



Department  
for Environment  
Food & Rural Affairs

**NATURAL  
ENGLAND**

# Framework Document

## Natural England

June 2022



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# Introduction and background

## 1. Purpose of document

- 1.1. This framework document (the “framework document”) has been agreed between the Department for Environment, Food and Rural Affairs (“Defra”) and Natural England in accordance with HM Treasury’s handbook Managing Public Money (“MPM”) (as updated from time to time) and has been approved by HM Treasury.
- 1.2. The framework document sets out the broad governance framework within which Natural England and Defra operate. It sets out Natural England’s core responsibilities; describes the governance and accountability framework that applies between the roles of Defra and Natural England and sets out how the day-to-day relationship works in practice, including in relation to governance and financial matters. Natural England and Defra, as the sponsor department, will ensure that they understand each other’s strategic priorities and those of other relevant parties, agree plans that reflect these appropriately, and keep each other informed, in good time, of risks and issues with the potential to affect delivery or performance.
- 1.3. The document does not convey any legal powers or responsibilities but both parties agree to operate within its terms.
- 1.4. References to Natural England include all its subsidiaries and joint ventures that are classified to the public sector and central government for national accounts purposes. If Natural England establishes a subsidiary or joint venture, there shall be a document setting out the arrangements between it and Natural England agreed with Defra.
- 1.5. Copies of the document and any subsequent amendments have been placed in the Libraries of both Houses of Parliament and made available to members of the public on Natural England - GOV.UK
- 1.6. This framework document should be reviewed and updated at least every 3 years unless there are exceptional reasons that render this inappropriate, and any delay has been agreed with HM Treasury and the Principal Accounting Officer of the sponsor department. The latest date for review and updating of this document is June 2025.

# Objectives

## 2. Working as Defra group

- 2.1. Defra and Natural England shared objectives are framed by the government-wide commitments set out in the Government's [25 Year Environment Plan](#).
- 2.2. In delivery of these commitments, the annual Defra group Outcome Delivery Plan shows how the diverse range of outcomes and activities across the group contribute to Defra's priority outcomes and strategic enablers. All of Defra's public bodies, regardless of their role and positioning, act together on a shared agenda in contributing to the single vision of improving and protecting our environment by making our wildlife more abundant, our air purer, our water cleaner, our land greener and our food more sustainable.
- 2.3. Defra and Natural England share the common objective of delivering Priority Outcome 1 - "Improve the environment through cleaner air and water, minimised waste, and thriving plants and terrestrial and marine wildlife"
- 2.4. Natural England's core contribution in supporting the delivery of this broad objective will focus on its role as government's statutory adviser and delivery body on the natural environment and on its core areas of statutory remit and expertise (biodiversity, landscape, science, understanding and enjoyment of the natural environment), leading work on nature recovery and contributing to delivery of statutory targets.
- 2.5. To achieve this Defra and Natural England will work together in recognition of each other's roles and areas of expertise, providing an effective environment for Natural England to achieve the outcomes. Natural England will carry out its functions with due regard to the strategic aims and objectives of Defra and the wider government but without prejudice to it carrying out its statutory functions with technical expertise, impartiality, and transparency in accordance with paragraph 3.2.
- 2.6. Both partners will also commit to keeping each other informed of any significant issues and concerns. The terms of engagement are included in this document including a description of the key points of contact and how any disputes between the department and Natural England will be resolved.

### 3. Classification

- 3.1. Natural England has been classified as a central government organisation by the ONS/HM Treasury Classifications team<sup>1</sup>.
- 3.2. It has been administratively classified by the Cabinet Office as a body corporate<sup>2</sup> and a Non-Departmental Public Body sponsored by Defra. It has a separate legal identity and is expected to operate at arm's length from government, carrying out its statutory functions with technical expertise, impartiality, and transparency. As such, Natural England is staffed by public servants not civil servants<sup>3</sup>.
- 3.3. In addition to Defra, Natural England also works with and delivers duties and functions on behalf of a range of other UK Government departments.

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<sup>1</sup> Cabinet Office, 'Classification of Public Bodies: information and guidance', April 2016.

<sup>2</sup> Schedule 1, section 1 para 1 Natural Environment and Rural Communities Act 2006.

<sup>3</sup> Schedule 1, section 1 para 2 Natural Environment and Rural Communities Act 2006

# Purposes, duties and aims

## 4. Purposes

- 4.1. Natural England has been established under the Natural Environment and Rural Communities Act 2006 (“NERC Act”). Its general purpose, set out in section 2(1) of the Act, is to:

*“ensure that the natural environment is conserved, enhanced and managed for the benefit of present and future generations, thereby contributing to sustainable development.”*

- 4.2. This general purpose includes, as set out in section 2(2) of the Act, the following:

- promoting nature conservation and protecting biodiversity
- conserving and enhancing the landscape
- securing the provision and improvement of facilities for the study understanding and enjoyment of the natural environment
- promoting access to the countryside and open spaces and encouraging open-air recreation and
- contributing in other ways to social and economic well-being through management of the natural environment. This may, in particular, be carried out by working with local communities

## 5. Powers and duties

- 5.1. Natural England’s general powers and duties stem from Part 1, Chapter 1 and Schedule 1 of the NERC Act, with specific functions conferred by certain other provisions of that Act<sup>4</sup> and by other enactments. This legislation establishes Natural England as a statutory adviser on the natural environment to Government and as a regulator.

- 5.2. In addition, Natural England has also been given advisory, regulatory and delivery functions, duties and powers through other legislation and mechanisms.

- 5.3. There are over 500 duties and powers established under other enactments including:

- the National Parks and Access to the Countryside Act 1949
- Wildlife and Countryside Act 1981
- Countryside and Rights of Way Act 2000
- Marine and Coastal Access Act 2009
- The Conservation of Habitats and Species Regulations 2017
- The Environmental Impact Assessment (Agriculture) (England) (No.2) Regulations 2006; and

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<sup>4</sup> See for example, section 33 and 37 of the NERC Act.



- The Environment Act, 2021 (see below)
- 5.4. The Environment Act sets out a new framework for environmental governance following the UK's exit from the European Union. There are a number of commitments set out in the Environment Act which impact on the duties and expectations of Natural England. These include:
- a framing of how Natural England works with a number of key stakeholders to deliver the Nature Positive 2030 and the Nature Recovery Network (NRN) commitments
  - duties to support the formulation of Environmental Improvement Plans (EIPs) and Environmental Principles
  - a new role in the introduction of Biodiversity Net Gain into land use planning
  - duties to advise on the development of legally binding targets for air quality, water, biodiversity and waste with the intention of halting the decline in species abundance by 2030
  - a central role in the development of Local Nature Recovery Strategies to inform and underpin the national NRN
  - a new power to prepare Species Conservation Strategies (SCS) for any species in England; and
  - a new power to prepare and publish Protected Sites Strategies to improve conservation and management of protected sites and manage impacts upon such sites
- 5.5. Natural England has also been authorised to carry out certain Defra functions by means of an agreement<sup>5</sup> pursuant to section 78 of the NERC Act. There are also formal delegations from other statutory bodies (e.g. the Marine Management Organisation and the Joint Nature Conservation Committee) by means of agreements where legislation provides for this.
- 5.6. Under Part 1, section 11 of the NERC Act, Natural England has the power to charge for its services subject to the Secretary of State's consent and with appropriate consultation with HMT. It can also charge a fee for its licences (section 11(3) of the NERC Act).
- 5.7. In addition, Natural England has enforcement powers (under the Wildlife and Countryside Act 1981 and other enactments); and the power to bring criminal proceedings either directly or through a person authorised to prosecute on Natural England's behalf (section 12 of the NERC Act).
- 5.8. Natural England may exercise its legal powers in pursuit of anything that falls within its general purpose.

## Taking on, or delegating, additional functions

- 5.9. The Government may ask Natural England to take on significant additional functions or new work, on a permanent or temporary basis.

