



Financial Memorandum
for the
Joint Nature Conservation Committee
April 2011

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FINANCIAL MEMORANDUM FOR THE JOINT NATURE CONSERVATION COMMITTEE

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I. INTRODUCTION

1. This financial memorandum, which forms part of the management statement for the JNCC, sets out in greater detail certain aspects of the financial framework within which the JNCC is required to operate. It needs to be read in conjunction with the JNCC accountability framework document, which sets out the roles and responsibilities of the Department and devolved administrations, relevant to the exercise of the JNCC's functions, duties and powers.
2. The terms and conditions set out in the combined management statement and financial memorandum may be supplemented by guidelines or directions issued by the Secretary of State in respect of the exercise of any individual functions, powers and duties of the JNCC.
3. The JNCC shall satisfy the conditions and requirements set out in the combined document, together with such other conditions as the Secretary of State may from time to time impose.
4. In this memorandum:
 - 'the Department' means the Department for Environment, Food and Rural Affairs (Defra), including the Secretary of State and those acting on his/her authority;
 - 'devolved administrations' means the Scottish Government and the Welsh Assembly Government, including relevant Ministers and those acting on their authority
 - 'administrations' means devolved administrations and the administration in Northern Ireland;
 - 'Legislatures' means UK Parliament, Scottish Parliament, the National Assembly for Wales and the Northern Ireland Executive;
 - 'Secretary of State' means the Secretary of State for Environment, Food and Rural Affairs;
 - 'UK conservation bodies' means Natural England, Scottish Natural Heritage, the Countryside Council for Wales and the Council for Nature Conservation and the Countryside;
 - 'GB conservation bodies' means Natural England, Scottish Natural Heritage and the Countryside Council for Wales;
 - 'the funding bodies' means the GB conservation bodies and the relevant Northern Ireland department.
 - 'the relevant Northern Ireland Department' means the Department of the Environment in Northern Ireland,
5. The requirements placed by this document on the JNCC and its Chief Executive as Accounting Officer for the JNCC apply to all of the JNCC's business whether reserved for the Joint Committee or delegated by it to the company limited by guarantee through which the JNCC delivers its corporate plan (see section 2.3 of the Management Statement).

II. THE JNCC'S INCOME AND EXPENDITURE - GENERAL

The Departmental Expenditure Limit (DEL)

6. The JNCC's current and capital expenditure form part of the Resource DEL and Capital DEL of the Department for Environment, Food and Rural Affairs, the Scottish Government, the Welsh Assembly Government, the administration in Northern Ireland, and the GB conservation bodies.

Expenditure not proposed in the budget

7. The JNCC shall not, without prior written Departmental approval, enter into any undertaking to incur any expenditure which is not provided for in the JNCC's recurrent annual budget as approved by the Department, devolved administrations and the administration in Northern Ireland.

Financial delegations

8. The JNCC shall not enter into any undertaking to incur any expenditure which falls outside the JNCC's delegations (as stipulated in Annex 1 to this memorandum) without prior written approval from the Department.

Procurement

9. The JNCC's procurement policies shall reflect guidance from the Office of Government Commerce. The JNCC shall also ensure that it complies with any relevant EU or other international procurement rules.
10. Periodically and wherever practicable the JNCC's procurement shall be benchmarked against best practice elsewhere and contracted out where this would achieve better value for money.

Competition

11. Contracts shall be placed on a competitive basis and tenders accepted from suppliers who provide best value for money overall.
12. Proposals to let single-tender or restricted contracts shall be subject to a specified delegated authority (see Annex 2 to this memorandum).

Value for money

13. Procurement by the JNCC of works, equipment, goods and services shall be based on value for money, i.e. quality (in terms of fitness for purpose) and delivery against price. Where appropriate, a full option appraisal shall be carried out before procurement decisions are taken.

Timeliness in paying bills

14. The JNCC shall collect receipts and pay all matured and properly authorised invoices in accordance with the requirements of Annex 6 of Managing Public Money. The JNCC shall comply with the British Standard for Achieving Good Payment Performance in Commercial Transactions (BS 7890), and with the Late Payment of Commercial Debts (Interest) Act 1998 as amended.

