

# **Management Statement**

For the

Joint Nature Conservation Committee

November 2007



**MANAGEMENT STATEMENT FOR THE JOINT NATURE CONSERVATION COMMITTEE**

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**ATTACHMENTS:*****Financial memorandum***

## INTRODUCTION

### 1.1 This document

1.1.1 This management statement and its associated financial memorandum have been drawn up by Natural England, Scottish Natural Heritage, the Countryside Council for Wales and the Department of the Environment in Northern Ireland in consultation with the Joint Nature Conservation Committee (JNCC), Monkstone House, City Road, Peterborough, PE1 1JY.

1.1.2 In this statement:

- '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 Executive 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 administration in Northern Ireland;
- 'Secretary of State' means the Secretary of State for Environment, Food and Rural Affairs;
- 'Minister' means the Secretary of State for Environment, Food and Rural Affairs and relevant Ministers of the Scottish Executive, Welsh Assembly Government and the administration in Northern Ireland;
- '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.

1.1.3 The requirements placed by this document on the JNCC, its Managing Director and Natural England's Chief Executive as lead 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 (section 1.5).

1.1.4 Subject to the legislation noted in section 1.2, the management statement sets out the broad framework within which the JNCC will operate, in particular:

- the JNCC's overall aim, objectives and targets in support of the Department's, devolved administrations' and the administration in Northern Ireland's wider strategic aims;
- the rules and guidelines relevant to the exercise of the JNCC's functions, duties and powers;
- the conditions under which any public funds are paid to the JNCC;
- how the JNCC is to be held to account for its performance.

However, the management statement and financial memorandum do not convey any legal powers or responsibilities.

- 1.1.5 The associated financial memorandum sets out in greater detail certain aspects of the financial provisions which the JNCC shall observe.
- 1.1.6 The management statement and financial memorandum are supplemented by an overarching accountability framework document, which sets out the roles and responsibilities of the Department, devolved administrations and the administration in Northern Ireland, relevant to the exercise of the JNCC's functions, duties and powers.
- 1.1.7 The management statement shall be periodically reviewed by the funding bodies and the JNCC.
- 1.1.8 The funding bodies or the JNCC may propose amendments to this document at any time. Any such proposals shall be considered in the light of evolving government policy aims, operational factors and the track record of the JNCC itself. The guiding principle shall be that the extent of flexibility and freedom given to the JNCC shall reflect both the quality of its internal controls and its operational needs.
- 1.1.9 The combined document is signed and dated by the funding bodies and the JNCC.
- 1.1.10 Any question regarding the interpretation of the document shall be resolved by the funding bodies after consultation with the JNCC and, as necessary, with the Department, devolved administrations, the administration in Northern Ireland, Treasury and the Cabinet Office.
- 1.1.11 Copies of this document and any subsequent substantive amendments shall be placed in the Libraries of the House of Commons, the House of Lords, the Scottish Parliament, the National Assembly for Wales and the administration in Northern Ireland. Copies shall also be made available to members of the public on the JNCC's website.

## **1.2 Founding legislation; status**

- 1.2.1 The JNCC was established under the Environmental Protection Act 1990 and reconstituted under the Natural Environment and Rural Communities Act 2006 as a committee of the four UK conservation bodies – the Council for Nature Conservation and the Countryside, the Countryside Council for Wales, Natural England and Scottish Natural Heritage. The constitution of the JNCC is set out in Section 128, Schedule 7 of the Act. The JNCC does not carry out its functions on behalf of the Crown.

## **1.3 The functions, duties and powers of the JNCC**

- 1.3.1 Section 34 of the Natural Environment and Rural Communities Act 2006 gives the UK conservation bodies certain functions which may only be discharged through the Joint Committee. These functions are:
  - (a) providing advice to the appropriate authorities on the development and implementation of policies for or affecting any nature conservation matter which:
    - (i) arises throughout the United Kingdom and raises issues common to England, Wales, Scotland and Northern Ireland,
    - (ii) arises in one or more (but not all) of those places and affects the interests of the United Kingdom as a whole, or
    - (iii) arises outside the United Kingdom;

