The Planning Inspectorate

Framework Document

June 2018
Based on the original Framework published in 1992, this document has been updated by the Ministry of Housing, Communities and Local Government (“MHCLG”) and the Welsh Government (“WG”) in consultation with the Planning Inspectorate (also referred to in this document as ‘the organisation’ and ‘the Inspectorate’). This document sets out the broad framework within which the Inspectorate will operate. It does not convey any legal powers or responsibilities.

Copies of the document are available to members of the public on Gov.uk.

| Signed for and on behalf of Ministry of Housing, Communities and Local Government |
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| Position | Permanent Secretary |
| Signature | |
| Date | 24/07/2018 |

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| Date | 03/08/2018 |

| Signed for and on behalf of the Planning Inspectorate |
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| Position | Chief Executive |
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| Date | 25/07/2018 |
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1 Purpose of the Planning Inspectorate

1.1 The Planning Inspectorate is a joint executive agency\(^1\) of the Ministry of Housing, Communities and Local Government (MHCLG), and the Welsh Government (WG). The Inspectorate is responsible, on behalf of the Secretary of State for Housing, Communities and Local Government (England), and the Cabinet Secretary for Energy, Planning and Rural Affairs (Wales), for delivering key elements of the planning system under planning, housing and associated legislation, and contributes to the strategic priorities of both sponsor organisations.

1.2 The Inspectorate plays a fundamental role in delivering key elements of the planning system in England and Wales. Its primary areas of activity are:

- the preparation of reports and recommendations to enable the appropriate Secretary of State to make decisions on national infrastructure projects, as set out in the Planning Act 2008;
- making decisions on planning and related appeals, applications and orders, referring recommendations to the Secretary of State or Cabinet Secretary where appropriate;
- the examination of Local Plans in England, Local Development Plans in Wales and Community Infrastructure Levy Schedules; and
- in Wales the examination of planning applications which are Developments of National Significance, on behalf of the Welsh Ministers as set out in the Planning (Wales) Act 2015.

1.3 The Inspectorate also carries out work for other government departments in England and Wales, including the Departments for Business, Energy and Industrial Strategy (BEIS), Transport (DfT) and Environment, Food and Rural Affairs (Defra). In Wales, it undertakes work on behalf of a number of Departments within Welsh Government. In England and Wales, this work is subject to specific separate service level agreements.

1.4 The Inspectorate’s purpose is:

To work together to deliver decisions, recommendations and advice to customers in an open, fair, impartial and timely manner.

\(^1\) A form/ type of Arms Length Body
2 Accountability

2.1 The Town and Country Planning Act 1990 is the primary legislation for the planning system in England and Wales. The statutory bases for other key aspects of the Inspectorate’s work are:

- The single consenting regime for national infrastructure projects established by the Planning Act 2008;
- Powers under section 62a of the Growth and Infrastructure Act 2013 relating to designated authorities; and
- In Wales, the reformed planning appeal process and Developments of National Significance set out in the Planning (Wales) Act 2015.

2.2 The Secretary of State and the Cabinet Secretary for Energy, Planning and Rural Affairs have agreed that the strategic priorities of the Inspectorate should be as follows:

- providing excellent customer service; and
- improving efficiency and effectiveness.

2.3 The Secretary of State for Housing, Communities and Local Government will account for business in Parliament. For Wales, the Cabinet Secretary for Energy, Planning and Rural Affairs is accountable for the Inspectorate to the National Assembly.
3 Accounting Officer responsibilities

MHCLG and WG Accounting Officer responsibilities

3.1 The Permanent Secretary for MHCLG, as MHCLG’s Principal Accounting Officer, designates the Planning Inspectorate’s Accounting Officer in consultation with the Welsh Government. Managing Public Money sets out the respective responsibilities of the Principal Accounting Officer, and Accounting Officers for Arms Length Bodies.