Novel, contentious or repercussive proposals

15. The JNCC shall obtain the approval of the Department, which will consult with Treasury, the devolved administrations and the Department of Environment in Northern Ireland, as necessary, before:
 - incurring any expenditure for any purpose which is or might be considered novel or contentious, or which has or could have significant future cost implications, including on staff benefits;
 - making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by the Department;
 - making any change of policy or practice which has wider financial implications (e.g. because it might prove repercussive among other public sector bodies) or which might significantly affect the future level of resources required.

Risk management

16. The JNCC shall ensure that the risks which it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance, and shall develop a risk management strategy, in accordance with Chapter 4.3 of Managing Public Money
17. The JNCC shall adopt and implement policies and practices to safeguard itself against fraud and theft, in line with Annex 4.7 of Managing Public Money.
18. The JNCC shall take all reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter into a contract.

Wider markets

19. In accordance with the wider markets policy the JNCC shall seek to maximise receipts from non-Exchequer sources provided that this is consistent with (a) the JNCC's main functions, and (b) its corporate plan as agreed with the Department devolved administrations and the administration in Northern Ireland.

Fees and charges

20. Fees or charges for any services supplied by the JNCC shall be determined in accordance with Chapter 6 of Managing Public Money, and with the Freedom of Information Act and Environmental Information Regulations. However, there may be cases where this policy is inappropriate for the achievement of the JNCC's statutory functions, and in consequence the JNCC may wish to allow an element of subsidy in calculating fees and charges. In these cases, the fees and charges will be set at the highest level the market will bear, consistent with the functions being discharged.

III. THE JNCC'S INCOME

Grant-in-aid

21. Grant-in-aid will be paid to the JNCC in monthly instalments, on the basis of a written application from the JNCC showing evidence of need (See annexes 5 and 6). The application shall certify that the conditions applying to the use of grant-in-aid have been observed to date and that further grant-in-aid is now required for purposes appropriate to the JNCC's functions.
22. The JNCC should have regard to the guidance Annex 5.1 of Managing Public Money and to the general principle that it should seek grant-in-aid according to need.
23. Cash balances accumulated during the course of the year from grant-in-aid or other Exchequer funds shall be kept at the minimum level consistent with the efficient operation of the JNCC. Grant-in-aid not drawn down by the end of the year shall lapse. However, where draw-down of grant-in-aid is delayed to avoid excess cash balances at year-end, the Department, devolved administrations and the administration in Northern Ireland will make available in the next financial year - subject to approval by the Legislatures of the relevant Estimates provision - any such grant-in-aid which is required to meet any liabilities at year end, such as creditors.

End-year flexibility

24. As set out in Chapter 5 of Managing Public Money, the Department, devolved administrations and the administration in Northern Ireland will aim to set firm multi-year plans and cascade end-year flexibility on budgets where possible. Details are provided in the JNCC accountability framework document.

Receipts from sale of goods or services

25. Receipts from the sale of goods and services are classified as negative public expenditure in national accounts and are therefore normally offset against the DEL (i.e. they provide additional DEL spending power).
26. If there is any doubt about the correct classification of a receipt the JNCC shall consult the Department who will consult the Treasury as necessary.

Interest earned

27. Any interest earned on cash balances arising from grant-in-aid or other Exchequer funds shall be treated as a receipt from an Exchequer source. Depending on the budgeting treatment of this receipt, and its impact on the JNCC's cash requirement, it may lead to commensurate reduction of grant-in-aid or be required to be surrendered to the Consolidated Fund via the Department.

Unforecast changes in in-year income

28. If the negative DEL income realised or expected to be realised in-year is less than estimated, the JNCC shall, unless otherwise agreed with the Department ensure a corresponding reduction in its gross expenditure so that the authorised provision is not exceeded.

