



Department
for Environment
Food & Rural Affairs



Natural England Framework Document 2017

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1. Introduction

- 1.1** This Framework Document has been drawn up by the Department for Environment Food and Rural Affairs (Defra) in partnership with Natural England. This document sets out the broad framework within which Natural England will operate. The document does not convey, extinguish or amend any legal powers or responsibilities.
- 1.2** The overall governance framework is defined and supported by legislation and a number of other documents in addition to this Framework Document, reflecting the breadth of Natural England's roles and relationships. These are described in Annex A.
- 1.3** Within this broad framework, the relationship will be conducted in accordance with the principles of the Partnerships between Departments and Arm's Length Bodies (ALBs): Code of Good Practice¹.
- 1.4** The Framework Document is a public document and copies have been placed in the Libraries of both Houses of Parliament and made available to members of the public on GOV.UK.
- 1.5** Any questions regarding the interpretation of this document shall be resolved by Defra in consultation with Natural England and, where appropriate, with other government departments including the Treasury and the Cabinet Office.
- 1.6** The Framework Document should be formally reviewed every three years. Where appropriate, changes can be made by addendum in advance of formal reviews.

¹ Partnerships between departments and arm's-length bodies - Code of Good Practice (Cabinet Office, 2017)

2. Natural England

Status

- 2.1** Natural England is a body corporate² and a Non-Departmental Public Body (NDPB) sponsored by Defra³. Natural England was established on 1st October 2006 under the Natural Environment and Rural Communities Act 2006. It has a separate legal identity and is expected to operate at arms' length from government, carrying out its statutory functions with technical expertise, impartiality and transparency. In addition to Defra, Natural England also works with and delivers duties on behalf of a range of other UK Government departments.
- 2.2** Natural England is led and directed by a Board whose Chair and Members are appointed by the Secretary of State.

Purpose

- 2.3** Section 2 of the Natural Environment and Rural Communities Act 2006 ('NERC Act') states that Natural England's general purpose 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."

- 2.4** This general purpose includes:

- 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.

- 2.5** Natural England's strategic aim is to be at the forefront of successful implementation of the Government's ambition to be the first generation to leave the natural environment in a better condition than we found it. This will be achieved by creating, resilient landscapes and seas, putting people at the heart of the natural environment and growing natural capital.

- 2.6** Natural England seeks to deliver on these ambitions through being the expert statutory advisor to Government, helping to develop laws, policies and plans and delivering action to achieve Government's ambition of making England a great place to live. The contribution is based on an understanding of the attributes of healthy, resilient landscapes and combines an evidence-based approach, a practical knowledge of delivery and a deep understanding of policy-making. The organisation aims to use its combination of national and local expertise in order to express local needs in national and international context.

² Schedule 1, para 1 Natural Environment and Rural Communities Act 2006.

³ Cabinet Office, 'Classification of Public Bodies: information and guidance', April 2016

3. Legal basis of powers and duties

Core remit

3.1 Natural England's general functions stem from Part 1, Chapter 1 [and Schedule 1] of the NERC Act, but specific functions are conferred by certain other provisions of that Act⁴ and by other enactments. This legislation establishes Natural England as a statutory advisor on the natural environment to Government and as a regulator.

Other statutory powers and duties

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

3.3 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 2010; and
- The Environmental Impact Assessment (Agriculture) (England) (No.2) Regulations 2006).

3.4 Natural England has also been authorised to carry out certain Defra functions by means of an agreement⁵ 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.

3.5 Defra, acting through the Rural Payments Agency (RPA) is the Paying Agency responsible for ensuring that the paying agency functions arising in relation to schemes created under the Common Agricultural Policy are carried out in accordance with EU Regulations. The Paying Agency has delegated authority to NE to carry out certain functions on behalf of the Paying Agency by way of a Delegated Authority Agreement.

3.6 Natural England may exercise its legal powers in pursuit of anything that falls within its general purpose (see Section 2.4).

⁴ See, for example, sections 33 and 37 of the NERC Act.

⁵ The original s78 agreement was established in 2006 and has received five subsequent administrative amending agreements.

Taking on, or delegating, additional functions

- 3.7** The Government may ask Natural England to take on additional functions or new work, on a permanent or temporary basis. The decision to take on the additional work will be made jointly by the Secretary of State and the Natural England Board.
- 3.8** 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 agreements with other designated bodies⁶, whereby those bodies carry out functions on its behalf.
- 3.9** Natural England has the power to charge for its services subject to the Secretary of State's consent. It can also charge a fee for its licences (under section 11 of the NERC Act or other enactments). Natural England also has enforcement powers (under the Wildlife and Countryside Act 1981 and other enactments); and it has the power to bring criminal proceedings (under section 12 of the NERC Act).