3.2 The Inspectorate’s Chief Executive is appointed by the Chair of the Inspectorate, subject to the agreement of the Secretary of State and the Cabinet Secretary for Energy, Planning and Rural Affairs.

Operations in England

3.3 The MHCLG Accounting Officer is responsible for advising the Secretary of State:

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

3.4 The MHCLG Accounting Officer is also responsible for ensuring arrangements are in place in order to:

- monitor the Inspectorate’s performance in discharge of its duties;
- address any significant problems within the organisation, making such interventions as are judged necessary;
- periodically carry out an assessment of the risks to the objectives and activities of both parties;
- inform the organisation of relevant government policy and guidance in a timely manner, and engage with the organisation where policy change will have a material impact on the work of the Inspectorate; and
- bring concerns about the activities of the organisation to the Planning Inspectorate’s Board, and, as appropriate to MHCLG’s Board, requiring explanations and assurances that appropriate action has been taken.

3.5 The Director of Planning is MHCLG’s Senior Sponsor for the Planning Inspectorate. The Finance and Performance Directorate and the Planning
Directorate are the primary MHCLG contacts for the Inspectorate. The teams are the main source of advice to the Secretary of State, and the MHCLG Accounting Officer, on the discharge of their responsibilities in respect of the Inspectorate.

3.6 Ways of working between MHCLG and the Inspectorate should reflect the principles of the Cabinet Office Code of Good Practice on Partnerships between Arm’s Length Bodies and Departments.

Operations in Wales

3.7 The Permanent Secretary to the Welsh Government is the Principal Accounting Officer for the Welsh Ministers and is responsible for ensuring that financial and management controls across the Welsh Government are appropriate and sufficient to safeguard public funds. The Permanent Secretary is assisted in these duties by the Director General – Economy, Skills and Natural Resources who is designated as an Additional Accounting Officer (AAO) and has delegated responsibility for the Inspectorate in relation to its activities in Wales. Separate targets are set by Welsh Government for the Inspectorate’s operations in Wales.

3.8 The Decisions Branch in the Planning Directorate is the main source of advice to the Cabinet Secretary, and the Welsh Government Accounting Officer, on the discharge of their responsibilities in respect of the Inspectorate.

The Planning Inspectorate Accounting Officer’s responsibilities

3.9 The Inspectorate’s Accounting Officer is personally responsible for:

- safeguarding the public funds for which they have charge;
- ensuring propriety, regularity, value for money and feasibility in the handling of those public funds;
- the day-to-day operations and management of the Inspectorate; and
- ensuring that the Inspectorate 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, and all directions and guidance issued from time to time by MHCLG, WG, the Treasury and the Cabinet Office.

3.10 The Inspectorate’s Accounting Officer’s responsibilities for accounting to Parliament and the National Assembly for Wales 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 or the Cabinet Secretary for Energy, Planning and Rural Affairs;

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 about the Inspectorate are maintained and publicised within and outside the organisation;

acting in accordance with the terms of this document, Managing Public Money, Managing Welsh Public Money\(^2\) and other instructions and guidance issued from time to time by the Department, WG, the Treasury and the Cabinet Office; and

giving evidence when summoned before the Committee of Public Accounts (PAC) or the National Assembly for Wales’s Public Accounts Committee on the Inspectorate’s stewardship of public funds.

3.11 The Inspectorate’s Accounting Officer is responsible in particular to MHCLG and WG for:

- establishing, in agreement with MHCLG and WG, a rolling 3 year Strategic Plan, and supporting business plans in the light of wider strategic aims and agreed priorities;
- informing MHCLG and WG of progress in achieving agreed objectives, and in demonstrating how resources are being used to do so;
- bringing investment decisions to the MHCLG Investment Sub-Committee in line with Committee guidelines for appropriate appraisal for approval;
- promptly notifying MHCLG and WG if over or under spends are likely and ensuring that corrective action is taken; and
- ensuring that any significant problems, whether financial or otherwise, are immediately notified to MHCLG and WG with proposals to address them where possible.