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<sup>5</sup> The original s.78 agreement was established in 2006 and has received five subsequent administrative amending agreements.

The decision to take on the additional work will be made jointly by the Secretary of State and the Natural England Board, taking into account Natural England's general purpose and the availability of capacity and allocated resources.

- 5.10. To enable Natural England to make arrangements for the most effective discharge of its functions, it can (in accordance with section 79 of the NERC Act) make arrangements with other designated bodies<sup>6</sup> whereby those bodies carry out functions on its behalf.

## Duties to Parliament

- 5.11. Natural England's role as a statutory adviser<sup>7</sup> establishes its duty to give advice to Parliamentarians on any matters related to its statutory purpose. Natural England has a specific responsibility to submit evidence to, and to appear at, Parliamentary Select Committees, where relevant and requested. In particular, Natural England will engage with the House of Commons Environment, Food and Rural Affairs Committee (EfraComm), the Environmental Audit Committee (EAC) and the Lords Environment and Climate Change Committee in order to support the delivery of their roles of examining the expenditure, administration and policy of the Department and its associated public bodies. Natural England will also respond to requests from other Parliamentary Committees to submit evidence (or to support their work in other ways). Natural England will ensure its responses are based on science, evidence, technical expertise, experience of delivery and professional judgement.

## Duties to Government

- 5.12. Natural England will contribute to the policy development process to ensure that Ministers (who are responsible for policy) are appropriately informed through independent and impartial advice and technical and delivery expertise. Where Natural England has a role in the development of Government policies, this involves providing Government with appropriate high quality advice, information and 'intelligence' based on Natural England's technical expertise and informed by its ongoing partnership working with stakeholders, working with the Defra group and through frontline engagement with customers.
- 5.13. This advice may be provided in a range of ways, including:
- helping Defra and other Government departments identify concerns, risks or opportunities, over both the immediate and longer terms
  - collecting, providing, sharing and helping evaluate evidence
  - helping Government assess the environmental impacts of policy options and advising Government on the implications for policy design
  - contributing to detailed design of implementation measures

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<sup>6</sup> As defined in schedule 7 of the NERC Act.

<sup>7</sup> See section 4 of the NERC Act

- providing relevant technical support for Defra and other government departments, e.g., steering research projects; and
  - contributions to departmental publications or announcements
- 5.14 Submission of formal responses to government consultations is a legitimate part of Natural England’s independent role as a statutory adviser. In exercising this role, Natural England will focus on evidence and technical matters within its statutory remit.

## Duties to stakeholders

- 5.15 In delivering the aims set out above, Natural England will work closely and transparently with its customers and partners, including:
- regulated individuals and organisations. As a Government regulator, Natural England must have regard to the Regulator’s Code issued under the Legislative and Regulatory Reform Act 2006 as well as comply with appropriate Government policies and procedures on regulation. Natural England should adopt a risk-based, proportionate, targeted and flexible approach to regulatory enforcement and compliance
  - other delivery, regulatory and enforcement agencies: Natural England should work closely with other delivery, regulatory and enforcement agencies to minimise and, if possible, to eliminate duplication and conflict in applying legislation, guidance and standards, working in accordance with the Code of Practice as appropriate
  - local authorities: Natural England is a statutory consultee in relation to planning and development control issues. Natural England should work in partnership with local authorities in developing strategies to protect and improve local environments
  - local agreement holders, partners and civil society organisations: Natural England should work to ensure greater local involvement and a clearer voice in the identification and delivery of natural environment priorities in their localities in accordance with its general purpose

## 6. Aims

- 6.1. Natural England’s vision is of “thriving Nature for people and planet”. This ambition is not just to improve Nature, but to see it thriving everywhere, because a healthy natural environment is fundamental to health, wealth and happiness.
- 6.2. The term “Nature” encompasses natural beauty, wildlife and geology that underpins landscape character as well as the habitats on which some of the most important species depend. “Nature” also encompasses the essential services it provides, in addition to the historic and cultural connections with the environment that people have - for example through art and literature and personal experience.

- 6.3. Natural England’s mission is “building partnerships for Nature’s recovery”<sup>8</sup>. This reflects the need to work with and through a wide range of stakeholders to rebuild sustainable ecosystems and to protect and restore habitats, species and landscapes.
- 6.4. Natural England’s Board have agreed a set of 5-year aims for the organisation’s work:
- a well-managed Nature Recovery Network across land, water and sea delivering resilient ecosystems rich in wildlife and character, enjoyed by people and widely benefiting society
  - people connected to the natural environment for their own and society’s wellbeing, enjoyment and prosperity
  - Nature-based solutions contributing fully to tackling the climate change challenge and wider environmental hazards and threats
  - improvements in the natural capital that drives sustainable economic growth, healthy food systems and prospering communities
  - evidence and expertise is used by a broad range of partnerships, organisations and communities to achieve Nature recovery and enable effective regulation and accreditation
  - being a values-led organisation which delivers excellent service standards to all partners, organisations and communities engaged in achieving Nature’s recovery
- 6.5. Natural England will deliver the above strategic aims in the context of the Defra Group Outcome Delivery Plan outcomes.

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<sup>8</sup>See “Building Partnerships for Nature Recovery” Natural England (2020) Building Partnerships for Nature’s Recovery (publishing.service.gov.uk)

# Role of the department

## 7. The Secretary of State

7.1. The Secretary of State will account for Natural England on all matters concerning Natural England in Parliament.

7.2. The Secretary of State's statutory duties and powers in respect of Natural England are set out under section 15 of the NERC Act (2006):

- under section 15(1) the Secretary of State must give Natural England guidance as to the exercise of any functions of Natural England that relate to or affect regional planning and associated matters
- under section 15(2) the Secretary of State may give guidance to Natural England as to the exercise of its other functions
- under section 15(3) before giving guidance to Natural England under section 15, the Secretary of State must consult Natural England, the Environment Agency and such other persons as the Secretary of State thinks appropriate
- under section 15(4) the Secretary of State must publish any guidance given under section 15 as soon as reasonably practicable after giving the guidance
- under section 15(5) the power to give guidance under section 15 includes the power to vary or revoke it
- under section 15(6) in discharging its functions, Natural England must have regard to any such guidance given under section 15

7.3. The Secretary of State also has the following power under section 16 of the NERC Act:

- under section 16(1) the Secretary of State may give Natural England general or specific directions as to the exercise of its functions. However, such powers do not apply to functions of Natural England exercisable through the Joint Nature Conservation Committee
- under section 16(3) directions published under section 16 must be published as soon as is reasonably practicable after giving the directions
- under section 16(4) the power to give directions under section 16 includes the power to vary or revoke the direction
- under section 16(5) Natural England must comply with directions given under section 16

7.4. The role of the Secretary of State is:

- to agree Natural England's overall priorities and objectives each year
- to allocate resources to Natural England for its activities and, with Treasury Ministers, to approve Natural England's charging schemes or amendments to such schemes

- to monitor the performance of Natural England through regular Ministerial Performance Reviews with the Chair and Chief Executive and through review of reports to the Defra Board
- to keep Parliament informed about Natural England's performance and answer Parliamentary Questions after consultation with Natural England where appropriate
- to appoint a Chair and members of the Natural England Board (the latter in consultation with the Chair) and approve the terms and conditions of Board members
- to ensure an annual evaluation of the performance of the Chair
- to approve the appointment of Natural England's Chief Executive
- to issue any general guidance or specific directions
- to lay copies of Natural England's annual report and accounts before Parliament each year
- to act as the appeal decision maker in certain statutory decisions made by Natural England.

7.5. As set out above, there are also occasions when Natural England will operate on the Secretary of State's behalf in consequence of a delegated function. Where it does so, Natural England will operate as an independent decision maker.