29. If the negative DEL income realised or expected to be realised in the year is more than estimated, the JNCC may apply to the Department to retain the excess income for specified additional expenditure within the current financial year without an offsetting reduction to grant-in-aid. The Department shall consider such applications, taking account of competing demands for resources. If an application is refused any grant-in-aid shall be commensurately reduced or the excess receipts shall be required to be surrendered to the Exchequer via the sponsor Department. (These arrangements are subject to the provisions set out under the heading *Disposal of assets* below.)
30. The exception to paragraph 29 is where the JNCC raises income from project partners in respect of a contribution towards work aimed at delivering the Government's obligations and targets. In respect of this income, the JNCC will be free to realise the appropriate levels of income from said partners (in order to meet project objectives) without the need to submit an application to the Department to retain the excess receipts.

Build-up and draw-down of deposits

31. The JNCC shall comply with the rules that any DEL expenditure financed by the draw-down of deposits counts within DEL and that the build-up of deposits may represent a saving to DEL (if the related receipts are negative DEL in the relevant budgets).
32. The JNCC shall ensure that it has the necessary DEL provision for any expenditure financed by draw-down of deposits.

Proceeds from disposal of assets

33. Disposals of land and buildings are dealt with in Section VI below.

Gifts and bequests received

34. The JNCC is free to retain any gifts, bequests or similar donations. These shall be treated as receipts.
35. Before proceeding in this way the JNCC shall consider if there are any associated costs in doing so or any conflicts of interests arising. The JNCC shall keep a written record of any such gifts, bequests and donations and of their estimated value and whether they are disposed of or retained.

Receipts from the EC

36. Receipts from the European Community (if retained by JNCC) provide additional spending power for JNCC.
37. Receipts from the EC will be regarded as additional to DEL Resource budgets if best estimates of them, described by type and amount, have been included in the corporate plan, forecast in the JNCC's budget estimates submission for the relevant year, and taken into account in the Department's, devolved administrations' and the administration in Northern Ireland's Expenditure Limits. Any receipts from the EC that have not been the subject of prior notification are subject to paragraphs 28 – 30 on unforecast changes in in-year income and must be reported to the Department,

who will assess whether any adjustment should be made to the DEL Resource budget.

38. Unspent balances of EC receipts may be carried forward from one year to another.

Borrowing

39. The JNCC shall observe the rules set out in Chapter 5 and Annex 5.6 of Managing Public Money when undertaking borrowing of any kind. The JNCC shall seek the approval of the Department to ensure that it has any necessary authority and budgetary cover for any borrowing or the expenditure financed by such borrowing.

Reserves

40. No grant or grant-in-aid shall be paid into any reserve held by the JNCC. Funds in any reserve may be a factor for consideration when grant-in-aid is determined.

IV. EXPENDITURE ON STAFF EMPLOYED BY JNCC OR ON ITS BEHALF

Staff costs

41. Subject to its delegated levels of authority the JNCC shall ensure that the creation of any additional posts does not incur forward commitments which will exceed its ability to pay for them.

Pay and conditions of service

42. Staff employed by the JNCC, or on its behalf, whether on permanent or temporary contract, shall be subject to levels of remuneration and terms and conditions of service (including superannuation) within the general pay structure approved by the Department (and the Treasury, if appropriate). Formal approval by the Joint Committee is required before a pay remit is submitted to the Department.
43. Current terms and conditions for staff employed by the JNCC, or staff employed on its behalf, are those set out in its Employee Handbook. The JNCC shall provide the Department with a copy of the Handbook and subsequent amendments.
44. The travel expenses of Members of the Joint Committee shall be tied to the rates allowed to staff of the JNCC. Reasonable actual costs shall be reimbursed.
45. The JNCC shall operate a performance-related pay scheme which shall form part of the general pay structure approved by the Department and, if appropriate, the Treasury.
46. The JNCC shall comply with the EU directive on contract workers (Fixed Term Employees Regulations (Prevention of Less Favourable Treatment)).

Pensions; redundancy/compensation

47. The JNCC's staff, or staff employed on its behalf, shall normally be eligible for a pension provided by membership of the Principal Civil Service Pension Scheme (PCSPS).

48. Staff may as an alternative to joining PCSPS opt to join the PCSPS Partnership arrangements or (if earning less than £30,000) can opt to take out a stakeholder pension without employer contribution. However, the employer's contribution to any personal pension arrangement, including a stakeholder pension, shall [normally] be limited to the national insurance rebate level.
49. Any proposal by the JNCC to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the approval of the Department. Proposals on severance payments must comply with Annex 4.13 of Managing Public Money.

