

JNCC ACCOUNTABILITY FRAMEWORK DOCUMENT

1. INTRODUCTION

1.1 This framework document has been drawn up by the Department for Environment, Food and Rural Affairs, the Scottish Executive, the Welsh Assembly Government and the Department of the Environment in Northern Ireland, in consultation with Natural England, Scottish Natural Heritage, the Countryside Council for Wales, the Council for Nature Conservation and the Countryside and the Joint Nature Conservation Committee (JNCC).

1.2 In this document:

- ‘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;
- ‘Ministers’ 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.

1.3 This document sets out the roles and responsibilities of the Department, devolved administrations and administration in Northern Ireland, relevant to the exercise of the JNCC’s functions, duties and powers, in particular:

- accountability arrangements and levels of delegation;
- planning and budgeting procedures.

However, the framework document does not convey any legal powers or responsibilities.

1.4 The associated management statement and financial memorandum set out in greater detail the levels of delegation between the funding bodies and the JNCC with respect to governance arrangements, and the financial provisions which the JNCC shall observe.

- 1.5 The accountability framework document shall be periodically reviewed by the Department, devolved administrations and the administration in Northern Ireland in accordance with section 8 below.
- 1.6 The Department, devolved administrations, the administration in Northern Ireland, the UK conservation 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. Ministers shall determine what changes, if any, are to be incorporated in the document. Legislative provisions shall take precedence over any part of the document. Significant variations to the document shall be cleared with the Treasury or Cabinet Office as appropriate. (The definition of “significant” will be determined by the sponsor department in consultation with the Treasury/Cabinet Office.)
- 1.7 This framework document is signed and dated by the Department, devolved administrations and the Department of the Environment in Northern Ireland.
- 1.8 Any question regarding the interpretation of the document shall be resolved by the Department, devolved administrations and the administration in Northern Ireland after consultation with the UK conservation bodies, the JNCC and, as necessary, Treasury and the Cabinet Office.
- 1.9 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.

2. RESPONSIBILITIES AND ACCOUNTABILITY

2.1 Ministers

- 2.1.1 The Secretary of State for Environment, Food and Rural Affairs is accountable to UK Parliament for the activities and performance of the JNCC. In the same way, relevant Ministers in Scotland, Wales and Northern Ireland are accountable to the Scottish Parliament, the National Assembly for Wales and the administration in Northern Ireland respectively. Ministers’ responsibilities include:
 - approving the JNCC’s strategic objectives and the policy and performance framework within which the JNCC will operate (as set out in this document and other associated documents);
 - keeping Legislatures informed about the JNCC’s performance;
 - approving the amount of grant-in-aid to be paid to the JNCC, and securing Parliamentary approval;
 - carrying out responsibilities specified in the Natural Environment and Rural Communities Act 2006 including appointments to the Joint Committee, approving the terms and conditions of Committee members, laying the annual report and accounts before the Legislatures, and establishing certain conditions and approving certain arrangements for the company limited by guarantee that provides support services to the JNCC.

2.2 The Accounting Officers¹ of the Department, devolved administrations and the administration in Northern Ireland.

- 2.2.1 The Permanent Secretaries within the Department, the devolved administrations and the administration in Northern Ireland, as the Department's/administrations' principal Accounting Officers, are responsible for the overall organisation, management and staffing of their respective Department/administration and for ensuring that there is a high standard of financial management in the Department/administration as a whole. The principal Accounting Officers are accountable to the Legislatures for the issue of any grant-in-aid to the JNCC.
- 2.2.2 The principal Accounting Officers of the Department/administrations shall ensure that:
- the JNCC's strategic aim and objectives support the Department's and administrations' wider strategic aims;
 - control measures put in place by the funding bodies for the JNCC are appropriate.
- 2.2.3 In certain circumstances, in particular on financial matters, the Department's Accounting Officer will take a lead role on behalf of all the administrations. These circumstances are defined in section 7 and Annex 2 of this framework document.
- 2.2.4 The responsibilities of a departmental Accounting Officer are set out in more detail in the annex to Chapter 4 of *Government Accounting*.
- 2.2.5 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, who is also a joint Accounting Officer for JNCC.
- 2.2.6 Natural England's Chief Executive delegates certain Accounting Officer responsibilities in respect of the JNCC to the JNCC's Managing Director, and may withdraw these delegations if he/she believes that the incumbent is no longer suitable for the role. The responsibilities and accountability of Natural England's Chief Executive and the JNCC's Managing Director are described in sections 3.1 and 3.5 respectively of the JNCC's management statement.