3.12 The Inspectorate’s Accounting Officer is responsible to the Planning Inspectorate Board for:

- advising the Board on the discharge of their responsibilities as set out in this document, relevant legislation and in any other instructions and guidance that may be issued from time to time;
- advising the Board on the organisation’s performance compared with its aims and objectives;

ensuring that financial considerations are taken fully into account by the Board and that financial appraisal techniques are followed.
4 Governance and structure

Composition of the Board

4.1 The Inspectorate has an advisory board. In line with the government’s Code of Good Practice, its membership will have a balance of skills and experience appropriate to the organisation’s business. The Board is chaired by a non-executive director, with three independent non-executive members to ensure that executive members are supported and constructively challenged in their role. Executive members of the Board should have experience of the Inspectorate’s business, operational delivery, and corporate services, and will include the organisation’s Chief Executive. The MHCLG Senior Departmental Sponsor is also a member of the Board. The Welsh Government has a standing invitation to attend Board meetings and receives Board papers. At least one meeting of the Board each year will be held in Cardiff and attended by the Welsh Government’s Chief Planner.

4.2 The Chair of the Planning Inspectorate Board, and the non-executive directors, are appointed by the Secretary of State in consultation with the Welsh Government Cabinet Secretary for Energy, Planning and Rural Affairs. Such appointments will comply with the Commissioner for Public Appointments Code of Practice for Ministerial Appointments to Public Bodies.

Board responsibilities

4.3 The Board should ensure that effective arrangements are in place to provide them with assurance on risk management, governance and internal control. The Board must be supported by an Audit and Risk Assurance Committee, chaired by one of the independent non-executive members, and any other committees deemed necessary for effective governance. Such other committees must also be chaired by one of the non-executive members.

4.4 The Board is specifically responsible for:

- contributing to the overall strategic direction of the Inspectorate, supporting the executive by providing insight, challenge and advice based on their external knowledge and experience, and understanding of the Inspectorate’s business;

- 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 MHCLG and WG,

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and in accordance with any other conditions relating to the use of public funds; and that the Board takes into account guidance issued by MHCLG and WG;

- recommending a Strategic Plan and annual business plan are presented to the Department;
- reviewing information concerning the management of the organisation, including information on any concerns about the organisation’s activities, providing positive assurance to MHCLG and WG that appropriate actions are being taken; and
- demonstrating high standards of corporate governance at all times, this includes the use of the independent audit committee to help the Board to address key financial and other risks.

The Chair’s personal responsibilities

4.5 The Chair of the Inspectorate’s Board is responsible for ensuring that the organisation’s policies and actions support the Secretary of State’s and Cabinet Secretary’s wider strategic policies and that its affairs are conducted with probity. These policies and actions should be clearly communicated and disseminated throughout the organisation.

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

- appointing the Inspectorate’s Chief Executive, in consultation with the Board, and subject to the agreement of the Secretary of State and the Cabinet Secretary for Energy, Planning and Rural Affairs;
- ensuring that the Board, in providing recommendations, takes proper account of guidance provided by the Secretary of State/Cabinet Secretary or the responsible department or Welsh Government;
- promoting the efficient and effective use of staff and other resources; and
- delivering high standards of regularity and propriety.

4.7 In particular, the Chair has an obligation to ensure that:

- the work of the Board and its members are reviewed regularly and are working effectively;
- the non-executive members of the Board have an appropriate balance of skills, as set out in the Government Code of Good Practice for Corporate Governance;
- the non-executive Board members are fully briefed on terms of appointment, duties, rights and responsibilities;

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4 The UK Corporate Governance Code, FRC (Financial Reporting Council), April 2016
• they, together with the other non-executive 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/Cabinet Secretary is advised of any specific needs when non-executive Board member vacancies arise;
• they assess the performance of non-executive Board members when being considered for re-appointment;
• Terms of Reference for the Board are in place and set out the role and responsibilities of the non-executive Board members consistent with the Government Code of Good Practice for Corporate Governance; and
• All Board members operate in accordance with the Cabinet Office Code of Conduct for Board Members of Public Bodies\(^5\).