V. NON-STAFF EXPENDITURE

Capital expenditure

50. Subject to being above a capitalisation threshold agreed between JNCC and the Department, all expenditure on the acquisition or creation of fixed assets shall be capitalised on an accruals basis. Expenditure to be capitalised shall include the (a) acquisition, reclamation or laying out of land; (b) acquisition, construction, preparation or replacement of buildings and other structures or their associated fixtures and fittings; and (c) acquisition, installation or replacement of movable or fixed plant, machinery, vehicles and vessels.
51. Proposals for large-scale individual capital projects or acquisitions will normally be considered within the JNCC's corporate planning process. Applications for approval by the Department (and if necessary the Treasury) shall be supported by formal notification that the proposed project or purchase has been examined and duly authorised by the Joint Committee. Regular reports on the progress of projects shall be submitted to the Department.
52. Within its approved overall resources limit the JNCC shall, as indicated in Annex 1 to this memorandum, have delegated authority to spend up to £300,000 on any individual project or acquisition (including capital expenditure). Beyond that delegated limit, the prior authority of the Department must be obtained before expenditure on an individual project or acquisition is incurred.

Transfer of funds within budgets

53. Unless financial provision is subject to specific Departmental or Treasury controls (e.g. where provision is ring-fenced for specific purposes), transfers between budgets within the total capital DEL budget, or between budgets within the resource DEL budget, do not need departmental approval provided they are in accordance with the requirements of Annex 3 of the Accountability Framework and Annex 1 of this document. It is the responsibility of the JNCC to decide whether an item of expenditure does require Departmental approval and to seek that approval if necessary. Transfers from capital to resource may be requested from the Department. These requests will be considered depending on the financial situation, and Treasury rules will apply (more guidance is available at paragraphs 1.42 to 1.45 of HM Treasury's Consolidated Budgeting Guidance .)

Lending, guarantees, indemnities; contingent liabilities; letters of comfort

54. The JNCC may make loans to its employees, or staff employed on its behalf, under normal terms and conditions of employment (e.g. to cover the purchase of season tickets). Except in these circumstances, the JNCC shall not, without the Department's prior written consent lend money, charge any asset or security, give any guarantee or indemnities or letters of comfort, or incur any other contingent liability (as defined in Annex 5.5 of Managing Public Money), whether or not in a legally binding form.

Gifts made, write-offs, losses and other special payments

55. Proposals for making gifts or other special payments (including write-offs) outside the delegated limits set out in Annex 3 to this memorandum must have the prior approval of the Department. An annual report of gifts made, write-offs, losses and other special payments should be submitted to JNCC's Audit and Risk Management Committee and to the Department (see annexes 3 and 5).
56. Gifts by management to staff, or staff employed on behalf of the JNCC, are subject to the requirements of Annex 4.12 of Managing Public Money.

Leasing

57. Prior Departmental approval must be secured for all property and finance leases. The JNCC must have capital DEL provision for finance leases and other transactions which are in substance borrowing (see paragraph 39 above).
58. Before entering into any lease (including an operating lease) the JNCC shall demonstrate that the lease offers better value for money than purchase.

Public/Private Partnerships

59. The JNCC shall seek opportunities to enter into Public/Private Partnerships where this would be more affordable and offer better value for money than conventional procurement. Where cash flow projections may result in delegated spending authority being breached the JNCC shall consult the Department.
60. Any partnership controlled by the JNCC shall be treated as part of the JNCC in accordance with UK GAAP and consolidated with it (subject to any particular treatment required by UK GAAP). Where the judgment over the level of control is a close one the Department will consult the Treasury (who may need to consult with the Office of National Statistics over national accounts treatment).