- (b) providing advice to any persons and disseminating knowledge about any matter falling within paragraph (a)(i), (ii) or (iii);
  - (c) establishing common standards throughout the United Kingdom for the monitoring of nature conservation and for research into nature conservation and the analysis of the resulting information;
  - (d) commissioning or supporting (whether by financial means or otherwise) research which the Joint Committee thinks is relevant to any matter mentioned in paragraphs (a) to (c).
- 1.3.2. Section 35 of the Natural Environment and Rural Communities Act 2006 gives the Joint Committee the power to give advice or information to any of the UK conservation bodies on any matter which:
- (a) is connected with the functions of that UK conservation body, and
  - (b) in the opinion of the Joint Committee -
    - (i) arises throughout the United Kingdom and raises issues common to England, Wales, Scotland and Northern Ireland,
    - (ii) arises in one or more (but not all) of those places and affects the interests of the United Kingdom as a whole, or
    - (iii) arises outside the United Kingdom.
- 1.3.3 Section 36 of the Natural Environment and Rural Communities Act 2006 gives the GB conservation bodies certain functions which may only be discharged through the Joint Committee. These functions are:
- (a) those under sections 22(3) and 24(1) of the 1981 Act (listing of protected animals and plants);
  - (b) commissioning or supporting (whether by financial means or otherwise) research which the Joint Committee thinks is relevant to those functions.
- 1.3.4 Section 37 of the Natural Environment and Rural Communities Act 2006 gives the UK conservation bodies powers to do anything incidental or conducive to the functions set out in 2.3.1 above and in particular:
- (a) to acquire or dispose of property;
  - (b) to accept gifts;
  - (b) to undertake research directly related to those functions if it appears appropriate to do so.
- 1.3.5 Schedule 4, paragraph 13(1) of the Natural Environment and Rural Communities Act 2006 gives the Joint Committee the following power:
- With the consent of the Secretary of State and subject to any conditions he may impose, the Joint Committee may form a company limited by guarantee the objects of which fall within sub-paragraph (2).
- 1.3.6 Sub-paragraph 2 of paragraph 13 of Schedule 4 defines the objects of the company as follows:
- providing administrative and corporate support services to the Joint Committee, including the employment of staff for the purposes of its functions;

- making charges and holding land or any interest in or right over land for those purposes;
- doing such other things as are conducive or incidental to the exercise of those functions.

1.3.7 Paragraph 17(1) in Schedule 4 of the Natural Environment and Rural Communities Act 2006 gives the Joint Committee the power to authorise any of their functions to be exercised by any member of the Committee, to a company formed under paragraph 13 of the Schedule, to any of the UK conservation bodies, or to any employee of the Committee, of such a company or of any of those bodies.

## **1.4 Classification**

1.4.1 For policy/administrative purposes the JNCC, a committee of executive non-departmental public bodies, is classified as equivalent or analogous to a non-departmental public body.

1.4.2 For national accounts purposes the JNCC is classified to the central government sector.

1.4.3 References to the JNCC include all its subsidiaries and joint ventures that are classified to the public sector for national accounts purposes. If such a subsidiary or joint venture is created, there shall be a document setting out the arrangements between it and the JNCC (see paragraphs 63-64 of the financial memorandum).

## **1.5 Provision of support to the Joint Committee**

1.5.1 The Joint Committee has established a company limited by guarantee under the Regulatory Reform (JNCC) Order (2005), schedule 7, paragraph 4, (as amended), to provide administrative and specialist support to the Joint Committee. The company provides the corporate vehicle through which the JNCC employs staff and administers its funds to deliver its corporate plan. The requirements placed on the JNCC, its Managing Director and Natural England's Chief Executive as lead Accounting Officer for the JNCC therefore apply to all of the JNCC's business whether reserved as a matter for the Joint Committee or delegated to the company.

1.5.2 The JNCC is required to meet certain conditions set by the Secretary of State for the establishment and operation of the company. These are set out in Annex 1 of the Accountability Framework Document.

## **2. AIM, OBJECTIVES AND TARGETS**

### **2.1 Overall aim**

2.1.1 The overall aim of the JNCC is:

to add value to the work of Government bodies and other organisations, so that across the UK and internationally the protection and enrichment of our wildlife and natural features is comprehensive, effective, knowledge-based and forward-looking.