## 8. The Principal Accounting Officer (PAO)

- 8.1. The Principal Accounting Officer for Natural England is the Permanent Secretary of the sponsoring department.
- 8.2. The Principal Accounting Officer (PAO) of the Department for Environment Food and Rural Affairs (Defra) designates the Chief Executive as Natural England's Accounting Officer (AO) and ensures that he / she is fully aware of his or her responsibilities. The PAO issues a letter appointing the Accounting Officer, setting out his or her responsibilities and delegated authorities.
- 8.3. The respective responsibilities of the PAO and accounting officers for Arm's Length Bodies (ALBs) are set out in Chapter 3 of Managing Public Money.
- 8.4. The PAO is accountable to Parliament for the issue of any grant-in-aid to Natural England.
- 8.5. The PAO is also responsible, usually via the Sponsorship Team, for advising the Secretary of State on:
- an appropriate framework of objectives and targets for Natural England in the light of the department's wider strategic aims and priorities
  - an appropriate budget for Natural England in the light of the sponsor department's overall public expenditure priorities
  - how well Natural England is achieving its strategic objectives and whether it is delivering value for money; and
  - the exercise of the Ministers' statutory responsibilities concerning Natural England as outlined above

- 8.6. The PAO via the Sponsorship Team is also responsible for ensuring arrangements are in place in order to:
- monitor Natural England's activities and performance and understand assurance mechanisms
  - address significant problems in Natural England, making such interventions as are judged necessary
  - periodically, and at such frequency as is proportionate to the level of risk, carry out an assessment of the risks both to Defra and Natural England's objectives and activities in line with the wider departmental risk assessment and management processes
  - inform Natural England of relevant government policy in a timely manner; and
  - bring Ministerial or Defra concerns about the activities of Natural England to the full Natural England Board, and, as appropriate, to the departmental board requiring explanations and assurances that appropriate action has been taken

## **9. The departmental sponsorship team**

- 9.1. The responsible Senior Civil Servant for Defra's relationship with Natural England is the Director General for Environment, Rural and Marine (DG(ERM)). They stand over the Natural England Sponsorship Team who are the main source of advice to the Responsible Minister on the discharge of his or her responsibilities in respect of Natural England. They also support the PAO on his or her responsibilities toward Natural England – as set out in sections 8.5 and 8.6.
- 9.2. The DG (ERM), Director (NETL) and officials in the Natural England Sponsorship Team will liaise regularly with Natural England officials to review performance against plans, achievement against agreed targets and expenditure against its Delegated Expenditure Limit (DEL) and Annually Managed Expenditure (AME). The Sponsorship Team will also take the opportunity to explain wider policy developments that might have an impact on Natural England.
- 9.3. Defra will apply the best practice standards in the Cabinet Office Sponsorship Code. In doing so the department will operate a proportionate, risk-based approach in ensuring accountabilities are clear and appropriate oversight is in place between the department, the Board and the Executive Team. The Natural England Sponsorship Team will draw on the central Defra Public Bodies Partnership team and nominated functional experts for support in carrying out their role.

## **10. Group corporate services**

- 10.1. The Defra group operating model includes group-wide provision of Finance, HR, Digital, Data and Technology Services, Communications, Commercial Services and Property.
- 10.2. All corporate services that Natural England take from the Defra group will be managed by Defra, with group Heads of Function responsible for the delivery of an effective quality of service that enables full delivery of the commitments in this framework document, of Natural England's annual business plan and of its wider statutory duties.
- 10.3. The Natural England Chief Executive and the Defra Chief Operating Officer will ensure that a clear Partnership Agreement is in place to capture:
  - the detailed scope of the services to be provided by each of the Corporate Services functions
  - the role of Natural England in supporting the efficient delivery of these services
  - the respective accountabilities of Natural England and Defra in the operational and strategic decision-making impacting on the delivery of these services
  - the way in which costs of these services will be agreed, managed and transparently reported
  - mechanisms for the resolution of Corporate Services-specific disputes
- 10.4. To ensure continuing compliance with Data Protection Legislation, Natural England and Defra have entered into an Overarching Data Sharing Agreement and a Data Processing Agreement for the provision of Corporate Services.

## **11. Resolution of disputes between Natural England and Defra**

- 11.1. Any disputes between Defra and Natural England will be resolved in as timely a manner as possible. Defra and Natural England will seek to resolve any disputes through an informal process in the first instance. If this is not possible, then a formal process, overseen by the Senior Sponsor, will be used to resolve the issue. Failing this, the Senior Sponsor will ask the relevant policy Director General to oversee the dispute. They may then choose to ask the Permanent Secretary to nominate a non-executive member of the Department's Board to review the dispute, mediate with both sides and reach an outcome, in consultation with the Secretary of State.

## **12. Access to information requests**

- 12.1. Where a request for information is received by either party under the Data Protection Act 1998, Environmental Information Regulations 2004,



Freedom of Information Act 2000, or the UK GDPR/Data Protection Act 2018, the party receiving the request will consult with the other party prior to any disclosure of information that may affect the other party's responsibilities.

## **13. Reporting on legal risk and litigation**

- 13.1. Natural England shall provide a regular update, with the format and content to be agreed between Natural England and Defra, to the DG ERM on the existence of any active litigation and any threatened or reasonably anticipated litigation. The parties acknowledge the importance of ensuring that legal risks are communicated appropriately to the Sponsor Department in a timely manner.
- 13.2. In respect of each substantial piece of litigation involving Natural England, the parties will, where relevant, agree a litigation protocol which will include specific provisions to ensure appropriate and timely reporting on the status of the litigation and the protection of legally privileged information transmitted to the Sponsor to facilitate this.
- 13.3. Where a specific protocol is not in place, the parties will ensure that:
  - material developments in any relevant litigation are communicated to the DG (ERM) in an appropriate and timely manner
  - legally privileged documents and information are clearly marked as such
  - individual employees handling the legally privileged documents are familiar with principles to which they must adhere to protect legal privilege; and
  - circulation of privileged information within government occurs only as necessary

# Natural England governance and structure

## 14. Governance and accountability

- 14.1. Natural England shall operate corporate governance arrangements that, so far as practicable and in the light of the other provisions of this framework document or as otherwise may be mutually agreed, accord with good corporate governance practice and applicable regulatory requirements and expectations.
- 14.2. In particular (but without limitation), Natural England should:
- comply with the principles and provisions of the Corporate Governance in Central Government Departments Code of Good Practice (as amended and updated from time to time) to the extent appropriate and in line with their statutory duties or specify and explain any non-compliance in its annual report
  - comply with Managing Public Money
  - in line with Managing Public Money, have regard to the relevant Functional Standards<sup>9</sup> as appropriate and in particular those concerning Finance, Commercial and Counter Fraud; and
  - take into account the codes of good practice and guidance set out in Annex A of this framework document, as they apply to ALBs
- 14.3. In line with Managing Public Money Annex 3.1, Natural England shall provide an account of corporate governance in its annual governance statement including the Board's assessment of its compliance with the Code with explanations of any material departures. To the extent that the Organisation does intend to materially depart from the Code, the Sponsor should be notified in advance and their agreement sought to this approach.

## Schemes of delegation

- 14.4. Financial delegations are issued annually from the Principal Accounting Officer in the annual delegation letter which provides the detail of specific delegations for the Accounting Officer of each organisation within the Defra accounting boundary. Natural England will maintain and publish detailed statements of its internal delegated authorities in its Financial and Non-Financial Schemes of Delegation.

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<sup>9</sup> <https://www.gov.uk/government/collections/functional-standards>

## 15. The Chief Executive

### Appointment

- 15.1. The Chief Executive of Natural England is appointed by Natural England Chair in consultation with the board. Any such appointment must be approved by the Secretary of State. Such appointments are regulated by the Independent Commissioner for Public Appointments and will comply with the Government's Code of Governance for Public Appointments.
- 15.2. The Natural England Chief Executive may also become a member of the Board, subject to agreement with the Secretary of State.
- 15.3. The Chief Executive is an employee of Natural England.