Statutory guidance and directions

- 3.10** The Secretary of State has a duty, under section 15(1) of the NERC Act, to give Natural England guidance as to the exercise of any functions of Natural England that relate to or affect regional planning and associated matters⁷. The Secretary of State has a power under section 15(2) of the NERC Act to give guidance to Natural England as to the exercise of its functions⁸. 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. In discharging its functions, Natural England must have regard to any such guidance given. The guidance may be varied or added to at any time.
- 3.11** The Secretary of State also has a power under section 16 of the NERC Act to give Natural England general or specific directions as to the exercise of its functions. Such directions must be published as soon as is reasonably practicable after the giving of the direction⁹. Natural England must comply with directions given under section 16. A direction may be varied or revoked at any time.

⁶ As defined in schedule 7 of the NERC Act.

⁷ Statutory Guidance for Natural England on Regional Planning and Associated Matters (Defra, March 2007)

⁸ Such guidance has been issued in relation to the badger cull: Guidance to Natural England: Licences to kill or take badgers for the purposes of preventing the spread of bovine TB

⁹ As of the date of this agreement, Natural England has not been given a Direction under Section 16 of the NERC Act.

4. Key Relationships

Parliament

- 4.1** Natural England is accountable to Parliament via the Secretary of State. In addition, Natural England's role as a statutory advisor¹⁰ establishes its duty to give advice, when requested, to Parliamentarians on any matters related to its statutory purpose.
- 4.2** Natural England has a specific responsibility to submit evidence and to appear, when requested, before the Environment, Food and Rural Affairs Committee (EfraComm) and the Environmental Audit Committee (EAC) in order to support the Committees in their roles of examining the expenditure, administration and policy of the Department and its associated public bodies. Natural England will also, in liaison with Defra, respond to requests to submit evidence to other Parliamentary committees or to engage in other ways with Parliamentary committees. As an NDPB, Natural England will ensure its responses are based on evidence, technical expertise and judgement.

Government

- 4.3** 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 frontline engagement with customers. 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;
 - Providing relevant technical support for Defra and other government departments, e.g. steering research projects; and
 - Contributions to departmental publications or announcements.
- 4.4** 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.

¹⁰ See section 4 of the NERC Act

Stakeholders

- 4.5** Natural England has wide-ranging functions, and many people have a direct or indirect interest in its work. Hence Natural England will need to 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.

International relationships

- 4.6** Natural England has an interest in international matters that are relevant to its statutory remit, and its delivery brief is, in part, framed by the UK’s international obligations. The Government will look to Natural England to help develop and actively support the Government’s position and views through the provision of impartial advice or, where appropriate, advocacy within its network of contacts.
- 4.7** Natural England will not take a front seat in international discussions, over and above the technical support provided by an NDPB, without Defra agreement and will make clear that its remit relates to England and will not imply that it represents a UK view or speaks on behalf of the UK Government or Defra. Natural England will, in this area, need to liaise closely with Defra and a wide range of other Government Departments and their agencies, including those of the Devolved Administrations, and will be careful at all times not to prejudice the UK’s position.
- 4.8** In relation to Natural England’s international and UK wide nature conservation functions, the statutory position is that Natural England can only discharge them through the Joint Nature Conservation Committee (JNCC). On international and UK wide nature conservation functions, Natural England’s position will fully reflect that agreed by the JNCC or by Defra in consultation with the Devolved Administrations. In addition, Natural England, together with Natural Resources Wales and Scottish Natural Heritage is a “GB conservation body”¹¹. In accordance with section 36 of the 2006 Act, Natural England’s functions with respect to wildlife may also only be discharged through the JNCC.

¹¹ See section 32(2) of the Natural Environment and Rural Communities Act 2006

5. Operating within Defra group

- 5.1 Defra and 10 of its delivery bodies, including Natural England, have agreed a group operating model that supports joint working in pursuit of shared outcomes. This group operating model does not alter the powers, duties and governance of Natural England or replace the accountability of the Natural England Accounting Officer and Board.
- 5.2 The organisations involved are working to deliver the strategic objectives set out in the Defra group strategy¹², guided by the design principles underpinning the group operating model (ANNEX B) and on the understanding that effective partnerships must be based on trust, clarity of accountability and a shared understanding of purpose and outcomes.
- 5.3 The operating model for the Defra group identifies six main areas where the organisations collectively deliver outcomes: food and farming, animal and plant health, floods and water, environmental quality, natural environment and rural, marine and fisheries. All the organisations involved in delivering outcomes in each area come together as an outcome system under the guidance of a system leader.
- 5.4 The Defra group Executive Committee (ExCo) is responsible for overseeing the strategic direction and tracking the performance of the Defra group from policy through to delivery; and for strategic decisions that affect more than one organisation or set a precedent for the future of the Group. System leaders are members of ExCo, providing a direct connection to all the organisations within the group operating model. They are supported by outcome system groups bringing together leaders from all the organisations that contribute to delivering outcomes in that system.