### **2.2 Objectives and key targets**

2.2.2 The JNCC's strategic objectives are to:

- i. develop and renew a shared vision for our wildlife and natural features, and in partnership with others, champion it to Government bodies and other organisations and encourage them to implement approaches that reflect the value and needs of our wildlife and natural features;

- ii. ensure that Government and other organisations are provided with the scientifically robust and policy-relevant information about biological and geological diversity that they need to make decisions that will protect and enhance the environment in the UK and internationally;
  - iii. contribute expertise to the development and implementation of legislation, agreements and policies that affect the European and wider international environment to ensure that they deliver nature conservation gains both within the UK and elsewhere;
  - iv. provide strategic co-ordination, evaluation and, where necessary, leadership of UK-wide strategies, policies, practices and standards that affect nature conservation, to enhance the protection and enrichment of the UK's wildlife and natural features, with a particular focus on the terrestrial and inshore marine environment;
  - v. advise on and, where necessary, lead the development and implementation of initiatives to protect and enhance the biological and geological diversity of the UK's marine environment outside territorial waters (beyond 12 nautical miles from the shore);
  - vi. promote measures that effectively protect and enhance biological and geological diversity in the UK's Overseas Territories and Crown Dependencies;
  - vii. advise on the effect that UK activities and policies have on biological and geological diversity internationally, contribute to the development of appropriate responses, and promote sustainability in the use of biodiversity resources worldwide; and
  - viii. provide flexible, high-quality services that enable the JNCC's strategic objectives to be delivered as effectively and efficiently as possible.
- 2.2.2 The JNCC's key objectives and associated key performance targets for three forward years shall be agreed within the JNCC's corporate and business planning process (see section 4).

### **3. RESPONSIBILITIES AND ACCOUNTABILITY**

#### **3.1 The Accounting Officers<sup>1</sup> of the funding bodies**

- 3.1.1 The principal Accounting Officers within the Department and the devolved administrations designate the Chief Executives of Natural England, Scottish Natural Heritage, and the Countryside Council for Wales as the Accounting Officers of the GB conservation bodies. The Chief Executives jointly have Accounting Officer responsibilities for the JNCC, with Natural England's Chief Executive taking a lead role on behalf of the other Accounting Officers. With regard to the Northern Ireland administration, responsibility will rest with the Permanent Secretary of the relevant department.
- 3.1.2 Natural England's Chief Executive delegates certain Accounting Officer responsibilities in respect of the JNCC to the JNCC's Managing Director (see section 3.5), and may withdraw these delegations if he/she believes that the incumbent is no longer suitable for the role.
- 3.1.3 Natural England's Chief Executive (acting as lead Accounting Officer for the JNCC on behalf of the funding bodies shall ensure that:
  - there is an adequate statement of the financial relationship between the Department, devolved administrations, the administration in Northern Ireland, GB conservation bodies and the JNCC (in a financial memorandum);

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<sup>1</sup> Note that Accounting Officers are termed Accountable Officers in Scotland

- the financial and other management controls applied by the JNCC are appropriate and sufficient to safeguard public funds and the JNCC's compliance with those controls is effectively monitored ("public funds" include not only any funds granted to the JNCC by the Legislatures but also any other funds generated by approved activities or falling within the stewardship of the JNCC);
- the internal controls applied by the JNCC conform to the requirements of regularity, propriety and good financial management (including early sight of the JNCC's Statement on Internal Control);
- a risk assessment of the JNCC's activities is undertaken periodically, arrangements are strengthened if necessary, and the management statement amended accordingly. The risk assessment shall take into account the nature of the JNCC's activities; the public monies at stake; the body's corporate governance arrangements; its financial performance; internal and external auditors' reports, the openness of communications between the JNCC, UK conservation bodies, the Department, devolved administrations and the administration in Northern Ireland; and any other relevant matters.