Subsidiary companies and joint ventures

61. The JNCC shall not establish subsidiary companies or joint ventures without the express approval of the Department. In judging such proposals the Department will have regard to the Department's, devolved administrations' and the administration in Northern Ireland's wider strategic aims and objectives.
62. Any subsidiary company or joint venture controlled or owned by the JNCC shall be consolidated with it in accordance with UK GAAP for public expenditure accounts purposes (subject to any particular treatment required by UK GAAP). Where the judgment over the level of control is a close one the Department will consult the Treasury (who may need to consult with the Office of National Statistics over national accounts treatment). Unless specifically agreed with the Department and the Treasury, such subsidiary companies or joint ventures shall be subject to the

controls and requirements set out in this management statement and financial memorandum, and to the further provisions set out in supporting documentation.

Financial investments

63. The JNCC shall not make any investments in traded financial instruments without the prior written approval of the Department nor shall it aim to build up cash balances or net assets in excess of what is required for operational purposes. Equity shares in ventures which further the objectives of the JNCC shall equally be subject to Departmental approval unless covered by a specific delegation.

Unconventional financing

64. Unless otherwise agreed with the Department and Treasury the JNCC shall not enter into any unconventional financing arrangement.

Commercial insurance

65. The JNCC shall not take out any insurance without the prior approval of the Department other than third party insurance required by the Road Traffic Acts and any other insurance which is a statutory obligation or which is permitted in Annex 4.5 of Managing Public Money
66. Should a major loss occur, The Department will consider with JNCC what adjustments should be made, if any, to the financial settlement and/or to the targets and actions set out in the corporate or business plans.
67. A Certificate of Exemption for Employer's Liability Insurance has been issued to the JNCC.

VI. MANAGEMENT AND DISPOSAL OF FIXED ASSETS

Register of assets

68. The JNCC shall maintain an accurate and up-to-date register of its fixed assets.

Disposal of assets

69. The JNCC shall dispose of assets which are surplus to its requirements. Assets shall be sold for best price, taking into account any costs of sale. High value assets shall be sold by auction or competitive tender (unless otherwise agreed by the Department), and in accordance with Annex 4.8 of Managing Public Money.
70. The JNCC has the right to retain 100% of the receipts arising from the disposal of assets purchased with grant-in-aid and to use them to finance other capital spending, subject to the value of the total sales for any financial year not exceeding 3% of grant-in-aid provision (and the value of an individual sale not exceeding £1 million.) Beyond either of these limits, the JNCC will notify the Department who will have to consult the Treasury on a case by case basis about the treatment of receipts from asset disposals.
71. If, notwithstanding the above, the JNCC disposes of assets which have been purchased, improved or developed with Exchequer funds and the receipts amount to more than £1 million, or where the disposal has unusual features of which the

Legislatures should be aware, Parliamentary approval shall be secured for the receipts to be reinvested. The receipts shall therefore be surrendered to the Department, which shall then submit an Estimate seeking approval for the receipts to be appropriated in aid by the Department and for a corresponding increase in the JNCC's grant-in-aid. If the proposed new investment exceeds the JNCC's relevant delegated authority the Department's approval will be needed. If the proposed new investment is novel or contentious the Treasury's approval will be also needed.

72. If the criteria in paragraph 69 above are not met, any receipts shall be dealt with in line with the rules on surplus in-year receipts (see paragraphs 29-30).

Recovery of assets

73. Where the JNCC has financed expenditure on capital assets by a third party, the JNCC shall make appropriate arrangements to ensure that any such assets above a value of £2,000 are not disposed of by the third party without the JNCC's prior consent.
74. The JNCC shall therefore ensure that such conditions are sufficient to secure the repayment of the Exchequer's due share of the proceeds of the sale, in order that funds may be surrendered to the Department.
75. The JNCC shall ensure that if the assets created by JNCC funding cease to be used by the recipient of the funding for the intended purpose, a proper proportion of the value of the asset shall be repaid to the JNCC for surrender to the Department. The amounts recoverable under the procedures in paragraphs 73-74 shall be calculated by reference to the best possible value of the asset and in proportion to the Exchequer's original investment(s) in the asset.