Corporate Services

- 5.5 The Defra group operating model includes group-wide provision of Finance, HR, Digital, Data and Technology Services, Communications, Estates, Facilities Management, Procurement and Commercial Services.
- 5.6 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. The scope of the services will be agreed with Natural England through a Partnership Agreement or similar mechanism to ensure that the service meets the needs of, and adds value to, Natural England's Board and Accounting Officer.

¹² <https://www.gov.uk/government/publications/defras-strategy-to-2020-creating-a-great-place-for-living>

6. Ministerial responsibility

6.1 The Secretary of State for Environment, Food and Rural Affairs will account for business in Parliament.

6.2 The role of the Secretary of State is¹³:

- 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 CEO 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 and approve the terms and conditions of Board members;
- to approve the appointment of Natural England's Chief Executive;
- to issue any general guidance or specific directions; and
- to lay copies of Natural England's annual report and accounts before Parliament each year.

6.3 This document refers to the Secretary of State, but in practice he or she may empower another Defra Minister to act on his or her behalf.

¹³ These responsibilities relate to the direct governance of Natural England. The Secretary of State also has some operational responsibilities as a point of appeal against Natural England decisions, for example those made under section 28F of the Wildlife and Countryside Act 1981 or under the EIA Agriculture Regulations.

7. Natural England's Board

Board appointments - the Chair and Board Members

- 7.1** The Natural England Chair and Board Members are appointed 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.
- 7.2** The Board consists of the Chair and no fewer than eight nor more than fifteen other members¹⁴. The Secretary of State may appoint one of the Board members as Deputy Chair. The Natural England Chief Executive may also become a member of the Board, subject to agreement with the Secretary of State.
- 7.3** Appointments are normally for a fixed period. 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.
- 7.4** Before appointing a Board Member or Deputy Chair, 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.
- 7.5** In line with the Government's Code of Good Practice, the Board shall have a balance of skills and experience appropriate to fulfilling its responsibilities, and a membership that is balanced, diverse and manageable in size.¹⁵ 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.

Board responsibilities

- 7.6** The Board is specifically responsible for:
- establishing and taking forward the strategic aims and objectives of Natural England consistent with its overall strategic direction within the policy and resources framework determined by the Secretary of State;
 - setting the long-term direction for the Executive team and the tone and pace needed to deliver the agreed strategies and plans;
 - agreeing an Action Plan for each year that sets out Natural England's specific delivery commitments and approving the appropriate allocation of resources;
 - receiving and reviewing regular performance information concerning the ongoing delivery of Natural England against its agreed Action Plan;
 - ensuring that the responsible Minister is kept informed of any changes which are likely to impact on the strategic direction of Natural England or on the attainability of its targets, and determining the steps needed to deal with such changes;

¹⁴ See Schedule 1 of the NERC Act

¹⁵ <https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments>

- ensuring that effective arrangements are in place to provide assurance on risk management, governance and internal control and demonstrating high standards of corporate governance at all times;
- 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 Defra, and in accordance with any other conditions relating to the use of public funds; and that in reaching decisions, the Board takes into account any relevant guidance issued by Defra or by the Government more broadly; and
- Approval of all matters not delegated to the Chief Executive under the Natural England Scheme of Delegation¹⁶.

7.7 The Board will:

- with the Secretary of State's approval, appoint a Chief Executive to Natural England;
- advise the Secretary of State on other senior executive appointments;
- undertake an annual assessment of the performance of the Chief Executive against the agreed framework and approve any non-consolidated performance payment at an appropriate level taking into account any relevant Cabinet Office guidance and feedback (from third parties and appropriate 360 degree processes); and
- undertake an annual evaluation of the Board's performance and that of its committees.

7.8 Senior Defra representatives may attend Board meetings, as appropriate in agreement with the Natural England Chair, where this might aid discussion, help inform decision making or in an observer capacity.

7.9 The Board will:

- support the delivery of the Defra group's objectives and champion Defra's agenda whilst respecting Natural England's independent statutory duties;
- support Natural England's Senior Leadership Team to work collaboratively with other parts of the Defra group, building relationships with other Boards and helping to remove barriers to joint working; and
- engage fully and constructively with strategic decision-making led by ExCo where a decision impacts on Natural England's formal duties and responsibilities.

The Chair's personal responsibilities

7.10 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 strategic priorities and its affairs are conducted with probity. The Board shall ensure that these priorities are clearly communicated and disseminated throughout the organisation.

¹⁶ <https://www.gov.uk/government/publications/natural-england-non-financial-schedule-of-delegation>

7.11 The Chair will represent Natural England and will be the primary contact with Ministers for the Board, raising issues with Ministers as appropriate and ensuring that the other Board Members are kept aware of such communications.