### **3.2 The Chairman of the JNCC**

- 3.2.1 The Chairman is appointed by the Secretary of State, in liaison with the devolved administrations in Scotland and Wales and the administration in Northern Ireland, in line with the Code of Practice issued by the Commissioner for Public Appointments.
- 3.2.2 The Chairman is responsible to the Secretary of State. The Chairman shall aim to ensure that the JNCC's policies and actions support the wider strategic policies of Ministers, and that the JNCC's affairs are conducted with probity. The Chairman shares with other Joint Committee members the corporate responsibilities set out in section 3.3.2, and in particular for ensuring that the JNCC fulfils the functions as set out in sections 34 to 36 of the Natural Environment and Rural Communities Act 2006.
- 3.2.3 The Chairman has a particular leadership responsibility on the following matters:
- formulating the Joint Committee's strategy;
  - ensuring that the Joint Committee, in reaching decisions, takes proper account of guidance provided by the Secretary of State or Department;
  - promoting the efficient and effective use of staff and other resources;
  - encouraging high standards of propriety;
  - representing the views of the Joint Committee to the general public.
- 3.2.4 The Chairman shall also:
- ensure that all members of the Joint Committee, when taking up office, are fully briefed on the terms of their appointment and on their duties, rights and responsibilities, and receive appropriate induction training, including on the financial management and reporting requirements of public sector bodies and on any differences which may exist between private and public sector practice;
  - advise the Secretary of State of the needs of the JNCC when Joint Committee vacancies for independent members arise, with a view to ensuring a proper balance of professional and financial expertise;

- on request, assess the performance of individual Joint Committee members when they are being considered for re-appointment to the Committee;
- ensure that the Joint Committee meets at appropriate intervals and that the minutes of meetings and any reports to the Secretary of State accurately record the decisions taken and, where appropriate, the views of individual Committee members.

3.2.5 The Chairman shall also ensure that a Code of Practice for Joint Committee members is in place, based on best practice for Board Members of Public Bodies. The Code shall commit the Chairman and other Board Members to the Nolan seven principles of public life, and shall include a requirement for a comprehensive and publicly available register of Board Members' interests.

3.2.6 Communications between the Joint Committee and Ministers shall normally be through the Chairman. The Chairman shall ensure that the other Committee members are kept informed of such communications.

### **3.3 The Deputy Chairman**

3.3.1. Under Schedule 4, paragraph 1 (2) of the Natural Environment and Rural Communities Act 2006 the Joint Committee may appoint one of its members to act as Deputy Chairman. The Joint Committee has made such an appointment.

3.3.2 The Department, the devolved administrations and the administration in Northern Ireland will be notified by JNCC following the appointment of a Deputy Chairman.

3.3.3 The Deputy Chairman will provide support to the Chairman and chair sub-committees as appropriate to progress the JNCC's business.

3.3.4. In periods when the post of Chairman is vacant or where the Chairman cannot act owing to ill health, absence or incapacity, the Deputy Chairman will substitute for the Chairman and cover his/her responsibilities until such time as an Acting Chairman or a new Chairman is appointed by Ministers.

### **3.4 The Joint Committee**

3.4.1. The Joint Committee consists of 14 members, namely:

- a Chairman appointed by the Secretary of State;
- five members appointed by the Secretary of State;
- the Chairman or Deputy Chairman of each GB conservation body and one other member of each of these bodies appointed by the body in question, and
- the Chairman of the Council for Nature Conservation and the Countryside and one other member of the Council appointed by the relevant Northern Ireland department.

3.4.2 The Joint Committee has corporate responsibility for ensuring that the JNCC fulfils the functions as set out in sections 34 to 36 of the Natural Environment and Rural Communities Act 2006 and for promoting the efficient and effective use of staff and other resources by the JNCC. To this end, and in pursuit of its wider corporate responsibilities, the Committee shall:

- establish the overall strategic direction of the JNCC within the policy and resources framework determined by Ministers;
- ensure that Ministers are kept informed of any changes which are likely to impact on the strategic direction of the JNCC or on the attainability of its targets, and determine the steps

needed to deal with such changes;

- ensure that any statutory or administrative requirements for the use of public funds are complied with; that the Committee operates within the limits of its statutory authority and any delegated authority agreed with the Department, devolved administrations and the administration in Northern Ireland or with the UK conservation bodies, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, the Committee takes into account guidance issued by the Department;
- ensure that the Committee receives and reviews an adequate and timely flow of information on the JNCC's performance, budgeting, control and risk management; is informed in a timely manner about any concerns about the activities of the JNCC; and provides positive assurance to the Department, devolved administrations and the administration in Northern Ireland that appropriate action has been taken on such concerns;
- demonstrate high standards of corporate governance at all times, including by using an independent audit committee (section 4.6.2) to help the Committee to address the key financial and other risks facing the JNCC;
- appoint a Managing Director to the JNCC and, in consultation with the Department, set performance objectives and remuneration terms linked to these objectives for the Managing Director which give due weight to the proper management and use of public monies.