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\(^5\) Code of conduct for Board members of Public Bodies, Cabinet Office, June 2011.
5 Board members and staff

Individual non-executive Board members’ responsibilities

5.1 Individual non-executive 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 organisation’s rules on the acceptance of gifts and hospitality, and of business appointments; and
- act in good faith and in the best interests of the organisation.

5.3 The travel expenses of non-executive Board members will be tied to departmental rates. Reasonable actual costs will be reimbursed.

Staffing

5.4 Within the arrangements approved by the Secretary of State, Cabinet Secretary and the Treasury, the Inspectorate 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;
- 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 in line with advice issued by or on behalf of the Head of the Civil Service, and the Inspectorate’s performance measurement systems are reviewed from time to time;

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6 Code of conduct for Board members of Public Bodies, Cabinet Office, June 2011

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• its staff are encouraged to acquire the appropriate professional, management
and other expertise necessary to achieve the organisation’s objectives;
• 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 are in place; and
• a code of conduct for all who work for the Inspectorate in whatever capacity is
in place.

5.5 Subject to its delegated authorities, the Inspectorate will 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

5.6 The Inspectorate’s staff are subject to levels of remuneration and terms and
conditions of service (including pensions) within the general pay structure approved
by MHCLG and the Treasury. The Inspectorate has no delegated power to amend
these terms and conditions.

5.7 If civil service terms and conditions of service apply to the rates of pay and non-
pay allowances paid to the staff and to any other party entitled to payment in respect
of travel expenses or other allowances, payment will be made in accordance with the
Civil Service Management Code\(^7\) except where prior approval has been given by
MHCLG to vary such rates.

5.8 Staff terms and conditions should be documented and made available to staff,
and be provided to MHCLG together with subsequent amendments.

5.9 The Inspectorate will operate a pay and reward scheme for staff, including the
Chief Executive and other senior staff at director level or above, which must be
approved by MHCLG and which will be subject to periodic audit. The Inspectorate
will provide MHCLG with details of its proposals for its annual pay negotiations
before agreeing the annual pay settlement with staff. These pay proposals will be
developed in line with HMT civil service pay guidance and are subject to approval by
the Secretary of State. The prior approval of MHCLG and WG is required for the
appointment, pay, terms and conditions of the Chief Executive. The Chief
Executive’s performance objectives will be agreed with MHCLG and WG. MHCLG’s
Director General for Decentralisation and Growth will undertake a review of the Chief
Executive’s performance against the objectives on an annual basis. The decision on
whether performance against objectives warrants the award of any performance

\(^7\) [Click link here to Civil Service Management Code, November 2016]
bonus is a matter for MHCLG in consultation with WG and will be taken in accordance with relevant MHCLG guidance and contractual obligations.

5.10 The Inspectorate will comply with the Fixed-Term Employees (Prevention of Less Favourable Treatment) Regulations.

5.11 Planning Inspectorate staff will normally be eligible for a pension provided by PCSPS. Staff may opt out of the occupational pension scheme.

5.12 Any proposal to pay any redundancy or compensation for loss of office, requires the prior approval of MHCLG. Proposals on severance must comply with PCSPS rules and the rules in *Managing Public Money*. 
6 Annual report and accounts

6.1 The Inspectorate must publish an annual report of its activities together with its audited accounts as soon as possible after the end of each financial year.

6.2 The Inspectorate will provide MHCLG with its finalised (audited) accounts in line with the agreed timetable each year in order for the accounts to be consolidated within MHCLG’s accounts. The report will contain a separate section covering operations and performance in Wales.

6.3 The Inspectorate’s annual report must:

- cover any corporate, subsidiary or joint ventures under its control; and
- comply with the Treasury’s Financial Reporting Manual (FreM) and any other Guidance issued by the Treasury or specific accounts direction issued by MHCLG.