### Responsibilities of Natural England's Chief Executive as accounting officer

- 15.4. The Chief Executive as Accounting Officer is personally responsible for safeguarding the public funds for which they have charge; for ensuring propriety, regularity, value for money and feasibility in the handling of those public funds; and for the day-to-day operations and management of Natural England. In addition, they should ensure that Natural England as a whole is run on the basis of the standards, in terms of governance, decision-making and financial management, that are set out in Box 3.1 of Managing Public Money. These responsibilities include the below and those that are set out in the Accounting Officer appointment letter issued by the Principal Accounting Officer of the Sponsor Department.

### Responsibilities of Natural England's Chief Executive for accounting to parliament and the public

- 15.5. The Chief Executive's responsibilities to Parliament (and the public) include:
  - signing the accounts and 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
  - preparing and signing a Governance Statement covering corporate governance, risk management and oversight of any local responsibilities, for inclusion in the annual report and account

- ensuring that effective procedures for handling complaints about Natural England in accordance with Parliamentary and Health Service Ombudsman's Principles of Good Complaint Handling are established and made widely known within Natural England and published on Natural England - GOV.UK ([www.gov.uk](http://www.gov.uk))
- acting in accordance with the terms of Managing Public Money and other instructions and guidance issued from time to time by the Department, the Treasury and the Cabinet Office
- ensuring that as part of the above compliance they are familiar with and act in accordance with:
  - any governing legislation
  - this framework document
  - any delegation letter issued to body as set out in paragraph 19.1
  - any elements of any settlement letter issued to the sponsor department that is relevant to the operation of Natural England; and
  - any separate settlement letter that is issued to the Natural England from the sponsor department
- ensuring they have appropriate internal mechanisms for the monitoring, governance and external reporting regarding compliance any conditions arising from the above documents
- giving evidence, normally with the PAO, when summoned before the PAC on Natural England's stewardship of public funds

## Responsibilities of Natural England's Chief Executive to the board

15.6. The Chief Executive is responsible for:

- advising the Board on the discharge of their responsibilities as set out in this document, in the founding legislation and in any other relevant instructions and guidance that may be issued from time to time
- advising the board on Natural England's performance compared with its aims and objectives
- ensuring that financial considerations are taken fully into account by the Board at all stages in reaching and executing its decisions, and that financial appraisal techniques are followed

## Responsibilities of Natural England's Chief Executive to Defra

- 15.7. The Chief Executive's responsibilities to Defra include:
- establishing, in agreement with the department, Natural England's Corporate and Business Plans in the light of the department's wider strategic aims and agreed priorities
  - informing the department of progress in helping to achieve the department's policy objectives and in demonstrating how resources are being used to achieve those objectives; and
  - ensuring that timely forecasts and monitoring information on performance and finance are provided to the department; that the department is notified promptly if over or under spends 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 the department in a timely fashion

## Managing conflicts

- 15.8. The Chief Executive should follow the advice and direction of the Board, except in very exceptional circumstances with a clear cut and transparent rationale for not doing so.
- 15.9. If the Board, or its Chair, is contemplating a course of action involving a transaction which the Chief Executive considers would infringe the requirements of propriety or regularity or does not represent prudent or economical administration, efficiency or effectiveness, is of questionable feasibility, or is unethical the Chief Executive in their role as Accounting Officer should reject that course of action and ensure that the Board have a full opportunity to discuss the rationale for that rejection.
- 15.10. Such conflicts should be brought to the attention of the Principal Accounting Officer and the Secretary of State as soon as possible.
- 15.11. Furthermore, and if agreed with the Secretary of State, the Accounting Officer must write a letter of justification to the Chair of the Board setting out the rationale for not following the advice and recommendation of the Board and copy that letter to the Treasury Officer of Accounts.
- 15.12. If the Secretary of State agrees with the proposed course of action of the Board it may be appropriate for the Minister to direct the Accounting Officer in the manner as set out in Managing Public Money paragraph 3.4 onwards.

## 16. The Board

### Composition of the board

- 16.1. Natural England will have a Board in line with good standards of Corporate Governance and as set out in its establishing statute and in guidance as set out in Annex A.
- 16.2. The Board consists of the Chair and no fewer than eight and no more than fifteen other members<sup>10</sup>, although this number can be amended by the Secretary of State. The Secretary of State may appoint one of the Board members as Deputy Chair.
- 16.3. Senior Defra representatives may attend Natural England Board meetings in an observer capacity, as appropriate, in agreement with the Natural England Chair.

### Appointments to the board

- 16.4. The Chair and the Board Members are appointed by the Secretary of State under Schedule 1, section 1(3) of the NERC Act. This appointment is subject to the Public Appointments Order in Council and as such must comply with the Governance Code on Public Appointments.
- 16.5. All such appointments should have regard to the principle that appointments should reflect the diversity of the society in which we live, and appointments should be made taking account of the need to appoint boards which include a balance of skills and backgrounds.
- 16.6. Appointments are normally for a fixed period. A member may resign by giving written notice to the Secretary of State. The Secretary of State may also remove a member under certain circumstances, set out in Schedule 1 section 1(7) of the NERC Act.
- 16.7. The Secretary of State may reappoint a serving Chair or member to serve a second term without the need for open competition, provided their performance has been at least of a good standard. Reappointment is however not guaranteed. Members will not normally be reappointed for a third term except following open competition.
- 16.8. Under Schedule 1 section 1, 3(2) of the NERC Act, before appointing a Board Member, Deputy Chair or other members, the Secretary of State will consult the Chair as to the requirements of Natural England. The Chair will be invited to serve on the selection panels.
- 16.9. In line with the Government's Code of Good Practice, the Board shall have a balance of skills and experience appropriate to fulfilling its

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<sup>10</sup> See Schedule 1, section 1, para. 3 of the NERC Act

responsibilities, and a membership that is balanced, diverse and manageable in size.<sup>11</sup>

- 16.10. Under Schedule 1, section 1 (3)(3) of the NERC Act, in appointing a person to be a Member, the Secretary of State will have regard to the desirability of appointing a person who has experience of, and has shown some capacity in, some matter relevant to the exercise of Natural England's functions.
- 16.11. Under Schedule 1, section 1 (10) Natural England may pay to the members such remuneration and allowances as the Secretary of State may determine.

## Role and responsibilities of the board

- 16.12. The role of the Board shall be to run Natural England, and to deliver the objectives, in accordance with the purposes as set out above, their statutory, regulatory, common-law duties and their responsibilities under this framework document. Detailed responsibilities of the Board shall be set out in the Board terms of reference. Remuneration of the Board will be disclosed in line with the guidance in the Government Financial Reporting manual (FRoM).
- 16.13. The Board is specifically responsible for:
  - establishing and taking forward the strategic aims and objectives of Natural England consistent with its overall strategic direction and within the policy and resources framework determined by the Secretary of State
  - providing effective leadership of Natural England within a framework of prudent and effective controls which enables risk to be assessed and managed
  - setting the long-term direction for the Executive team and the tone and pace needed to deliver the agreed strategies and plans
  - ensuring the financial and human resources are in place for Natural England to meet its objectives
  - agreeing annual Business Plans that set out Natural England's specific delivery commitments and approving the appropriate allocation of resources
  - reviewing management performance
  - ensuring that the board receives and reviews regular financial and management information concerning the management of Natural England
  - ensuring that it is kept informed of any changes which are likely to impact on the strategic direction of Natural England
  - ensuring that any statutory or administrative requirements for the use of public funds are complied with; that the board operates within the limits of its statutory authority and any delegated authority agreed with the sponsor department, and in accordance with any other conditions relating to the use of public funds; and

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<sup>11</sup> <https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments>