3.4.3 Individual Joint Committee members shall act in accordance with their wider responsibility as members of the Committee, namely to:

- comply at all times with the Code of Practice (see section 3.2.5) that is adopted by the JNCC and with the rules relating to the use of public funds and to conflicts of interest;
- not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations;
- comply with the Committee's rules on the acceptance of gifts and hospitality, and of business appointments;
- act in good faith and in the best interests of the JNCC.

### **3.5 Control of the company limited by guarantee formed to support the JNCC**

3.5.1 The Joint Committee has the power to form a company limited by guarantee, as referred to in sections 1.3.5 and 1.5.1, and the JNCC has corporate responsibility for ensuring that the conditions for the establishment and operation of that company, referred to at section 3.2 of the Accountability Framework Document and set out in Annex 1 to it, are complied with at all times.

3.5.2 The means by which the JNCC shall ensure compliance with those conditions shall be through control of membership of the company. Accordingly, the Articles of Association with which the company has been formed contain provisions stipulating that it is a condition of the admission of any person to be a member of the company that he or she be a current member of the Joint Committee and that his or her membership of the company shall cease if he or she ceases to be a member of the Joint Committee.

3.5.3 Each of the UK conservation bodies and the relevant Northern Ireland department shall ensure that those persons whom it appoints to be members of the Joint Committee are aware of the requirement for the Committee to provide members of the company and are encouraged so to serve as part of their function as a Committee member. The Committee itself shall also encourage each of its individual members to apply for membership of the company and to retain

such membership for so long as he or she remains a member of the Committee, so as to ensure, so far as possible, that there are at all times a minimum of seven members of the company and that its membership broadly represents the balance on the Committee between the appointees and independent members.

3.5.4 Each individual member of the Joint Committee will exercise his or her individual powers and rights as a member of the company in such a way as to ensure compliance with the conditions referred to in section 3.4.1. In particular, each individual member will exercise his or her voting rights as a member of the company to oppose any resolution:

- to alter any provision of its Memorandum of Association; or
- to alter its Articles of Association in any way which affects their provisions as to:
  - the composition of membership of the company as referred to at section 3.5.2; or
  - the voting rights of its members; or
  - the quorum for its general meetings or for meetings for its directors; or
  - the provision that members of the company be deemed to be directors of it; or
  - the maximum number of directors who are not members of the company; or
  - the requirement that such directors be and remain employees of the company or of the JNCC; or
  - the qualification for service as an alternate director; or
  - the Chairman of the company; or
  - the indemnity for its directors and officers; or
  - that the company be wound up voluntarily;

unless any such resolution shall first have been approved by the Secretary of State and the Treasury.

### **3.6 The Managing Director's role**

3.6.1 Natural England's Chief Executive (acting as lead Accounting Officer for the JNCC on behalf of the funding bodies) delegates certain Accounting Officer responsibilities in respect of the JNCC to the JNCC's Managing Director.

3.6.2 The JNCC's Managing Director is personally responsible for safeguarding the public funds for which he/she has charge; for ensuring propriety and regularity in the handling of those public funds and assets; and for the day-to-day operations and management of the JNCC.

3.6.3 The Managing Director of the JNCC has the following responsibilities:

#### ***on planning and monitoring -***

- establish, in consultation with the funding bodies and in agreement with the Joint Committee, Department, devolved administrations and the administration in Northern Ireland, the JNCC's corporate and business plans;
- inform Natural England's Accounting Officer, the Department, devolved administrations and the administration in Northern Ireland of the JNCC's progress in helping to achieve their policy objectives and in demonstrating how resources are being used to achieve those objectives;
- ensure that timely forecasts and monitoring information on performance and finance are provided to Natural England; that Natural England are notified promptly if overspends or underspends are likely and that corrective action is taken; and that any significant problems, whether financial or otherwise, and whether detected by internal audit or by other means, are notified to Natural England in a timely fashion;