6.4. A draft of the report should be submitted to MHCLG and WG providing at least three weeks before the proposed internal sign off date for their comment to allow time for amendment prior to publication where necessary.

6.6 The Inspectorate will provide sufficient hard copies of the annual report and accounts to enable the MHCLG Parliamentary team to coordinate the physical laying of the document.
7 Audit

7.1 The Chief Executive should ensure that arrangements are in place for the internal and external audit of the Planning Inspectorate.

Internal audit

7.2 The Inspectorate will:

- establish and maintain arrangements for internal audit in accordance with the Treasury’s *Public Sector Internal Audit Standards* (PSIAS);
- set up an audit and risk committee (ARAC) of its Board in accordance with the Code of Good Practice for Corporate Governance and the *Audit and Risk Assurance Committee Handbook*. The Committee will be chaired by an independent non-executive Board member;
- forward the audit strategy, periodic audit plans and annual audit report, including Head of Internal Audit’s opinion on risk management, control and governance to MHCLG and WG; and
- keep records of, and prepare and forward to MHCLG and WG an annual report on fraud, and theft suffered by the organisation and notify MHCLG and WG of any unusual or major incidents as soon as possible.

7.3 The internal audit service has a right of access to all documents, including where the service is contracted out. WG’s Internal Audit Service has similar rights of access.

External audit

7.4 The Comptroller & Auditor General (C&AG) will audit the Inspectorate’s annual accounts and the resulting report will be included within the document laid before parliament. The Auditor General for Wales also has a right of access as provided for in the Government of Wales Act 2006.

7.5 The C&AG:

- will consult the department and the Inspectorate on whom – the NAO or a commercial auditor – shall undertake the audit(s) on his behalf, though the final decision rests with the C&AG;

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8 Click here to view Public Sector Internal Audit Standards (PSIAS)
• has a statutory right of access to relevant documents as provided for in the Government Resources and Accounts Act 2000;
• will share with MHCLG 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 MHCLG’s responsibilities in relation to the Inspectorate’s financial systems; and
• will, where asked, provide MHCLG and other relevant bodies with Regulatory Compliance Reports and other similar reports which departments may request at the commencement of the audit and which are compatible with the independent auditor’s role.

7.6 The C&AG may carry out examinations into the economy, efficiency and effectiveness with which the Inspectorate has used its resources in discharging its functions. For the purpose of these examinations the C&AG has statutory access to documents as provided for under section 8 of the National Audit Act 1983. In addition, the Inspectorate will provide, in conditions to contracts, for the C&AG to exercise such access to documents held by 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.

Right of access

7.7 MHCLG has the right of access to all the Inspectorate’s records and personnel for any lawful purpose including, for example, audits and operational investigations. WG has the right of access to all such records in relation to activities in Wales, and if necessary those in England which impact on the undertakings in Wales.
8 Management and financial responsibilities

8.1 The Planning Inspectorate will follow the principles, rules, guidance and advice in *Managing Public Money* and *Consolidated Budgeting Guidance*, referring any difficulties or potential bids for exceptions to the Finance and Performance Directorate at MHCLG in the first instance or the WG Sponsor Branch for matters in Wales.

8.2 Once the budget has been approved by MHCLG, and in Wales by WG, and subject to any restrictions imposed by this document or the formal delegation itself, the Inspectorate will have authority to incur expenditure approved in the budget without further reference to MHCLG or WG, on the following conditions:

- The Inspectorate will comply with the delegations issued by MHCLG or WG. These delegations will not be altered without prior agreement by MHCLG or WG;
- Inclusion of any planned and approved expenditure in the budget will not remove the need to seek formal departmental approval where any proposed expenditure is outside the delegated limits;
- The Inspectorate will provide such information about its operations, performance, individual projects or other expenditure as MHCLG or WG may reasonably require; and
- Investment decisions, in line with committee guidelines, will be referred to the MHCLG Investment Sub-Committee.