7.12 In addition, the Chair has the following leadership responsibilities:

- formulating the Board's strategy;
- ensuring that the Board, in reaching decisions, takes proper account of guidance provided by the responsible Minister or the department;
- driving collaborative working within the Defra group (and with other government departments) to make the best use of resources available and to maximise outcomes and benefits;
- driving increased efficiency and effectiveness; and
- representing the views of the Board to the general public, and promoting and maintaining effective customer, stakeholder and partner relationships at the strategic level to support the achievement of Natural England's aims, working in conjunction with the Chief Executive to represent Natural England internally and externally.

7.13 The Chair also has an obligation to ensure good governance and specifically that:

- the Board is run in line with the Government Code of Good Practice for Corporate Governance¹⁷;
- the effectiveness of the work of the Board and its members' performance is reviewed annually, and that Board members are aware of the terms of their appointment, their duties, rights and responsibilities and take proper account of guidance provided by Government when reaching decisions;
- Natural England Board members proactively engage in succession planning and identification of potential candidates for future Board appointments;
- the Board has a balance of skills appropriate to directing Natural England's business, as set out in the Government Code of Good Practice for Corporate Governance;
- he or she, together with the other Board Members, receives appropriate training on financial management and reporting;
- the Secretary of State is advised of Natural England's needs with as much notice as possible before Board vacancies arise;
- his or her objectives are set with the Secretary of State and he or she provides an annual self-assessment of how they have been achieved;
- there is a Board Operating Framework (or equivalent) in place setting out the role and responsibilities of the Board consistent with the Government Code of Good Practice for Corporate Governance;

¹⁷https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220645/corporate_governance_good_practice_july2011.pdf

- there is a code of practice (or equivalent) for Board Members in place, consistent with the Cabinet Office Code of Conduct for Board Members of Public Bodies; and
- appropriate arrangements are put in place to record and manage conflicts and potential conflicts of interest of Board members.

Audit and Risk Assurance Committee

- 7.14** Natural England's Board has a general responsibility to ensure that proper internal audit arrangements are established and maintained, and for that purpose should establish an Audit and Risk Assurance Committee (ARAC) in accordance with *Managing Public Money* and the Cabinet Office's *Guidance on Codes of Practice for Public Bodies*.
- 7.15** ARAC will be chaired by a non-executive member of the Board and it supports the Board in their responsibilities for risk management, control and governance¹⁸. It does this by reviewing the comprehensiveness, reliability and integrity of assurances. The Committee acts in a scrutiny and advisory capacity and it has no executive authority.
- 7.16** The Internal Audit service should provide regular reports to ARAC on its programme, recommendations and their implementation.
- 7.17** To assist with the provision of assurance to the Principal Accounting Officer, Natural England will ensure that the agenda and minutes of all ARAC meetings are shared with Defra and, specifically, with Defra's Group Chief Internal Auditor (GCIA). Natural England will also extend an invitation, at its discretion, to Defra's GCIA to attend ARAC meetings.
- 7.18** To ensure appropriate visibility and alignment of assurance work, Defra Audit Risk Committee will ensure that the agenda and minutes of its meetings are shared with the Chair of the Natural England ARAC.

Individual Board Members' responsibilities

- 7.19** Individual Board Members should:
- comply at all times with the Code of Conduct for Board Members of Public Bodies and with the rules relating to the use of public funds and to conflicts of interest;
 - not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations;
 - comply with the 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;
 - act in the public interest, and uphold at all times the seven principles of public life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership); and
 - comply with the relevant Natural England policies related to payment of expenses.

¹⁸

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/585576/audit_and_risk_committee_terms_of_reference.pdf

8. Responsibilities of the Principal Accounting Officer

Defra's Accounting Officer's specific accountabilities and responsibilities as Principal Accounting Officer (PAO)

- 8.1** The Principal Accounting Officer (PAO) of Defra has designated the Chief Executive as Natural England's Accounting Officer. The respective responsibilities of the PAO and accounting officers for ALBs are set out in Chapter 3 of *Managing Public Money*.
- 8.2** The PAO is accountable to Parliament for the issue of any grant-in-aid to Natural England. As such, he/she is directly and personally accountable for the grant-in-aid paid by the Secretary of State to Natural England. The PAO is also responsible for advising the responsible Minister:
- on an appropriate framework of objectives and targets for Natural England;
 - on an appropriate budget for Natural England in the light of Defra's overall public expenditure priorities; and
 - how well Natural England is achieving its strategic objectives and whether it is delivering value for money.
- 8.3** The PAO is also responsible for ensuring arrangements are in place in order to:
- monitor Natural England's activities;
 - address significant problems in Natural England, making such interventions as are judged necessary;
 - carry out assessments of the risks both to Defra and Natural England's objectives and activities; and
 - bring any concerns about the activities of Natural England to the full Board and, as appropriate, to the Defra Board requiring explanations and assurances that appropriate action has been taken.