- that, in reaching decisions, the Board takes into account guidance issued by the sponsor department
  - Approval of all matters not delegated to the Chief Executive under the Natural England Scheme of Delegation
- 16.14. The Board should ensure that effective arrangements are in place to provide assurance on risk management, governance and internal control.
- 16.15. The Board should make a strategic choice about the style, shape and quality of risk management and should lead the assessment and management of opportunity and risk. The Board should ensure that effective arrangements are in place to provide assurance over the design and operation of risk management, governance and internal control in line with the Management of Risk – Principles and Concepts (The Orange Book). The Board must set up an Audit and Risk Assurance Committee chaired by an appropriately qualified Board Member to provide independent advice and ensure that the department's Audit and Risk Assurance Committee are provided with routine assurances with escalation of any significant limitations or concerns. The Board is expected to assure itself of the adequacy and effectiveness of the risk management framework and the operation of internal control.
- 16.16. As part of the above compliance, Board Members should be familiar with:
  - this framework document
  - any delegation letter issued to body as set out in paragraph 19.1
  - any elements of any settlement letter issued to the sponsor department that is relevant to the operation of Natural England; and
  - any separate settlement letter that is issued to Natural England from the sponsor department; and
  - that they have appropriate internal mechanisms for the monitoring, governance and external reporting regarding any conditions arising from the above documents and ensure that the Chief Executive and Natural England as a whole act in accordance with their obligations under the above documents
  - The Board is also responsible for appointing, with the Secretary of State's approval, a Chief Executive.

## Board committees

- 16.17. Under Schedule 1, section 1(19) of the NERC Act, the Board may set up such committees or sub-committees as necessary for it to fulfil its functions. As is detailed below at a minimum this should include an Audit, Risk and Assurance Committee chaired by an appropriately qualified Board Member. These committees or sub-committees may include persons who are not appointed Board Members of Natural England.
- 16.18. While the Board may make use of committees to assist its consideration of appointments, succession, audit, risk and



remuneration it retains responsibility for, and endorses, final decisions in all of these areas. The Chair should ensure that sufficient time is allowed at the board for committees to report on the nature and content of discussion, on recommendations, and on actions to be taken.

- 16.19. Where there is disagreement between the relevant committee and the Board, adequate time should be made available for discussion of the issue with a view to resolving the disagreement. Where any such disagreement cannot be resolved, the committee concerned should have the right to report the issue to the sponsor team, Principal Accounting Officer and Responsible Minister. They may also seek to ensure the disagreement or concern is reflected as part of the report on its activities in the annual report.
- 16.20. The Chair should ensure board committees are properly structured with appropriate terms of reference. The terms of each committee should set out its responsibilities and the authority delegated to it by the board. The Chair should ensure that committee membership is periodically refreshed, and that individual independent Board Members are not over-burdened when deciding the chairs and membership of committees.

## **17. The Chair's role and responsibilities**

- 17.1. The Chair is responsible to the Secretary of State for the overall leadership, direction and effectiveness of Natural England, ensuring that its policies and actions are in line with Government's and Defra's strategic priorities and its affairs are conducted with probity. Such responsibility should be exercised in the light of their duties and responsibilities as set out in the Chair's contract of employment, any appointment letter, this document and the documents and guidance referred to within this document.
- 17.2. Communications between Natural England's Board and the Secretary of State should normally be through the Chair.
- 17.3. The Chair is bound by the Code of Conduct for Board Members of Public Bodies, which covers conduct in the role and includes the Nolan Principles of Public Life.
- 17.4. In addition, the Chair is responsible for:
- ensuring, including by monitoring and engaging with appropriate governance arrangements, that Natural England's affairs are conducted with probity
  - ensuring that policies and actions support the Secretary of State's [and where relevant other Ministers'] wider strategic policies and, where appropriate, these policies and actions should be clearly communicated and disseminated throughout Natural England

17.5. The Chair has the following leadership responsibilities:

- ensuring that the board, in reaching decisions, takes proper account of guidance provided by the Responsible Minister or the department
- promoting the efficient and effective use of staff and other resources
- delivering high standards of regularity and propriety; and
- representing the views of the Board to Parliament, stakeholders and to the general public

17.6. The Chair also has an obligation to ensure that:

- the work of the Board and its members are reviewed and are working effectively including ongoing assessment of the performance of individual Board Members with a formal annual evaluation and more in-depth assessments of the performance of individual Board Members when being considered for re-appointment
- that in conducting assessments that the view of relevant stakeholders including employees and the sponsorship team are sought and considered
- that the Board has a balance of skills appropriate to directing Natural England's business, and that all Board Members continually update their skills, knowledge and familiarity with Natural England to fulfil their role both on the Board and committees. This will include but not be limited to skills and training in relation to financial management and reporting requirements, risk management and the requirements of board membership within the public sector.
- Board Members are fully briefed on terms of appointment, duties, rights and responsibilities
- they, together with the other Board Members, receive appropriate training on financial management and reporting requirements and on any differences that may exist between private and public sector practice
- the Secretary of State is advised of Natural England's needs when Board vacancies arise
- there is a Board Operating Framework in place setting out the role and responsibilities of the Board consistent with the Government Code of Good Practice for Corporate Governance
- there is a Code of Practice for Board Members in place, consistent with the Cabinet Office Code of Conduct for Board Members of Public Bodies

## 18. Individual board members

18.1. Individual Board Members should:

- comply at all times with the Code of Conduct for Board Members of Public Bodies, which covers conduct in the role and includes the Nolan Principles of Public Life as well as rules relating to the use of public funds and to conflicts of interest

- demonstrate adherence to the 12 Principles of Governance for all Public Body Non-Executive Directors as appropriate
- 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 Board's rules on the acceptance of gifts and hospitality, and of business appointments
- act in good faith and in the best interests of Natural England
- ensure they are familiar with any applicable guidance on the role of Public Sector non-executive directors and Boards that may be issued from time to time by the Cabinet Office, HM Treasury or wider government

18.2. The travel expenses of Board Members shall be tied to the rates allowed to senior staff of Natural England. Reasonable actual costs shall be reimbursed.

# Management and financial responsibilities and controls

## 19. Delegated authorities

- 19.1. Natural England's delegated authorities are set out in the annual delegation letter. This delegation letter may be updated and superseded by later versions which may be issued by the sponsor department in agreement with HM Treasury.
- 19.2. In line with Managing Public Money Annex 2.2 the delegations from the Principal Accounting Officer to the Natural England Accounting Officer will be reviewed by Defra on an annual basis.
- 19.3. Natural England shall obtain Defra's and where appropriate HM Treasury's written approval before:
  - entering into any undertaking to incur any expenditure that falls outside the delegations or which is not provided for in Natural England's annual budget as approved by Defra
  - incurring expenditure for any purpose that is or might be considered novel or contentious, or which has or could have significant future cost implications
  - 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 that might prove repercussive or which might significantly affect the future level of resources required; or
  - carrying out policies that go against the principles, rules, guidance and advice in Managing Public Money

## 20. Spending authority

- 20.1. Once the budget has been approved by Defra, Natural England shall have authority to incur expenditure approved in the budget without further reference to the sponsor department, on the following conditions:
  - Natural England shall comply with the delegations set out in the delegation letter. These delegations shall not be altered without the prior agreement of Defra and as agreed by HM Treasury and Cabinet Office as appropriate
  - Natural England shall comply with Managing Public Money regarding novel, contentious or repercussive proposals
  - inclusion of any planned and approved expenditure in the budget shall not remove the need to seek formal departmental approval where any proposed expenditure is outside the delegated limits or is for new schemes not previously agreed

- Natural England shall provide Defra with such information about its operations, performance, individual projects or other expenditure as the sponsor department may reasonably require

## 21. Banking and managing cash

- 21.1. Natural England must maximise the use of publicly procured banking services (accounts with central government commercial banks managed centrally by Government Banking).
- 21.2. Natural England should only hold money outside Government Banking Service accounts where a good business case can be made for doing so and HM Treasury consent is required for each account to be established. Only commercial banks which are members of relevant UK clearing bodies may be considered for this purpose.
- 21.3. Commercial Accounts where approved should be operated in line with the principles as set out in Managing Public Money.
- 21.4. The Accounting Officer is responsible for ensuring Natural England has a Banking Policy as set out in Managing Public Money and ensuring that policy is complied with.