2.3 The sponsoring teams in the Department, devolved administrations and administration in Northern Ireland

- 2.3.1 Within the Department, the Wildlife and Countryside Directorate is the sponsoring directorate for the JNCC. The sponsoring directorate, in consultation as necessary with the relevant departmental Accounting Officer, is the primary source of advice to the Secretary of State on the discharge of his/her responsibilities in respect of the JNCC, and is the primary point of contact for the JNCC in dealing with the Department. The sponsoring directorate shall carry out its duties under a senior officer who shall have primary responsibility for overseeing the activities of the JNCC.
- 2.3.2 Within the devolved administrations and the administration in Northern Ireland, a similar role is played by the Scottish Executive Environment and Rural Affairs Department (or equivalent), the Welsh Assembly Government Department for Environment, Planning and Countryside (or equivalent), and the Department of the Environment in Northern Ireland (or equivalent).

¹ Note that Accounting Officers are termed Accountable Officers in Scotland.

2.3.3 The sponsoring teams shall advise Ministers on:

- an appropriate framework of objectives and targets for the JNCC in the light of the Department's and administrations' wider strategic aims;
- an appropriate budget for the JNCC in the light of the Department's and administrations' overall public expenditure priorities;
- how well the JNCC is achieving its strategic objectives and whether it is delivering value for money.

2.3.4 In support of the departmental Accounting Officer the sponsoring directorate shall:

- inform the JNCC of relevant Government policy in a timely manner; advise on the interpretation of that policy; and issue specific guidance to the JNCC as necessary;
- bring concerns about the activities of the JNCC to the attention of the Joint Committee and Natural England's Chief Executive, as lead Accounting Officer, and require explanations and assurances from the Committee and Natural England's Chief Executive that appropriate action has been taken;
- in liaison with Natural England, in its lead Accounting Officer role, address in a timely manner any significant problems arising in the JNCC, whether financial or otherwise, making such interventions in the affairs of the JNCC as the Department judges necessary.

3. PROVISION OF SUPPORT TO THE JOINT COMMITTEE

3.1 The UK conservation bodies, through the Joint Committee, have established a company limited by guarantee, under paragraph 7(4) of Schedule 7 of the Regulatory Reform (Joint Nature Conservation Committee) Order 2005 (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.

3.2 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 to this framework document.

4. PLANNING AND BUDGETING

4.1 JNCC's status as a going concern

4.1.1 Under the normal conventions applying to parliamentary control over income and expenditure, grant-in-aid may not be issued in advance of need and the Legislatures are not bound in advance to authorise funds needed to honour any liabilities. There is, however, no reason to believe that sponsorship by the Department, the devolved administrations and the administration in Northern Ireland will not be forthcoming as part of the normal annual budgetary process.

4.2. Sponsors' meetings

4.2.1 The JNCC Sponsor's Group will consist of senior representatives of the Department, the devolved administrations, the administration in Northern Ireland, the UK conservation bodies and the JNCC. The Group will be chaired by the Department. The group will meet twice yearly and will:

- agree with the JNCC the issues to be addressed in the corporate plan and the timetable for its preparation;

- agree with the JNCC the main elements of the corporate plan - including the key performance targets - in the light of decisions on policy and resources taken in the context of the Government's wider public expenditure plans and decisions;
- inform the JNCC and UK conservation bodies of the indicative budget for the JNCC for the following year and planning figures for the following two years;
- review the JNCC's performance and outturn for the previous financial year.

4.3. The JNCC's corporate and business plans

4.3.1 The JNCC shall prepare a biennial corporate plan and annual business plan in consultation with the funding bodies as described in sections 4.1 and 4.2 of the JNCC's management statement.

4.4 Budgeting procedures

4.4.1 The total budget for the JNCC will be set each year by Departmental Ministers, after consultation and in agreement with their Scottish, Welsh and Northern Irish colleagues. The budget will comprise two parts:

- those 'reserved' matters to be funded by the Department; and
- all other work to be funded through the GB conservation bodies and the relevant Northern Ireland Department.

The budget will be based on an indicative budget given by the Department, after consultation with the devolved administrations and the administration in Northern Ireland, a year ahead of the year in question as part of a rolling three-year budget.

4.4.2 The Department will determine the grant payable to JNCC under Schedule 4, paragraph 15 of the Natural Environment and Rural Communities Act 2006. The Department, devolved administrations and the administration in Northern Ireland will agree on what proportion of the remaining costs should be funded through each of the four countries. The current 'funding formula' agreed in 2005 is at Annex 2 of this document. The Department and devolved administrations will then ring-fence the relevant element of grant-in-aid to their respective funding bodies.