VII. BUDGETING PROCEDURES

Setting the annual budget

76. Budgeting procedures are described in the JNCC accountability framework document.

General conditions for authority to spend

77. Once the JNCC's budget has been approved by the Department, devolved administrations and the administration in Northern Ireland, and subject to any restrictions imposed by the Secretary of State, the JNCC shall have authority to incur expenditure approved in the budget without further reference to the Department, devolved administrations, the administration in Northern Ireland or the GB conservation bodies, on the following conditions:
- the JNCC shall comply with the delegations set out in Annexes 1, 2 and 3 of this memorandum. These delegations shall not be altered without the prior agreement of the Department, devolved administrations, the administration in Northern Ireland and the GB conservation bodies;
 - the JNCC shall comply with the conditions set out in paragraph 15 above regarding novel, contentious or repercussive proposals;

- inclusion of any planned and approved expenditure in the JNCC's budget shall not remove the need to seek formal approval from the Department where any proposed expenditure is outside the delegated limits or is for new schemes not previously agreed;
- the JNCC shall provide the Department with such information about its operations, performance, individual projects or other expenditure as it may reasonably require.

Providing monitoring information to the Department

78. The JNCC shall provide the department, as a minimum, information on a regular basis (see annex 5 of the financial memorandum) which will enable the satisfactory monitoring by the department of:
- the JNCC's cash management;
 - its draw-down of any grant-in-aid;
 - forecast outturn by resource headings;
 - other data required for the Government Expenditure Monitoring Systems.

VIII. BANKING

Banking arrangements

79. The JNCC's Chief Executive is responsible for ensuring that the JNCC's banking arrangements are in accordance with the requirements of Annex 5.7 of Managing Public Money. In particular he/she shall ensure that the arrangements safeguard public funds and are carried out efficiently, economically and effectively.
80. He/she shall therefore ensure that:
- these arrangements are suitably structured and represent value-for-money, and are reviewed at least every two years, with a comprehensive review, usually leading to competitive tendering, at least every three to five years;
 - sufficient information about banking arrangements is supplied to the Department's Accounting Officer to enable the latter to satisfy his/her own responsibilities (Section 4.2 of the Management Statement);
 - the JNCC's banking arrangements shall be kept separate and distinct from those of any other person, NDPB or organisation;
 - adequate records are maintained of payments and receipts and adequate facilities are available for the secure storage of cash.

IX. COMPLIANCE WITH INSTRUCTIONS AND GUIDANCE

Relevant documents

81. The JNCC shall comply with the following general guidance documents:
- this document (both the Management statement and the Financial memorandum);
 - HM Treasury's 'Managing Public Money', and any other relevant guidance and instructions issued by the Treasury;
 - other relevant guidance and instructions issued by the Treasury in respect of Whole of Government Accounts;
 - other relevant instructions and guidance issued by central Departments;
 - specific instructions and guidance issued by the Department;
 - recommendations made by the Public Accounts Committee, or by other Parliamentary authority, which have been accepted by the Government and which are relevant to the JNCC.

X. REVIEW OF FINANCIAL MEMORANDUM

83. This financial memorandum will normally be reviewed at least every five years or following a review of the JNCC's functions as provided for in section 8 of the JNCC Accountability Framework document.
82. The Treasury will be consulted on any significant variation proposed to this financial memorandum and the associated management statement.

ANNEX 1. FINANCIAL DELEGATIONS

1. The JNCC shall obtain prior written approval from the Department before entering into any commitment to:
 - incur expenditure for any purpose which might be considered novel or contentious, or which may prove repercussive among other public sector bodies (see paragraph 15 of this Memorandum);
 - avoid reducing its gross expenditure if the income realised or expected to be realised in-year is less than estimated (see paragraph 28 of this Memorandum);
 - retain 'excess' income without an offsetting reduction in grant-in-aid (see paragraph 29 of this Memorandum, and noting the exceptions described in paragraph 30);
 - retain receipts from the EC that have not been taken into account in the JNCC's budget estimates for the year (see paragraph 36 of this Memorandum, and noting the exceptions described in paragraph 37);
 - undertake borrowing of any kind (see paragraph 39 of this Memorandum);
 - lend money, charge any asset or security, give any guarantee or indemnities or letters of comfort, or incur any other contingent liability (see paragraph 53 of this Memorandum);
 - make a grant or a loan to a third party;
 - enter into any property or finance lease; (see paragraphs 57-58 of this Memorandum)
 - establish subsidiary companies or joint ventures (see paragraphs 61-62 of this Memorandum);
 - make any investments in traded financial instruments;(see paragraph 63 of this Memorandum)
 - enter into any unconventional financing arrangement (see paragraph 64 of this Memorandum);
 - take out any insurance (see paragraph 65 of this Memorandum, and noting the exceptions described this paragraph);
 - retain receipts derived from the sale of assets where the value of the total sales for any financial year exceed 3% of grant-in-aid provision or where the value of an individual sale exceeds £1 million(see paragraphs 69-71 of this Memorandum);
 - spend more than £300,000 on any project (including capital expenditure) (see Annex 2 to this Memorandum, paragraph 4);
 - spend more than £25,000 on single tender contracts (see Annex 2 to this Memorandum, paragraph 2);
 - make gifts with a value of more than £1,000 (see Annex 3 to this Memorandum, paragraph 2);