## 22. Procurement

- 22.1. Natural England shall ensure that its procurement policies are aligned with and comply with any relevant UK or other international procurement rules and in particular the Public Contracts Regulations 2015.
- 22.2. Through its partnership with Defra Group Commercial (See section 10), Natural England shall establish, document and endorse agreed Group-level procurement policies and procedures.
- 22.3. In procurement cases where Natural England is likely to exceed its delegated authority limit, procurement strategy approval for the specific planned purchase must be sought from Defra.
- 22.4. Goods, services, and works should be acquired by competition. Proposals to let single-tender or restricted contracts shall be limited and exceptional. Natural England and Defra Group Commercial will review exceptions each quarter as part of the normal performance review process.
- 22.5. Supported by professional advice from Defra Group Commercial, procurement by Natural England of works, equipment, goods, and services shall be based on a full option appraisal and value for money (VfM), i.e. the optimum combination and whole life costs and quality (fitness for purpose).
- 22.6. Informed and supported by Defra Group Commercial, Natural England shall a) engage fully with Defra and Government wide procurement

initiatives that seek to achieve VfM from collaborative projects, b) comply with all relevant Procurement Policy Notes issued by Cabinet Office and c) co-operate fully with initiatives to improve the availability of procurement data to facilitate the achievement of VfM.

- 22.7. In partnership with Defra Group Commercial, Natural England shall comply with the Commercial <sup>12</sup> and Grants <sup>13</sup> Standards. These standards apply to the planning, delivery, and management of government commercial activity, including management of grants in all departments and arm's length bodies, regardless of commercial approach used and form part of a suite of functional standards that set expectations for management within government.

## 23. Risk and issues management

- 23.1. Natural England shall ensure that the risks and issues that it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance, and develop a risk management strategy, in accordance with the Treasury guidance Management of Risk: Principles and Concepts<sup>14</sup> and with the Defra Group risk strategy.
- 23.2. The Natural England Chief Executive is responsible for managing Natural England's risks and issues with oversight from the Natural England Board and within its governance structure. Natural England will sight the Sponsorship Team on any relevant risks and will ensure that, where appropriate, risks are formally escalated to the DG (ERM) or to the Defra Executive Committee. When a risk is escalated, ownership of that risk will usually be retained by Natural England.
- 23.3. Natural England should fully contribute to an annual Defra review of corporate risks and should provide a public summary within the Annual Report and Accounts.

## 24. Counter fraud and theft

- 24.1. Natural England should adopt and implement policies and practices to safeguard itself against fraud, bribery, corruption and theft.
- 24.2. The Natural England Board should champion a fraud aware culture which encourages staff to raise concerns and should provide appropriate routes for them to do so.
- 24.3. Natural England should act in line with guidance as issued by the Counter Fraud Function and in compliance with the procedures and considerations as set out in in Managing Public Money Annex 4.9 and

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<sup>12</sup> <https://www.gov.uk/government/publications/commercial-operating-standards-for-government>

<sup>13</sup> [Government Functional Standard GovS 015: Grants - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/government-functional-standard-govs-015-grants)

<sup>14</sup> [http://www.hm-treasury.gov.uk/orange\\_book.htm](http://www.hm-treasury.gov.uk/orange_book.htm)

the Counter Fraud Functional Standard<sup>15</sup>. It should also take all reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter a contract or to provide grant or grant-in-aid.

- 24.4. Natural England should record and report all instances of fraud, bribery and theft annually to Defra and notify the department of any unusual or major incidents as soon as possible, in line with Defra guidance.
- 24.5. Natural England should also report detected loss from fraud, bribery, corruption and error, alongside associated recoveries and prevented losses, to the Counter Fraud Hub in Defra in line with the agreed government definitions as set out in Counter Fraud Functional Standard.

## 25. Staff

### Broad responsibilities for staff

- 25.1. Within the arrangements approved by the Secretary of State and the Treasury, Natural England will have responsibility for the recruitment, retention and motivation of its staff. The broad responsibilities toward its staff are to ensure that:
  - the rules for recruitment and management of staff create an inclusive culture in which diversity is fully valued; appointment and advancement is based on merit: there is no discrimination on grounds of sex, marital status, sexual orientation, race, colour, ethnic or national origin, religion, disability, community background or age
  - the level and structure of its staffing, including grading and staff numbers, are appropriate to its functions and the requirements of economy, efficiency and effectiveness
  - the performance of its staff at all levels is satisfactorily appraised and Natural England's performance measurement systems are reviewed from time to time
  - its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve Natural England's objectives
  - appropriate systems, procedures and leadership are in place to ensure focus on the health, safety and wellbeing of all staff
  - proper consultation with staff takes place on key issues affecting them
  - adequate grievance and disciplinary procedures are in place
  - whistle-blowing procedures consistent with the Public Interest Disclosure Act 1998, and wider Defra whistleblowing policy, are in place

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[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1014385/6.7628\\_CO\\_Govt-Functional-Std\\_GovS013-Counter-Fraud\\_v4.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1014385/6.7628_CO_Govt-Functional-Std_GovS013-Counter-Fraud_v4.pdf)

- A code of conduct for staff is in place based on the Cabinet Office's Model Code for Staff of Executive Non-Departmental Public Bodies<sup>16</sup>.

## Staff costs

- 25.2. Subject to its delegated authorities, Natural England shall ensure that the creation of any additional posts does not incur forward commitments that will exceed its ability to pay for them.

## Pay and conditions of service

- 25.3. Natural England's staff are subject to levels of remuneration and terms and conditions of service (including pensions) within the general pay structure approved by Defra and the Treasury. Natural England has no delegated power to amend these terms and conditions except where prior approval has been given by Defra to vary such terms.
- 25.4. Staff terms and conditions should be set out in an Employee Handbook, which should be provided to the department together with subsequent amendments.
- 25.5. Natural England shall abide by public sector pay controls, including the relevant approvals process dependent on the organisations classification as detailed in the Senior Pay Guidance<sup>17</sup> and the public sector pay and terms guidance<sup>18</sup>.
- 25.6. Natural England shall operate a performance-related pay scheme that shall form part of the annual aggregate pay budget approved by the department or the general pay structure approved by the department and the Treasury, whichever is applicable, where relevant with due regard to the senior pay guidance.

## Pensions, redundancy and compensation

- 25.7. Compensation scheme rules and pension scheme rules should reflect legislative and HM Treasury guidance requirements regarding exit payments.
- 25.8. Natural England staff shall normally be eligible for a membership of an appropriate Civil Service Pension. Staff may opt out of the occupational pension scheme provided by Natural England, but that employers' contribution to any personal pension arrangement, including stakeholder pension, shall normally be limited to the national insurance rebate level.

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<sup>16</sup>[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/80082/PublicBodiesGuide2006\\_5\\_public\\_body\\_staffv2\\_0.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/80082/PublicBodiesGuide2006_5_public_body_staffv2_0.pdf)

<sup>17</sup> <https://www.gov.uk/government/publications/senior-civil-service-pay-and-reward>

<sup>18</sup> <https://www.gov.uk/government/publications/public-sector-pay-and-terms-guidance-note>



- 25.9. Any proposal by Natural England to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the prior approval of Defra. Proposals on severance must comply with the rules in chapter 4 of Managing Public Money.