**on advising the Joint Committee -**

- advise the Joint Committee on the discharge of its responsibilities as set out in this document and in any other relevant instructions and guidance that may be issued from time to time;
- advise the Joint Committee on the JNCC's performance compared with its aim and objectives;
- ensure that financial considerations are taken fully into account by the Joint Committee at all stages in reaching and executing its decisions, and that standard financial appraisal techniques are followed as far as this is practical;
- take action as set out in Chapter 8 of *Government Accounting* if the Joint Committee, or its Chairman, is contemplating a course of action involving a transaction which the Managing Director considers would infringe the requirements of propriety or regularity or does not represent prudent or economical administration or efficiency or effectiveness;

**on managing risk and resources -**

- ensure that a system of risk management is maintained to inform decisions on financial and operational planning and to assist in achieving objectives and targets;
- ensure that an effective system of programme and project management and contract management is maintained;
- ensure that all public funds made available to the JNCC (including any approved income or other receipts) are used for the purpose intended by the Legislatures, and that such moneys, together with the JNCC's assets, equipment and staff, are used economically, efficiently and effectively;
- ensure that adequate internal management and financial controls are maintained by the JNCC, including effective measures against fraud and theft;
- maintain a comprehensive system of internal delegated authorities which are notified to all staff, together with a system for regularly reviewing compliance with these delegations;
- ensure that effective personnel management policies are maintained;

**on accounting for the JNCC's activities -**

- sign the accounts and be 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;
- sign a Statement on Internal Control regarding the JNCC's system of internal control, for inclusion in the annual report and accounts;
- ensure that effective procedures for handling complaints about the JNCC are established and made widely known within the JNCC;
- act in accordance with the terms of this document and with the instructions and guidance in *Government Accounting* and other instructions and guidance issued from time to time by the Department, the Treasury and the Cabinet Office - in particular, the Treasury documents *The Responsibilities of an NDPB Accounting Officer* and *Regularity and Propriety*, both of which the Managing Director shall receive on appointment. Section IX of the attached financial memorandum refers to other key guidance;
- in support of the relevant country agency and Government Accounting Officers, give

evidence when summoned before the Committee of Public Accounts, the Finance Committee and Audit Committee of the Scottish Parliament and the National Assembly for Wales Audit Committee on the use and stewardship of public funds by the JNCC.

### **3.7 Natural England's Chief Executive's role as Consolidation Officer**

- 3.7.1 For the purposes of Whole of Government Accounts Natural England's Chief Executive is appointed by the Treasury as the JNCC's Consolidation Officer.
- 3.7.2 As the JNCC's Consolidation Officer Natural England's Chief Executive shall be personally responsible for preparing the consolidation information that sets out the financial results and position of the JNCC, for arranging for its audit and for sending the information and the audit report to the Principal Consolidation Officer nominated by the Treasury.
- 3.7.3 As Consolidation Officer Natural England's Chief Executive shall comply with the requirements of the Consolidation Officer Memorandum and shall, in particular:
- ensure that the JNCC has in place and maintains sets of accounting records that will provide the necessary information for the consolidation process;
  - prepare the consolidation information (including the relevant accounting and disclosure requirements and all relevant consolidation adjustments) in accordance with the consolidation instructions and directions ("Dear Consolidation Officer" (DCO) and "Dear Consolidation Manager" (DCM) letters) issued by the Treasury on the form, manner and timetable for the delivery of such information.

### **3.8 Delegation of duties**

- 3.8.1 The Managing Director may delegate the day-to-day administration of his/her responsibilities to other JNCC employees. However, he/she shall not assign absolutely to any other person any of the responsibilities set out in this document.

### **3.9 The Managing Director's role as Principal Officer for Ombudsman cases**

- 3.9.1 The Managing Director is the Principal Officer for handling cases involving the Parliamentary Commissioner for Administration. As Principal Officer he shall inform the Permanent Secretary of the sponsor Department, via Natural England's Accounting Officer, of any complaints about the JNCC that are accepted by the Ombudsman for investigation, and about the JNCC's proposed response to any subsequent recommendations from the Parliamentary Ombudsman.