9. Responsibilities of Natural England's Chief Executive

- 9.1** The Chief Executive's performance objectives will reflect both the Accounting Officer (AO) responsibilities and the Chief Executive's role in ensuring that Natural England delivers its stated priorities and statutory responsibilities.
- 9.2** The Chief Executive as Accounting Officer is personally responsible for; regularity and propriety, affordability and sustainability, value for money, control, management of opportunity and risk, learning from experience and accounting accurately for the organisations financial position and transactions. He/she should ensure that Natural England as a whole is run on the standards, in terms of governance, decision-making and financial management that are set out in Box 3.1 of Managing Public Money.

Accounting to Parliament

- 9.3** The accountabilities include:
- signing the Annual Report and 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 accounts;
 - ensuring that effective procedures for handling complaints and commendations about Natural England are established and made widely known within the organisation;
 - acting in accordance with the terms of this document, Managing Public Money and other instructions and guidance issued from time to time by the Department, the Treasury and the Cabinet Office;
 - giving evidence, normally with the PAO, when summoned before the Public Accounts Committee on Natural England's stewardship of public funds; and
 - not assigning to any other person any of his or her Accounting Officer responsibilities set out in this document.

Responsibilities to Natural England's Board

- 9.4** The Chief Executive is responsible for:
- advising the Board on the discharge of Natural England's responsibilities as set out in this document, in legislation and in any other relevant instructions and guidance;
 - advising the Board on Natural England's performance against its agreed 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; and

- taking action as set out in Managing Public Money 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.

Responsibilities to Defra

9.5 The Chief Executive is responsible for

- ensuring that Natural England works in collaboration with other parts of the Defra group, in line with the principles of the group operating model, to secure the most efficient and effective delivery of outcomes;
- ensuring that the Natural England Board is fully engaged in any decision affecting Natural England and other organisations where the Defra group Executive Committee has overall strategic responsibility;
- supporting the system leaders for the relevant Defra group outcome systems in their role of managing, guiding and coordinating the delivery of strategic outcomes across the Defra group;
- informing Defra of progress in helping to achieve Defra's 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 Defra; that Defra 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 Defra without delay.

Responsibilities for managing risk and resources

9.6 The Chief Executive is responsible for:

- ensuring that all public funds made available to Natural England including any approved income or other receipts are used for the purpose intended by Parliament, and that such monies, together with Natural England's assets, equipment and staff, are used economically, efficiently and effectively;
- ensuring that Natural England acts in accordance with its statutory remit and that all associated legal risks are effectively managed;
- ensuring that a system of risk management is maintained to inform decisions on financial and operational planning and to assist in maintaining and improving performance;
- ensuring that Natural England maximises receipts from non-exchequer sources provided that this is consistent with Natural England's statutory purpose and its Action Plan as agreed with Defra;
- ensuring that adequate internal management and financial controls are maintained by Natural England, including effective measures against fraud and theft;

- maintaining a comprehensive system of internal delegated authorities which are notified to all staff, together with a system for regularly reviewing compliance with these delegations;
- ensuring that effective personnel management policies are maintained;
- ensuring that an effective system of programme and project management and contract management is maintained;
- recruiting, leading, managing and motivating the senior management team and staff including the development of an organisational culture that promotes high performance and commitment; and
- promoting and maintaining effective customer, stakeholder and partner engagement and collaboration at strategic and operational levels to ensure good understanding and responsive management of customer and stakeholder needs and concerns.

Responsibilities for science and evidence

9.7 The Chief Executive is responsible for ensuring that evidence delivered by Natural England is fit for purpose. Natural England shall support an ethos of continuous improvement and, where relevant, accreditation or certification of evidence activities against internationally recognised quality systems. This includes ensuring that Natural England's evidence processes take account of the principles specified in the Joint Code of Practice for Research, the requirements of the Code of Practice for Official Statistics, and other relevant good practice guidelines, such as the Government Chief Scientific Adviser's Guidelines on the Use of Scientific and Engineering Advice in Policy Making.

9.8 The Chief Executive will:

- Ensure that Natural England meets its statutory responsibilities for evidence under the NERC Act¹⁹ and other enactments;
- Ensure Natural England's Chief Scientist works closely with the Defra Chief Scientific Adviser (CSA) to provide strategic oversight and leadership of evidence, science and analysis across the Defra Group;
- Support Natural England's Chief Scientist in providing appropriate opportunity for the Defra Chief Scientific Adviser to independently assess and challenge the relevance and quality of the Natural England's evidence activities; and
- alert Defra group's Head of Profession for Statistics to any major changes or issues concerning the official statistics produced by Natural England.

Responsibilities for Corporate Services

9.9 Where it is agreed that specific Corporate Services are to be provided to Natural England through an integrated Defra group provision, the Chief Executive will ensure that there are appropriate mechanisms (for example, a Partnership Agreement) to ensure that these services are designed, resourced and delivered in a way that enables full delivery of the commitments in this Framework Document and of Natural England's Action Plan and its wider statutory duties.