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- make any special payment (see Annex 3 to this Memorandum, paragraph 1);
 - write off losses over £5,000.(see Annex 3 to this Memorandum, paragraph 2).
2. All applications to exceed these delegations should be made to the Department.

ANNEX 2. PROJECTS AND CONTRACTS

Definitions

1. For the purpose of this schedule, the following definitions apply:
 - a **project** is normally a commitment to a discrete item of expenditure (including an individual grant award), or a set of expenditures related in such a way that the benefits of any one of them cannot be fully realised independently of the others;
 - the **cost** of a project is the total expenditure to which the JNCC would be committed over the life of the project, including VAT where applicable.

Single tender contracts

2. The JNCC has delegated authority to let single-tender contracts up to a total cost of £25,000

Project appraisal

3. All proposed projects must be appraised in line with Treasury guidance. The thoroughness of the appraisal should be appropriate to the size and importance of the project. All projects with a whole-life cost (including VAT) exceeding £150,000 should be subject to an appraisal consisting of thorough and (so far as possible) quantified analyses of all aspects of the project.
4. Before entering into any commitment, the JNCC shall submit to the Department for approval any project estimated to cost more than £300,000. Applications for approval by the Department shall be supported by formal notification that the proposed project or purchase has been examined and duly authorised by the Joint Committee.
5. If a project appears to be about to exceed its estimated costs when originally approved by 20% or more it shall be re-submitted to the Department; and shall be submitted to the Department for scrutiny or approval if the increase brings the costs above the thresholds set out in this Annex.

ANNEX 3. REQUESTS FOR APPROVAL TO MAKE SPECIAL PAYMENTS AND GIFTS AND TO WRITE OFF LOSSES

1. The JNCC may not without the prior approval of the Department make special payments.
2. The JNCC may without the prior approval of the Department make gifts and write off losses as follows:
 - any gifts not exceeding £1,000 in value (any gifts to staff will be subject to the requirements of the relevant Cabinet Office guidance);
 - write-off of losses not exceeding £5,000.
3. Requests for approval of **special payments and gifts** should include the following information, which should also be taken into consideration by the JNCC for cases within its delegated limits:
 - the nature and value of the payments;
 - the frequency of payments (are they one off or regular?);
 - what they will achieve for the JNCC (do they represent value for money?).

Requests should be made sufficiently in advance to allow time for consideration by the Department.

4. Requests for **approval to write off losses** in excess of the delegated limit should be set out under the headings below. The JNCC should also use this format in dealing with cases falling within its delegated limit. **All cases involving fraud - proven or suspected - must be referred to the Department immediately they come to light, irrespective of the amount involved.**
 - the amount of the loss;
 - how and when it occurred;
 - who was primarily responsible?
 - was it caused by negligence?
 - is there a suspicion of fraud?
 - have the police been informed?
 - is criminal prosecution, or are civil proceedings, proposed?
 - can insurance be claimed?
 - what other steps can be taken to recover the loss?
 - What steps are necessary to prevent a recurrence?
 - any other relevant information;

- conclusion and recommendations.
5. The report called for in paragraph 55 of this memorandum shall be submitted each June and contain the following information:
- the total amount of gifts made, write-offs, losses and other special payments individually valued at £5,000 or less;
 - details of each gift made, write-off loss or other special payment valued at over £5,000, showing in each case:
 - i. the value;
 - ii. the function(s) or programme to which it related;
 - iii. the date on which the payment was made, or the loss-making event occurred or crystallised;
 - iv. a brief description of the circumstances under which it was made.