## **4. PLANNING, BUDGETING AND CONTROL**

### **4.1 The corporate plan**

- 4.1.1 Consistent with the timetable for public spending reviews the JNCC, after consultation with the funding bodies, shall submit biennially to the Department, devolved administrations and the administration in Northern Ireland a draft of the JNCC's corporate plan covering three years ahead. The JNCC shall have agreed with the Department, devolved administrations and the administration in Northern Ireland the issues to be addressed in the plan and the timetable for its preparation.

- 4.1.2 The plan shall reflect the JNCC's statutory duties and, within those duties, the priorities set from time to time by Ministers. In particular, the plan shall demonstrate how the JNCC contributes to the achievement of the Department's PSA targets and equivalent targets set by the devolved administrations and the administration in Northern Ireland.
- 4.1.3 The corporate plan shall set out:
- the JNCC's key objectives and associated key performance targets for the three forward years, and its strategy for achieving those objectives;
  - a review of the JNCC's performance in the preceding financial year and an estimate of performance in the current year;
  - alternative scenarios to take account of factors which may significantly affect the execution of the plan but which cannot be accurately forecast;
  - other matters as agreed between the Department, devolved administrations, the administration in Northern Ireland and the JNCC.
- 4.1.4 The main elements of the plan - including the key performance targets - shall be agreed between the Department, devolved administrations, the administration in Northern Ireland and the JNCC in the light of decisions on policy and resources taken in the context of the Government's wider public expenditure plans and decisions.

## **4.2 The business plan**

- 4.2.1 The first year of the corporate plan, amplified as necessary, shall form the business plan. The business plan shall be updated to include key targets and milestones for the year immediately ahead and shall be linked to budgeting information so that resources allocated to achieve specific objectives can readily be identified by the Department, devolved administrations and the administration in Northern Ireland.
- 4.2.2 The JNCC's approved annual business plan will take account both of its approved funding provision and of any forecast receipts, and will include a budget of estimated payments and receipts together with a profile of expected expenditure and of draw-down of any Departmental funding and/or other income over the year.

## **4.3 Publication of plans**

- 4.3.1 Subject to any commercial considerations the corporate and business plans shall be published and made available on JNCC's website.

## **4.4 Reporting performance to the Department and administrations**

- 4.4.1 The JNCC shall operate management information and accounting systems which enable it to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in its agreed corporate and business plans.
- 4.4.2 The JNCC shall take the initiative in informing the Department and the devolved administrations of changes in external conditions which make the achievement of objectives more or less difficult, or which may require a change to the budget or objectives set out in the corporate or business plans.

4.4.3 The JNCC's performance against key targets shall be reported in the JNCC's annual report and accounts (section 5.1).

4.4.4 The JNCC will provide to the funding bodies such budgetary and financial information as is required for them to make submissions and reports to their respective administrations (see annex 5 of the financial memorandum). JNCC will use those categories of expenditure used by Natural England as set out in annex 4.

#### **4.5 Budgeting procedures**

4.5.1 The JNCC's budgeting procedures are set out in the JNCC accountability framework document.

#### **4.6 Internal audit**

4.6.1 The JNCC shall establish and maintain arrangements for internal audit in accordance with the Treasury's Government Internal Audit Standards. The JNCC shall consult Natural England's Accounting Officer to ensure that he/she is satisfied with the arrangements put in place.

4.6.2 The JNCC shall set up an independent audit and risk management committee in accordance with the Cabinet Office's Guidance on Codes of Practice for Public Bodies and the Treasury's Audit Committee guidance.

4.6.3 The JNCC shall arrange for periodic quality reviews of its internal audit in accordance with the Government Internal Audit Standards. Natural England shall consider whether they can rely on these reviews to provide assurance on the quality of internal audit. However, Natural England reserve a right of access to carry out independent reviews of internal audit in the JNCC.

4.6.4 The funding bodies' internal audit services shall also have a right of access to all documents prepared by the JNCC's internal auditor, including where the service is contracted out. The audit strategy, periodic audit plans and annual audit report, including the internal auditor's opinion on risk management, control and governance, shall be forwarded as soon as possible to Natural England and the JNCC's sponsoring team in the Department who shall consult the internal auditor as appropriate (see annex 5 of the financial memorandum). The annual audit report shall also be submitted to Scottish Natural Heritage, the Countryside Council for Wales and the relevant Northern Ireland Department.