¹⁹ NERC Act, Section 3

10. Transparency, audit and scrutiny

Annual report and Accounts

- 10.1** The Natural England Board must publish an Annual Report and Accounts (ARA) after the end of each financial year. Working with Defra group Finance, Natural England shall provide Defra with its finalised (audited) accounts in line with the agreed timetable each year in order for the accounts to be consolidated within Defra's accounts.
- 10.2** Natural England's ARA must be approved by the appropriate Defra Minister and signed by the Comptroller and Auditor General before being laid before the House of Commons. The ARA must also be published on GOV.UK ideally on the same day, but not before, the document has been laid before Parliament.
- 10.3** The annual report must comply with the Treasury's *Financial Reporting Manual* (FrM).

Internal Audit

- 10.4** Natural England shall:
- ensure appropriate arrangements for internal audit in accordance with the Treasury's Public Sector Internal Audit Standards (PSIAS)²⁰;
 - ensure that the Internal Audit team have complete access to all relevant records held by the organisation;
 - share the audit strategy, periodic audit plans, all final audit reports and annual audit report, including the Natural England Head of Internal Audit opinion on risk management, control and governance, with Defra; and
 - keep records of, and prepare and forward to Defra an annual report on fraud, error and theft suffered by Natural England and notify Defra of any unusual or major incidents as soon as possible.
- 10.5** The Defra group Chief Internal Auditor has a right of access to all documents, including where the service is contracted out.

Audit of Receipts and Payments from the European Union (EU)

- 10.6** Where Natural England receives funding from the EU, it may be subject to an audit by the European Court of Auditors. It may also be subject to audit from other auditors acting under the terms governing the provision of the financial assistance or the protocol arrangements agreed between Government departments and the EU.

Central Government Accounts

- 10.7** Natural England must comply with requirements of the Department and HM Treasury.

²⁰ <https://www.gov.uk/government/publications/public-sector-internal-audit-standards>

External audit

10.8 The Comptroller & Auditor General (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. 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 is 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.

10.9 The C&AG:

- will consult Defra and Natural England on whom – the NAO or a commercial auditor – shall undertake the audit(s) on his or her 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, where asked, provide Defra and other relevant bodies with Regulatory Compliance Reports and other similar reports which Defra may request at the commencement of the audit and which are compatible with the independent auditor's role.

10.10 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. 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 have 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.

10.11 Defra has the right of access to all Natural England records and personnel for any lawful purpose including for example, audits and operational investigations.

Maladministration

10.12 The Parliamentary and Health Service Ombudsman may investigate all functions of Natural England.

Freedom of Information

10.13 Natural England is subject to the Freedom of Information Act 2000 (FOIA) and the Environmental Information Regulations 2004 (EIR) which ensure that the public can, on request, be given access to information, in accordance with its statutory obligations.

11. Management and financial responsibilities

Business Planning

- 11.1** Action plans will be required annually to establish how objectives in Defra's Single Departmental Plan are to be delivered. The Action Plan and joint local area plans developed collaboratively across the Defra group should set out the delivery of objectives, outputs, performance targets, costs, resources, and the ongoing drive for efficiency and must have regard to guidance issued by the Department.
- 11.2** The plans should be developed and agreed through the Defra group business planning process. The plans will be agreed by the Board and then by ExCo and then approved by Ministers. Summaries of these plans will be made available to the public through GOV.UK.

Budgeting procedures

- 11.3** Prior to the start of the financial year and in the light of the decisions relating to financial provision and the policy delivery requirements of Defra, Natural England will receive:
- 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 Defra; and
 - notification of any planned changes in Defra or wider government policy affecting Natural England's delivery and policy advice functions. These will be discussed and agreed as part of an on-going dialogue between Natural England and Defra and recorded as part of the regular performance management process.
- 11.4** Should Defra make any changes to the budget provided to Natural England, this will be communicated by way of an updated annual delegation letter.

Grant-in-aid and any ring-fenced grants

- 11.5** Any grant-in-aid provided by Defra for the year in question will be voted in Defra's Supply Estimate and be subject to Parliamentary control.
- 11.6** 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 the organisation. 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.

- 11.7** In the event that Defra provides Natural England with separate grants for specific (ring fenced) purposes, it will issue the grant as and when Natural England needs it on the basis of a written request. Natural England will 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.
- 11.8** Grants paid by Natural England shall comply with HM Treasury guidance, MPM and administrative practices applicable to all public funding.

Managing Public Money and other government-wide corporate guidance and instructions

- 11.9** Unless agreed by Defra and, as necessary, HM Treasury, Natural England shall follow the principles, rules, guidance and advice in *Managing Public Money*, referring any difficulties or potential bids for exceptions to Defra in the first instance.
- 11.10** Once the budget has been approved by Defra (and subject to any restrictions imposed by statute or to the responsible Minister's instructions), Natural England shall have authority to incur expenditure approved in the budget without further reference to Defra on the following conditions:
- Natural England shall comply with the delegated financial limits agreed with Defra and set out in an annual delegation letter issued prior to the commencement of a new financial year. These delegations shall not be altered without the prior agreement of Defra;
 - Natural England shall comply with *Managing Public Money* regarding novel, contentious or repercussive proposals;
 - Natural England shall identify whether or not a proposed form of assistance is likely to contravene state aid rules, and will seek the necessary advice and approvals;
 - 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, as set out in the annual delegation letter, or is for new schemes not previously agreed; and
 - Natural England shall provide Defra with such information about its operations, performance on individual projects or other expenditure as Defra may reasonably require.