For losses only there needs to be a note in the annual accounts showing the number and total value of losses together with corresponding figures for the previous financial year.

ANNEX 4. CATEGORIES OF EXPENDITURE

(See section 4.4.4 of the management statement)

JNCC's Categories of Expenditure shall be as follows:

RESOURCE DEL	CAPITAL DEL
Subsidies to the private sector (profit making firms) (C10)	Profit and loss on sales of other tangible capital (X16)
Current expenditure on goods and services, and receipts (B35)	Book value on sale of other tangible capital (E16)
Current grants to the private sector (persons and not-for-profit bodies (D10) (EU grants for revenue expenditure netted off under this heading)	Expenditure on the purchase of existing buildings (E10)
Current transfers abroad (D20)	Book value on sale of existing buildings (E11)
	Capital grants to the private sector (persons and not-for-profit bodies (G20)
Pay (A15)	Formation of tangible capital: dwellings, other new construction, vehicles (E15)
	Capital grants to the private sector (companies) (G10)
Income from services (B35)	Purchase of land (EO6)
	Profit and loss on sales of existing buildings (X11)
Settlement of provisions	
RESOURCE AME	
Depreciation under RAB (B90)	
Creation of and unwinding of provisions	
Interest paid to or received from the private sector (S10)	
Provisions for pensions for staff where body has theme release (L16)	
Provisions for pensions for staff where body has theme: take-up and revaluations (L15)	
Impairments of fixed assets (B95)	

Income and expenditure analysed by these categories will form part of JNCC's monthly reports to the Department.

ANNEX 5 TIMETABLE FOR SUBMISSION OF KEY FINANCIAL INFORMATION TO THE DEPARTMENT*

Sixth working day of April	Forecast expenditure profile for each category of expenditure in the Current DEL, Capital DEL and Current AME budgets and for non-budget items (see section 5.6 of the Management Statement and Annex 4 to this Memorandum).
Third week of April and of each successive month	Application for grant-in-aid for following month (see paragraph 21 and Annex 6 to this Memorandum).
Sixth working day of May and of each successive month	Expenditure forecast data for the previous month and (from June) spend data for the previous month, relating to each category of expenditure in the Current DEL, Capital DEL and Current AME budgets and for non-budget items and a provisional expenditure forecast for the remaining months of the current financial year (see section 5.6.2 of the Management Statement and Annex 4 to this Memorandum).
June	Reports on write-offs, losses, special payments and gifts (see paragraph 55 and Annex 3 to this Memorandum)
May	Final outturn figures for the preceding financial year (see section 5.6 of the Management Statement).
First week in June	Draft accounts and draft annual report (see section 4.11.3 of the Management Statement)
June	Annual review of internal audit and opinion ** and annual report on fraud and theft.
July	Final accounts signed by the Chief Executive (see section 4.11.1 of the Management Statement)
mid-August	Report on review of monthly profiles of expenditure and draw down of grant-in-aid to inform the Winter Supplementary Estimates process(see section 5.6 of the Management Statement) .
December	Budget for the following financial year reflecting the Current DEL, capital DEL and Current AME budget limits allocated by the Department and devolved administrations with an assessment of monthly cash and grant-in-aid requirement for the coming year .

* And to other devolved administrations/CAs if required

ANNEX 6. FORM FOR GRANT-IN-AID DRAW DOWN REQUEST

See financial memorandum paragraph 21

Cash grant-in-aid draw down request

For: ___ month/year ___

£K

Total cash grant-in-aid to date

Forecast cash requirement for ___ month ___

Less estimated cash balance @ ___ month ___

Cash advance required for ___ month ___

I certify that the conditions applying to the use of funds to date, as set out in the financial memorandum, have been observed and that further funds are required for the proper exercise of the JNCC's functions, as approved by sponsoring bodies where necessary.

Signature..... Date.....

Position – Head of Finance