Joint Committee, producing corporate and business plans and putting in place appropriate mechanisms and staff and financial resources for their delivery.</p> <p>Delivering the Joint Committee's corporate and business plans. This includes the provision of any advice, information or other services necessary to fulfil the plan on behalf of the Joint Committee including that delivered through the GB country conservation bodies and Northern Ireland Environment Agency.</p> <p>Providing advice and information to the Joint Committee to enable them to deliver the matters reserved to them.</p> <p>Monitoring and advising the Board on the company's performance and resource (staff and financial) position against the JNCC's corporate and business plans, and deciding on remedial action where necessary.</p>	Executive Management Board	Endorsing quarterly reports on the company's performance and financial position against the JNCC's corporate and business plans, including any changes to key performance indicators.
Maintaining a system of risk management to inform decisions on financial and operational planning and to assist in achieving objectives and targets.	Executive Management Board	Reviewing changes to major risks concerning the company.
<p>Ensuring that all funds held by the company on the Joint Committee's behalf are used for the purpose intended by Parliament, and that such monies, together with assets, equipment and staff held/ employed by the company on the Joint Committee's behalf, are used economically, efficiently and effectively.</p> <p>Ensuring that adequate internal management and financial controls are maintained by the JNCC, including programme, project and contract</p>	Executive Management Board	<p>Approving any significant changes in financial management policies and practices.</p> <p>Approving the company's accounts and the related submission to the Joint Committee.</p>

Responsibility	Delegated to:	Reserved for the company Board
<p>management, and measures against fraud and theft.</p> <p>Being responsible for ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared, and presented in accordance with any directions issued by the Secretary of State.</p> <p>Signing the accounts and a Statement on Internal Control regarding the JNCC's system of internal control (Managing Director);</p> <p>Producing an annual report for approval by the Chairman.</p> <p>Paying on time the proper amounts of tax, VAT and National Insurance.</p>		
<p>Ensuring that effective personnel management policies are maintained that meet the requirements of employment law and ensure the health and safety of staff.</p> <p>Appointing, removing and remunerating staff (except for the Managing Director, who is appointed by the Joint Committee).</p>	Executive Management Board	Appointing or removing the company secretary.
<p>Ensuring compliance with information legislation.</p>	Executive Management Board	
<p>Ensuring that statutory documents are delivered to the Registrar as and when required by the Companies Acts and that other requirements of the Companies Acts are complied with. Advising the Board by means of a written report at each of its meetings of action taken in this respect.</p>	Company secretary	
<p>Promoting a climate of financial discipline and internal control, overseeing arrangements to attain value for money, regularity and propriety, and reducing the opportunity for financial or other mismanagement.</p>	Audit and Risk Management Committee	
<p>Appointing, re-appointing or removing internal auditors and determining their</p>	Audit and Risk	

Responsibility	Delegated to:	Reserved for the company Board
<p>remuneration.</p> <p>Approving long-term and annual plans for internal audit and commissioning audits of specific projects and value for money audits as required.</p> <p>Promoting understanding of internal audit's role and value within the JNCC.</p>	<p>Management Committee</p>	
<p>Advising, by means of a written annual report and any other means considered appropriate, the company Board, Managing Director, and Natural England's Chief Executive in lead Accounting Officer role on:</p> <ul style="list-style-type: none"> • strategic policies and processes for risk, control and governance, and related assurances including the Statement of Internal Control; • accounting policies and processes, including the process for review of the accounts prior to submission for audit; • the accounts, the letter of management representation, and the pre-certification report and management letter, including levels of error identified and management's response; • internal audit plans, findings and results; • environmental audit issues. 	<p>Audit and Risk Management Committee</p>	
<p>Ensuring that a process operates effectively to enable matters involving significant risk to the JNCC's, UK Government's or devolved administrations' reputation, legal standing or financial positions to be identified and referred to the Joint Committee.</p>	<p>Audit and Risk Management Committee</p>	

Annex 2. Draft terms of reference for the Remuneration Committee.

1. Background

- 1.1 In March 2006 the Joint Committee considered a paper concerning JNCC pay negotiations for 2006/07 and it was agreed that a pay sub-committee would be set up.

2. Role and Purpose

- 2.1 The role of the Committee is to:
- i. set the overall pay remit for staff employed by the company on the Committee's behalf;
 - ii. in consultation with Defra, as necessary, set and review the terms and conditions and performance objectives for the Managing Director and determine the amount of any performance bonuses;
 - iii. determine pensions with the approval of the Secretary of State.

3. Members

- 3.1 Membership comprises:

JNCC Chairman
JNCC Deputy Chairman
One JNCC Member from CCW, Natural England, SNH or CNCC

Two members must be present for the meeting to be deemed quorate.

4. Process

- 4.1 A draft pay remit and business case will be presented for decision to members of the Remuneration Committee on an annual basis, or as required if a long-term pay deal is in place.

Due to the requirement for swift decisions to be made it is anticipated that Members will sometimes need to either meet at short notice (face to face, by telephone or video) or take decisions by e-mail correspondence.

Information relating to the Managing Director's performance and pay will be provided for consideration annually or additionally as required.

Information about pensions will be provided as required.