Reporting Performance to Defra

- 11.11** Performance reporting is integrated across the Defra group. A single performance framework is prepared including the organisation's key responsibilities identifying outcomes, money, resource, customer feedback, measures and progress against milestones in one report for the Defra group. ExCo will track performance across the whole group from policy to delivery.
- 11.12** Responsibility for management of Natural England's performance will continue to lie with the Chief Executive, supported and challenged by the Natural England Board, ExCo or Outcome System. ExCo's role is to oversee performance of the Defra group as a whole and they will engage where performance issues require a cross-departmental approach.

12. Corporate Governance

Schemes of Delegation

- 12.1** 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. Natural England shall obtain Defra's prior 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 Defra;
 - 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.

Policies

- 12.2** The organisation should maintain and follow fit for purpose policies on the exercise of regulatory functions, propriety and whistleblowing.

Risk management

- 12.3** Natural England shall ensure that the risks that it faces are dealt with in accordance with relevant aspects of best practice in corporate governance, and in line with the Defra risk strategy and framework, adopting the principles contained within the Treasury guidance *Management of Risk: Principles and Concepts*²¹. Risks should be escalated where required, for example to the Board or to the relevant responsible officer in Defra. Natural England should fully contribute to an annual central review of corporate risks, providing a public summary within the Annual Report and Accounts.
- 12.4** It should adopt and implement policies and practices to safeguard itself against fraud, error, bribery, money laundering and theft, in line with the Treasury's guidance²² and it should also take all reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter into a contract or to give grant or grant-in-aid.

²¹ http://www.hm-treasury.gov.uk/orange_book.htm

²² http://webarchive.nationalarchives.gov.uk/20130129110402/http://www.hm-treasury.gov.uk/d/managing_the_risk_fraud_guide_for_managers.pdf

13. Natural England as an employer

Broad responsibilities for staff

13.1 Within the arrangements approved by the responsible Minister (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 gender, marital status, sexual orientation, race, colour, ethnic or national origin, religion, disability, community background or age;
- appropriate systems, procedures and leadership are in place to ensure focus on the health, safety and wellbeing of all staff;
- 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;
- proper consultation with staff (through elected representatives as appropriate) takes place on key issues affecting them;
- adequate grievance and disciplinary procedures are in place;
- whistleblowing procedures are in place consistent with the Public Interest Disclosure Act 1998 and wider Defra whistleblowing policy; and
- a code of conduct for staff is in place based on the Cabinet Office's Model Code for Staff of Executive Non-departmental Public Bodies²³.

Staff costs

13.2 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.

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https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/80082/PublicBodiesGuide2006_5_public_body_staffv2_0.pdf

Pay and conditions of service

- 13.3** 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. The department should have regard to the Cabinet Office's *Public Bodies: A Guide for Departments* that provides guidance on staff issues in public bodies²⁴.
- 13.4** Staff terms and conditions should be documented and made available to staff via the organisational Intranet or equivalent.
- 13.5** Natural England shall operate a performance-related pay scheme that shall form part of the annual aggregate pay budget approved by Defra or the general pay structure approved by Defra and the Treasury whichever is applicable.
- 13.6** Natural England shall comply with the EU Directive on contract workers – the Fixed Term Employees (Prevention of Less Favourable Treatment) Regulations.

Pensions, redundancy and compensation

- 13.7** Natural England staff shall normally be eligible for a membership of an appropriate Civil Service pension²⁵.
- 13.8** 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.
- 13.9** Proposals on severance must comply with the rules in Managing Public Money.

²⁴

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/80082/PublicBodiesGuide2006_5_public_body_staffv2_0.pdf

²⁵ <http://www.civilservicepensionscheme.org.uk/about-us/scheme-rules>

14. Review of Natural England's status (and winding-up arrangements)

14.1 Natural England will be reviewed in line with Defra and Cabinet Office requirements.

Arrangements in the event that Natural England is wound up

14.2 Subsequent to the enactment of appropriate legislation, 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:

- 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 report on the accounts; and
- 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 Accounting Officer should sign the closing accounts. In the event that Defra inherits the role, responsibilities, assets and liabilities, Defra's AO should sign.

14.3 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.

(i) **For Defra**

Signed

A handwritten signature in black ink, appearing to be 'Peter Lee', written over a light blue horizontal line.