## **Business plans, financial reporting and management information**

### **26. Corporate and business plans**

- 26.1. Natural England will produce a multi-year Corporate Plan. This plan will demonstrate how Natural England will contribute to the achievement of the department's medium-term plan and priorities and aligned performance metrics and milestones (as captured in the Defra Outcome Delivery Plan) and will reflect Natural England's statutory and other duties.
- 26.2. By or before May 31st of each financial year Natural England shall submit a draft of the organisation's Business Plan for the forthcoming year.
- 26.3. This plan will reflect the commitments of or for Natural England set out in the annual Defra Outcome Delivery Plan, which also serves as the Defra group business plan. The Outcome Delivery Plan sets out the priorities, success measures and resource allocations to deliver the strategic objectives. It includes more detailed sections for priority outcomes where Defra ALBs and core Defra policy areas include their priorities, indicators, risks and outcomes.
- 26.4. The Natural England Business Plan should be developed in partnership with relevant policy teams in the core department and with delivery partners within and beyond Defra Group. The Plan should reflect Natural England's statutory and other duties and functions and, within those duties, reflect the priorities by the Secretary of State. The Business Plan should reflect financial allocations which have been agreed by ExCo, the Board and approved by ministers.
- 26.5. 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. The Business Plan should be published by Natural England on GOV.UK and separately made available to staff.
- 26.6. The following key matters should be included in the Business Plan:
- key objectives and associated key performance targets, and the strategy for achieving those objectives
  - key non-financial performance targets

- a review of performance in the preceding financial year, and an estimate of performance in the current year
- alternative scenarios and an assessment of the risk factors that may significantly affect the execution of the plan but that cannot be accurately forecast; and
- other matters as agreed between Defra and Natural England

## 27. Budgeting procedures

- 27.1. Each year, in the light of decisions by Defra on the updated Outcome Delivery Plan, Defra will send to Natural England by the 31st March:
- a formal statement of the annual budgetary provision allocated by Defra in the light of competing priorities across the department and of any forecast income approved by the department; and
  - a statement of any planned change in policies affecting Natural England
- 27.2. The approved annual Business Plan will take account both of approved funding provision and 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. These elements form part of the approved Business Plan for the year in question.

## 28. Grant-in-aid and any ring-fenced grants

- 28.1. Any grant-in-aid provided by Defra for the year in question will be voted in the department's Supply Estimate and be subject to Parliamentary control.
- 28.2. The grant-in-aid will normally be paid in monthly instalments on the basis of written applications showing evidence of need. Natural England will comply with the general principle that there is no payment in advance of need. Cash balances accumulated during the course of the year from grant-in-aid or other Exchequer funds shall be kept to a minimum level consistent with the efficient operation of Natural England. Grant-in-aid not drawn down by the end of the financial year shall lapse. Subject to approval by Parliament of the relevant Estimates provision, where grant-in-aid is delayed to avoid excess cash balances at the year-end, Defra will make available in the next financial year any such grant-in-aid that is required to meet any liabilities at the year end, such as creditors.
- 28.3. In the event that Defra provides Natural England separate grants for specific purposes, it would issue the grant as and when Natural England needed it on the basis of a written request. Natural England would provide evidence that the grant was used for the purposes authorised by Defra. Natural England shall not have uncommitted grant funds in hand, nor carry grant funds over to another financial year, without the agreement of Defra.

## 29. Annual report and accounts

- 29.1. Natural England must publish an annual report of its activities together with its audited accounts after the end of each financial year. Natural England shall provide Defra its finalised (audited) statement of accounts by an agreed date each year in order for the accounts to be consolidated within Defra. A draft of the report should be submitted to Defra two weeks before the proposed publication date. The accounts should be prepared in accordance with the relevant statutes and specific accounts direction issued by the department as well as the Treasury's Financial Reporting Manual (FReM).
- 29.2. The annual report must:
- cover any corporate, subsidiary or joint ventures under its control
  - comply with the FReM and in particular have regard to the illustrative statements for an NDPB<sup>19</sup>
  - outline main activities and performance during the previous financial year and set out in summary form forward plans
- 29.3. Under Schedule 1, section 1 (24) of the NERC Act the statement of accounts must be in such form as the Secretary of State may direct. Natural England must send copies of the statement of accounts to the Secretary of State and the Comptroller and Auditor General (C&AG) within such period as the Secretary of State directs.
- 29.4. The C&AG must examine, certify and report on the statement of accounts and send a copy of the certified statement to the Secretary of State as soon as possible.
- 29.5. A copy of the final annual report should be sent to the Secretary of State by Natural England within such period as the Secretary of State directs.
- 29.6. Information on performance against key financial targets is included within the annual report and subject to the auditor's consistency opinion. The report and accounts shall be laid in Parliament and made available on Natural England website, in accordance with the guidance in the FReM.

## 30. Reporting performance to Defra

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<sup>19</sup> <https://www.gov.uk/government/publications/government-financial-reporting-manual-2020-21>.

- 30.1. Natural England shall operate management, information and accounting systems that enable it to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in the Business Plan.
- 30.2. Natural England shall inform Defra of any changes that make achievement of objectives more or less difficult. It shall report financial and non-financial performance, including performance in helping to deliver Ministers' policies, and the achievement of key objectives regularly.
- 30.3. The responsible Senior Civil Servant shall meet the relevant senior staff from Natural England on a quarterly basis to formally review Natural England's performance, in light of the report provided in 30.2.
- 30.4. The Responsible Minister will meet the Chair twice a year to discuss Natural England's strategic priorities. The purpose of the meeting shall be:
  - to review Natural England's contributions to the policy objectives set out in the Defra group outcome framework over the last period in light of those priorities
  - to agree Natural England's contributions to the policy objectives set out in the Defra group outcome framework over the next period in light of those priorities, and
  - to agree measures of success for Natural England in so doing over the next period
- 30.5. The Principal Accounting Officer will meet the Chief Executive at least once a year.

## 31. Information sharing

- 31.1. Defra has the right of access to all Natural England records and personnel for any purpose including, for example, sponsorship audits and operational investigations.
- 31.2. Natural England shall provide Defra with such information about its operations, performance, individual projects or other expenditure as Defra may reasonably require.
- 31.3. Defra and HM Treasury may request the sharing of data held by Natural England in such a manner as set out in central guidance except insofar as it is prohibited by law. This may include requiring the appointment of a senior official to be responsible for the data sharing relationship.
- 31.4. As a minimum, Natural England shall provide Defra with information monthly that will enable Defra satisfactorily to monitor:
  - Natural England's cash management
  - its draw-down of grant-in-aid
  - forecast outturn by resource headings
  - other data required for the Online System for Central Accounting and Reporting (OSCAR;

- data as required in respect of its compliance with any Cabinet Office Controls pipelines or required in order to meet any condition as set out in any settlement letter
- 31.5. Personal information can also be shared between Natural England and Defra under the overarching Data Sharing Agreement covering (1) information under Section 78 of the Natural Environment and Rural Communities Act 2006, dated 29 September 2006 and any subsequent and future amendments, (2) the provision of corporate services under the Partnership and Data Processing Agreements and (3) any other data sharing using a bespoke short form data sharing agreement.

## Audit

### 32. Internal audit

- 32.1. Natural England shall:
- establish and maintain arrangements for internal audit
  - ensure that any arrangements for internal audit are in accordance with the Public Sector Internal Audit Standards (PSIAS) as adopted by HM Treasury, and the Government Functional Standard on Internal Audit
  - set up an Audit, Risk and Assurance Committee of its Board in accordance with the Audit and Risk Assurance Committee Handbook and be represented on Defra's Audit Committee
  - forward the audit strategy, periodic audit plans and annual audit report, including Natural England Head of Internal Audit opinion on risk management, control and governance as soon as possible to Defra; and
  - keep records of and prepare and forward to Defra an annual report on fraud and theft suffered by Natural England and notify Defra of any unusual or major incidents as soon as possible
  - share with Defra information identified during the audit process and the Annual Audit Opinion Report (together with any other outputs) at the end of the audit, in particular on issues impacting on Defra's responsibilities in relation to financial systems within Natural England

### 33. External audit

- 33.1. The C&AG passes the audited accounts to the Secretary of State who will lay the accounts together with the C&AG's report before parliament.
- 33.2. In the event that Natural England has set up and controls subsidiary companies, Natural England will (in the light of the provisions in the Companies Act 2006) ensure that the C&AG has the option to be appointed auditor of those company subsidiaries that it controls and/or

whose accounts are consolidated within its own accounts. Natural England shall discuss with Defra the procedures for appointing the C&AG as auditor of the companies.