4.4.3 Each year, the Department and devolved administrations will send to their respective GB conservation bodies:

- a formal statement of the annual budgetary provision allocated to the JNCC by the Department/administrations in the light of competing priorities across the Department/administrations and of any forecast income approved by the Department/administrations;
- a statement of any planned change in policies affecting the priorities of the JNCC.

4.4.4 Each year, the Department will send to the JNCC a formal statement of the annual budgetary provision allocated to the JNCC by the Department, devolved administrations and the administration in Northern Ireland.

4.4.5 Any grant-in-aid provided by a Department/administration for the year in question will be voted in the Department's/administration's Estimate and will be subject to Parliamentary control.

- 4.4.6 As set out in PES (2000)25, the Department, devolved administrations and the administration in Northern Ireland will aim to set firm multi-year plans and cascade end-year flexibility (EYF) on budgets where possible. In particular, the Department and administrations will aim to:
- agree, ahead of the year in question, a rolling three-year budget, fixed for at least the first year and with indicative amounts for subsequent years;
 - decide at that point the JNCC's likely entitlement to EYF against the overall position of the Department and devolved administrations;
 - adjust (if necessary) and confirm the amount of EYF when accurate information is available in the Public Expenditure Outturn White Paper.

5. AUDIT

- 5.1 The JNCC's internal and external audit arrangements are described in sections 4.6 and 5.2 respectively of the JNCC's management statement.
- 5.2 The Department, devolved administrations and the administration in Northern Ireland shall have a right of access to all the JNCC's records and personnel for purposes such as sponsorship audits and operational investigations.

6. ANNUAL REPORT AND ACCOUNTS

- 6.1 After the end of each financial year the JNCC shall publish an annual report of its activities together with its audited annual accounts, as described in section 5.1 of the JNCC's management statement. The report and accounts shall be laid before the Legislatures by Ministers.
- 6.2 The Department shall:
- have the opportunity to provide comments on a draft of the annual report;
 - issue an Accounts Direction to the JNCC via Natural England.

7. FINANCIAL FRAMEWORK

7.1 Introduction

- 7.1.1 This section sets out certain aspects of the financial framework within which the JNCC is required to operate, in particular the roles of the Department, devolved administrations and the administration in Northern Ireland.
- 7.1.2 The terms and conditions set out in the JNCC's financial memorandum provide more detail on the levels of delegation between the funding bodies and the JNCC. The financial memorandum and the accountability framework document 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.

7.2 Financial delegations

- 7.2.1 The JNCC shall not enter into any undertaking to incur any expenditure which falls outside the JNCC's delegations (as stipulated in the financial memorandum) without prior written approval, either from Natural England or the Department, as appropriate.
- 7.2.2 All applications to exceed the JNCC's financial delegations should be made in the first instance to Natural England, whose Chief Executive has lead Accounting Officer responsibility for the JNCC

on behalf of the UK funding bodies. Natural England has authority to approve applications that lie within its own delegated levels. Other applications will require Departmental approval.

7.2.3 Applications requiring Departmental approval are listed in Annex 3 to this framework document.

7.3 Payment of grant-in-aid

7.3.1 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.

7.3.2 Where draw-down of grant-in-aid by the JNCC 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.

8. REVIEWING THE ROLE OF THE JNCC

8.1 The JNCC shall be reviewed periodically in accordance with the Cabinet Office guidance on "lighter touch" reviews.

9. INDEMINITY OF JOINT COMMITTEE MEMBERS

9.1 Joint Committee members are indemnified in accordance with chapter 8 of *Government Accounting* against any liability incurred in their duties as Joint Committee members and as members and directors of the company referred to in section 3 of this framework document.

9.2 Any liabilities that are deemed to be of a magnitude that the JNCC can reasonably not expect to meet from its own grant-in-aid will be met by the Department, the devolved administrations and the administration in Northern Ireland in the same proportions as the funding formula.