30th August 2017

(on behalf of Defra)

Peter Lee

Director

(Devolution, Legislation, Governance & Private Office)

(ii) **For Natural England**

Signed

A handwritten signature in black ink, appearing to be 'James Cross', written over a light blue horizontal line.

30th August 2017

James Cross

Chief Executive, Natural England

Annex A - The overall governance framework

Although this Framework Document provides an overarching framework for the governance and sponsorship of Natural England, the overall governance framework is more extensive - reflecting the variety of Natural England's roles and relationships. The overall governance framework is defined by:

- Primary and secondary legislation - which establishes Natural England and sets out its general purpose, powers duties, etc. It also sets out the broad mechanisms of control that are in place, including duties and powers of the Secretary of State;
- Statutory Guidance – issued by the Secretary of State on how Natural England should exercise its functions. Natural England is required to have regard to statutory guidance in exercising its functions;
- Framework Document (i.e. this document) - sets out management, operational, financial and accountability arrangements. A Framework Document aims to ensure that an NDPB operates with the right level of efficiency, flexibility and delegation, in order to be fully accountable to Parliament;
- Memoranda of Understanding, Service Level Agreements and other contracts with Defra and/or other with other strategic partners, delivery bodies or service providers – these provide details on what is being delivered, roles and responsibilities and performance indicators in its business relationships with strategic partners;
- Action Plan. Business planning documents play a key role in the defining the relationship between Sponsored Bodies and Defra Ministers, but are also important for stakeholders, allowing open scrutiny of plans and performance. They provide a clear line of sight from the Sponsored Body itself, and its Board, through Senior Responsible Owners to the Defra Supervisory Board with measures clearly linking delivery performance to financial data resources; and
- Governance statement, which appears in the Annual Report and Accounts and explains the frameworks and internal controls that have been put in place within Natural England to effectively govern its activities, and summarises responses to identified and emerging risks and success in tackling them.

More broadly, Natural England will comply with the following general guidance documents and instructions applicable across the public sector:

- Appropriate adaptations of sections of Corporate Governance in Central Government Departments: Code of Good Practice - <https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments>
- Code of Conduct for Board Members of Public Bodies <https://www.bl.uk/aboutus/governance/blboard/BoardCodeofPractice2011.pdf>
- Managing Public Money (MPM) <https://www.gov.uk/government/publications/managing-public-money>
- Cabinet Office Code of Good Practice between Departments and Arm's Length Bodies <https://www.gov.uk/government/publications/partnerships-with-arms-length-bodies-code-of-good-practice>
- Relevant Freedom of Information Act guidance and instructions (Ministry of Justice)

- Public Sector Internal Audit Standards
<https://www.gov.uk/government/publications/public-sector-internal-audit-standards>
 - Management of Risk: Principles and Concepts
<https://www.gov.uk/government/publications/orange-book>
 - HM Treasury Guidance on Tackling Fraud
http://webarchive.nationalarchives.gov.uk/20130129110402/http://www.hm-treasury.gov.uk/d/managing_the_risk_fraud_guide_for_managers.pdf
 - Government Financial Reporting Manual (FReM)
<https://www.gov.uk/government/publications/government-financial-reporting-manual>;
 - Regularity, Propriety and Value for Money
http://webarchive.nationalarchives.gov.uk/20130129110402/http://www.hm-treasury.gov.uk/psr_governance_valueformoney.htm
 - The Parliamentary and Health Service Ombudsman's Principles of Good Administration
<http://www.ombudsman.org.uk/improving-public-service/ombudsmansprinciples>
- and
- Other relevant guidance and instructions issued by the Treasury in respect of Whole of Government Accounts;
 - Other relevant instructions and guidance issued by the central Departments;
 - Specific instructions and guidance issued by the sponsor Department; and
 - Recommendations made by the Public Accounts Committee, or by other Parliamentary authority, that have been accepted by the Government and relevant to the ALB.

Annex B - Defra group Design Principles (taken from Defra group operating model).

Act together

We will work in a joined-up way to deliver a consistent and fair customer experience, giving extra help to those who need it. We will join up customer journeys so customers do not need to understand how we organise ourselves to engage with us.

Make it simpler

We will make things simpler and quicker for customers by designing digital services based on their needs. We will simplify the way we communicate by creating a single virtual Defra group contact centre.

Avoid duplication

We will provide a single point of contact with minimal handovers. Our systems will have a single view of customers irrespective of the channel or service used. We will use our existing data to simplify the customer journey, ensuring we only collect that data once.

Maximise impact

We will focus on the activities that only government can carry out. We will redesign our content and information based on what people want, using customer insight to drive improvement at every stage. We will be quick and timely in our responses. We will provide third parties with access to our data so they can innovate the way services are delivered.

Embrace digital and data

We will migrate our customers to online channels, building common ICT platforms and sharing data to improve and simplify the customer experience. All digital services will be designed according to Government Digital Service (GDS) best practice and the Digital Service Standard.