33.3. The C&AG:

- will consult Defra and Natural England on whom – the National Audit Office (NAO) or a commercial auditor – shall undertake the audit(s) on his behalf, though the final decision rests with the C&AG
- has a statutory right of access to relevant documents, including by virtue of section 25(8) of the Government Resources and Accounts Act 2000, held by another party in receipt of payments or grants from Natural England
- will share with Defra information identified during the audit process and the audit report (together with any other outputs) at the end of the audit, in particular on issues impacting on Defra's responsibilities in relation to financial systems within Natural England; and
- will consider requests from departments and other relevant bodies to provide Regulatory Compliance Reports and other similar reports at the commencement of the audit. Consistent with the C&AG's independent status, the provision of such reports is entirely at the C&AG's discretion

33.4. The C&AG may carry out examinations into the economy, efficiency and effectiveness with which Natural England has used its resources in discharging its functions. The C&AG may also decide to investigate an aspect of Natural England's work in response to an enquiry or complaint received from a member of the public.

33.5. 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, Natural England 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.

# Reviews and winding up arrangements

## 34. Review of Natural England's status

- 34.1. As with all Non-Departmental Public Bodies, Natural England will be subject to a periodic comprehensive review. The specific timing of that review will be determined by the sponsoring department in consultation with the organisation.

## 35. Arrangements in the event that Natural England is wound up

- 35.1. Defra shall put in place arrangements to ensure the orderly winding up of Natural England. In particular it should ensure that the assets and liabilities of Natural England are passed to any successor organisation and accounted for properly. In the event that there is no successor organisation, the assets and liabilities should revert to Defra. To this end, Defra shall:
- have regard to Cabinet Office guidance on winding up of ALBs<sup>20</sup>
  - ensure that procedures are in place in Natural England to gain independent assurance on key transactions, financial commitments, cash flows and other information needed to handle the wind-up effectively and to maintain the momentum of work inherited by any residuary body
  - specify the basis for the valuation and accounting treatment of Natural England's assets and liabilities
  - ensure that arrangements are in place to prepare closing accounts and pass to the C&AG for external audit, and that, for non-Crown bodies, funds are in place to pay for such audits. It shall be for the C&AG to lay the final accounts in Parliament, together with his or her report on the accounts
  - arrange for the most appropriate person to sign the closing accounts. In the event that another ALB takes on the role, responsibilities, assets and liabilities, the succeeding ALB AO should sign the closing accounts. In the event that the department inherits the role, responsibilities, assets and liabilities, Defra's AO should sign
- 35.2. Natural England shall provide Defra with full details of all agreements where Natural England or its successors have a right to share in the financial gains of developers. It should also pass to Defra details of any other forms of claw-back due to Natural England.

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<sup>20</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/690952/Public\\_Bodies\\_-\\_a\\_guide\\_for\\_departments\\_-\\_chapter\\_10.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/690952/Public_Bodies_-_a_guide_for_departments_-_chapter_10.pdf)

## Signatures

<p>Signed:</p>  <p>Date: 20<sup>th</sup> June 2022</p> <p>(On behalf of Defra) Edward Barker Director Natural Environment, Trees &amp; Landscape</p>	<p>Signed:</p>  <p>Marian Spain</p> <p>Date: 22<sup>nd</sup> June 2022</p> <p>On behalf of Natural England</p>
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# Annex A

Natural England shall comply with the following general guidance documents and instructions:

## This Framework Document

### Managing Public Money (MPM)

<https://www.gov.uk/government/publications/managing-public-money>;

### Government Financial Reporting Manual (FReM)

<https://www.gov.uk/government/publications/government-financial-reporting-manual>;

### Regularity, Propriety and Value for Money

<https://esrc.ukri.org/files/about-us/governance-and-structure/regularity-propropriety-and-value-for-money-hm-treasury-see-annex-21/>;

### Civil Service Management Code

<https://www.gov.uk/government/publications/civil-servants-terms-and-conditions>

### Corporate Governance in Central Government Departments: Code of Good Practice (and separate guidance note)

<https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments-2017>;

Partnerships between departments and arm's length bodies: Code of Good Practice

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/594345/Partnerships\\_between\\_departments\\_and\\_arm\\_s\\_length\\_bodies-code\\_of\\_good\\_practice.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/594345/Partnerships_between_departments_and_arm_s_length_bodies-code_of_good_practice.pdf);

### Code of Conduct for Board Members of Public

**Bodies** <https://www.gov.uk/government/publications/board-members-of-public-bodies-code-of-conduct>;

Public Bodies: A Guide for Departments  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/690944/Public Bodies - a guide for departments.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/690944/Public_Bodies_-_a_guide_for_departments.pdf)

## Governance Code for Public Appointments

<https://www.gov.uk/government/publications/governance-code-for-public-appointments>

**Orange Book: Management of Risk - Principles and Concepts** <https://www.gov.uk/government/publications/orange-book>;

## Public Sector Internal Audit Standards

<https://www.gov.uk/government/publications/public-sector-internal-audit-standards>;

Audit and Risk Assurance Committee Handbook  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/512760/PU1934 Audit committee handbook.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/512760/PU1934_Audit_committee_handbook.pdf)

HM Treasury Guidance on Tackling Fraud  
[https://webarchive.nationalarchives.gov.uk/20130102192905/http://www.hm-treasury.gov.uk/d/managing\\_the\\_risk\\_fraud\\_guide\\_for\\_managers.pdf.pdf](https://webarchive.nationalarchives.gov.uk/20130102192905/http://www.hm-treasury.gov.uk/d/managing_the_risk_fraud_guide_for_managers.pdf.pdf);

Managing the Risk of Fraud: A guide for managers  
[https://webarchive.nationalarchives.gov.uk/20120906143131/http://www.hm-treasury.gov.uk/d/managing\\_the\\_risk\\_fraud\\_guide\\_for\\_managers.pdf](https://webarchive.nationalarchives.gov.uk/20120906143131/http://www.hm-treasury.gov.uk/d/managing_the_risk_fraud_guide_for_managers.pdf)

**The Parliamentary and Health Service Ombudsman's Principles of Good Administration**

<https://www.ombudsman.org.uk/about-us/our-principles>;

**Freedom of Information Act guidance and**

instructions:

[www.legislation.gov.uk/ukpga/2000/36/contents](http://www.legislation.gov.uk/ukpga/2000/36/contents)

and <https://ico.org.uk/for-organisations/guide-to-freedom-of-information/>

Relevant Dear Accounting Officer letters;

[www.gov.uk/government/collections/dao-letters](http://www.gov.uk/government/collections/dao-letters)

Consolidation Officer Memorandum, and

relevant DCO letters;

Relevant guidance and instructions issued by

HM Treasury in respect of Whole of Government

Accounts;

Relevant instructions and guidance issued by

the central Departments;

Specific instructions and guidance issued by the

sponsor Department;

Recommendations made by the Public Accounts

Committee, or by other Parliamentary authority,

that have been accepted by the Government and

are relevant to Natural England.

## HM Treasury contacts

This document can be downloaded from [www.gov.uk](http://www.gov.uk)

If you require this information in an alternative format or have general enquiries about HM Treasury and its work, contact:

Correspondence Team  
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1 Horse Guards Road  
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Tel: 020 7270 5000

Email: [public.enquiries@hmtreasury.gov.uk](mailto:public.enquiries@hmtreasury.gov.uk)

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