9.3 The Department shall be given prior notification of all potential claims.

Signed

John Robbs
Director, Wildlife and Countryside, Defra
On behalf of Defra, Scottish Executive, Welsh Assembly Government and DOE Northern Ireland

December 2006

ANNEX 1 CONDITIONS FOR THE COMPANY ESTABLISHED BY THE SECRETARY OF STATE

1. The company limited by guarantee must not be wound up without the prior approval of the Secretary of State and the Treasury. The Secretary of State will exercise this condition in such a way as to ensure that the directors of the company are not placed in breach of their duties under the Companies Act.
2. The Memorandum and Articles of Association must be cleared by the Department prior to adoption.
3. Any change of name of the company must be approved by the Secretary of State.
4. Any changes to the Memorandum and Articles of Association that amend or alter the company limited by guarantee's objects or provisions as to its membership or management must be approved by the Secretary of State and the Treasury.
5. There must be a minimum of seven members of any company limited by guarantee who broadly represent the balance between the UK conservation bodies' appointees and independent members on the Joint Committee.
6. There must be a minimum of seven directors on the board of any company limited by guarantee who are Joint Committee members and who broadly represent the balance between the UK conservation bodies' appointees and independent members on the Joint Committee.
7. No more than four persons who are not members of the Joint Committee, all of whom must be staff employed either directly by the Joint Committee or by the company limited by guarantee, may be directors of that company at any time.
8. The quorum of the board of directors shall be no less than five directors who are also Joint Committee members.
9. The board must supply the Secretary of State or his/her officials and the Treasury with copies of the company's annual report and accounts.
10. The company may not set up any subsidiary without the prior approval of the Secretary of State and the Treasury.

The Secretary of State has not included within the list of conditions any requirement that 'employee directors' may not vote upon any matter pertaining to the terms and conditions of staff employed by the company limited by guarantee in the expectation that this will be covered in the companies own policies on conflicts of interest.

ANNEX 2. 2005 FUNDING FORMULA

The agreement by Ministers in 2005 was that Defra would pay 100% Of the costs of JNCC's work in relation to reserved matters and marine work beyond 12 nautical miles and that Defra, the Scottish Executive, Welsh Assembly Government and DOE Northern Ireland would share the remaining 'UK co-ordination costs' as follows:

Defra	49.25%
Scottish Executive	29%
Welsh Assembly Government	14.50%
DOENI	7.25%

ANNEX 3. BUSINESS REQUIRING DEPARTMENTAL APPROVAL

1. The JNCC shall, via Natural England, whose Chief Executive has lead Accounting Officer responsibility on behalf of the UK conservation bodies, obtain prior written approval from the Department, who will consult with the devolved administrations and the administration in Northern Ireland as necessary, before entering into any commitment to:
 - i. incur any expenditure which is not provided for in the JNCC's annual budget as approved by the Department, devolved administrations and the administration in Northern Ireland;
 - ii. incur 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;
 - iii. make any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by the Department;
 - iv. make 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;
 - v. avoid reducing its gross expenditure if the income realised or expected to be realised in-year is less than estimated;
 - vi. retain 'excess receipts' (i.e. where income realised or expected to be realised in the year is more than estimated) without an offsetting reduction to grant-in-aid; this does not apply in cases where the income has been raised from project partners in respect of a contribution towards work aimed at delivering the Government's obligations and targets; the Department shall consider such applications, taking account of competing demands for resources;
 - vii. retain receipts from the EC that have not been included in the JNCC's 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; exceptions to this are described in the JNCC's financial memorandum;
 - viii. undertake borrowing of any kind (to ensure that it has any necessary authority and budgetary cover for any borrowing or the expenditure financed by such borrowing);
 - ix. change the general pay structure for staff of the JNCC, whether on permanent or temporary contract;
 - x. move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office;
 - xi. lend money (except for loans to JNCC employees under normal terms and conditions of employment), charge any asset or security, give any guarantee or indemnities or letters of comfort, or incur any other contingent liability (as defined in chapter 26 of *Government Accounting*), whether or not in a legally binding form;
 - xii. enter into any property or finance lease;
 - xiii. establish subsidiary companies or joint ventures; 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;

- xiv. make any investments in traded financial instruments or in equity shares in ventures which further the objectives of the JNCC;
 - xv. enter into any unconventional financing arrangement;
 - xvi. take out any insurance, 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 paragraph 30.4.2 of *Government Accounting*; the Department shall have a written agreement with the JNCC about the circumstances in which, in the case of a major loss or third-party claim, an appropriate addition to budget out of the Department's funds and/or adjustment to the JNCC targets shall be considered;
 - xvii. 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;
 - xviii. spend more than £500,000 on any project (including capital expenditure);
 - xix. make gifts with a value of more than £5,000 or special payments with a value of more than £7,500;
 - xx. write off losses with a value in excess of £35,000.
 - xxi. engage in addressing any potential claims against members of the Joint Committee or the company limited by guarantee.
2. Further details of delegations and the respective roles of Natural England and the Department are provided in the JNCC's financial memorandum.