4.6.5 In addition, the JNCC shall forward to Natural England an annual report on fraud and theft suffered by the JNCC (see annex 5 of the financial memorandum); notify any unusual or major incidents as soon as possible; and notify any changes to internal audit's terms of reference, the audit and risk management committee's terms of reference or the JNCC's fraud policy and fraud response plan.

### **5. EXTERNAL ACCOUNTABILITY**

#### **5.1 The annual report and accounts**

5.1.1 After the end of each financial year the JNCC shall publish an annual report of its activities together with its audited annual accounts (see annex 5 of the financial memorandum). The report shall also cover the activities of any corporate bodies under the control of the JNCC. A draft of the report shall be submitted to the Department six weeks before the proposed publication date.

5.1.2 The report and accounts shall comply with the Treasury document *Executive Non-Departmental Public Bodies: Annual Reports and Accounts Guidance*. The accounts shall be prepared in accordance with the relevant statutes and any specific Accounts Direction issued by the Department via Natural England.

- 5.1.3 The report and accounts shall outline the JNCC's main activities and performance during the previous financial year and set out in summary form the JNCC's forward plans. Information on performance against key financial targets shall be included in the notes to the accounts, and shall therefore be within the scope of the audit.
- 5.1.4 The report and accounts shall be laid before the Legislatures by the relevant Ministers, and made available on JNCC's website, in accordance with the guidance on the procedures for presenting and laying the combined annual report and accounts as prescribed in Chapter 13 of the Treasury document *Executive Non-Departmental Public Bodies: Annual Reports and Accounts Guidance*.

## **5.2 External audit**

- 5.2.1 The JNCC's accounts are audited by auditors appointed by the Joint Committee. The accounts of the JNCC shall be open to the inspection of the Comptroller and Auditor General (C&AG). The JNCC shall submit the audited accounts to Ministers, who shall lay the accounts, together with the annual report, before the Legislatures.
- 5.2.2 There is a presumption, in accordance with Lord Sharman's report *Holding to Account*, that the JNCC's accounts will be audited by the C&AG as and when it is legally competent to audit companies limited by guarantee.

## **5.3 VFM examinations**

- 5.3.1 The C&AG may carry out examinations into the economy, efficiency and effectiveness with which the JNCC has used its resources in discharging its functions. For the purpose of these examinations the C&AG has statutory access to documents as provided for under section 8 of the National Audit Act 1983. In addition, the JNCC shall provide, in conditions to grants and contracts, for the C&AG to exercise such access to documents held by grant recipients and contractors and sub-contractors as may be required for these examinations; and shall use its best endeavours to secure access for the C&AG to any other documents required by the C&AG which are held by other bodies.

## **6. STAFF MANAGEMENT**

### **6.1 General**

- 6.1.1. Within the arrangements approved by the Secretary of State and, as necessary, the Treasury, the JNCC shall have responsibility for the recruitment, retention and motivation of its staff or staff employed on its behalf. To this end the JNCC shall ensure that:
- its rules for the recruitment and management of staff create an inclusive culture in which diversity is fully valued; where appointment and advancement is based on merit; and where there is no discrimination on grounds of gender, marital status, sexual orientation, race, colour, ethnic or national origin, religion, disability, community background or age;
  - the level and structure of its staffing, or staffing employed on its behalf, including gradings and numbers of staff, is appropriate to its functions and the requirements of efficiency, effectiveness and economy;
  - the performance of its staff, or staff employed on its behalf, at all levels is satisfactorily appraised and the JNCC's performance measurement systems are reviewed from time to time;
  - its staff, or staff employed on its behalf, are encouraged to acquire the appropriate

- professional, management and other expertise necessary to achieve the JNCC's objectives;
- proper consultation with staff takes place on key issues affecting them;
  - adequate grievance and disciplinary procedures are in place;
  - whistleblowing procedures consistent with the Public Interest Disclosure Act are in place;
  - a code of conduct for staff is in place based on the Cabinet Office document *Model Code for Staff of Executive Non-Departmental Public Bodies*.

(November 2007)