Risk management

8.3 The Inspectorate will ensure that the risks that it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance, and maintain a risk management framework, in accordance with the Treasury guidance *Management of Risk: Principles and Concepts*. It should adopt and implement policies and practices to safeguard itself against fraud and theft, in line with the Treasury’s guidance on tackling fraud. 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.

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Strategic and business plans

8.4 The Inspectorate will submit annually to MHCLG and WG a draft of the Strategic plan covering three years ahead. The Inspectorate will agree with MHCLG and WG the issues to be addressed in the plan and the timetable for its preparation. The plan will reflect the organisation’s statutory and/or other duties and, within those duties, the priorities set from time to time by the Secretary of State and Welsh Government (including decisions taken on policy and resources in the light of wider public expenditure decisions). The plan will demonstrate how the organisation contributes to the achievement of the priorities of MHCLG and WG.

8.5 The first year of the Strategic plan, amplified as necessary, will form the business plan. The strategic and business plan will be submitted to MHCLG for approval by the Secretary of State, and WG for approval by the Cabinet Secretary for Energy, Planning and Rural Affairs.

8.6 The annual business plan will take account both of approved funding provision and any forecast income.

8.7 The following matters should be included in the relevant plan:

- key objectives and the strategy for achieving those objectives;
- key financial and non-financial performance targets;
- a review of performance in the preceding financial year, together with 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 MHCLG, WG and the Inspectorate.

Budgeting procedures

8.8 Each year, MHCLG and WG will send to the Inspectorate:

- a formal statement of the annual budgetary provision allocated by the department and of any forecast income approved by the department; and
- a statement of any planned change in policies affecting the Inspectorate.

8.9 Should MHCLG or WG make any changes to the budget, this will be communicated by way of an updated annual delegation letter.
Reporting performance to MHCLG and WG

8.10 The Inspectorate will 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 corporate and business plans. The Inspectorate will inform MHCLG and WG of any changes that make achievement of objectives more or less difficult. It will report financial and non-financial performance, including performance in helping to deliver ministers' policies, and the achievement of key objectives monthly. The organisation’s performance will be reviewed by MHCLG through a formal programme of Accounting Officer meetings. WG will meet with representative(s) of the Inspectorate’s team in Wales on a quarterly basis to discuss performance, budgets and other matters arising.

8.11 Each month, the Inspectorate will provide MHCLG with access to information to enable the department satisfactorily to monitor:

- cash management;
- draw-down of grant-in-aid;
- forecast outturn by resource headings; and
- other data required for the Online System for Central Accounting and Reporting (OSCAR).

8.12 The MHCLG Finance and Performance Directorate and the WG Sponsor Branch will liaise regularly with the organisation’s officials to review financial performance against plans, achievement against targets and expenditure against its Departmental Expenditure Limit (DEL) and Annually Managed Expenditure (AME) allocations. MHCLG and WG will also take the opportunity to explain wider policy developments that might have an impact on the Inspectorate’s current and future operations.

8.13 MHCLG and the Inspectorate will ensure a timely and appropriate flow of information to support for example the prompt completion of annual reports and accounts and other relevant causes.

Delegated authorities

8.13 For matters concerning England, and non-delegated casework in Wales, the Planning Inspectorate’s delegated authorities are issued by MHCLG and WG annually. The Inspectorate will obtain MHCLG’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 the annual budget as approved by MHCLG;
• incurring expenditure for any purpose that is or might be considered novel or contentious;
• making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by MHCLG;
• 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*.

8.14 For delegated casework and matters concerning Wales, the Inspectorate must obtain written approval from WG in advance of proceeding with:

• Any proposal that could be considered to be novel, contentious or repercussive;
• Any change of policy or practice that has wide financial considerations;
• Anything that might affect the future level of resources required; or
• Any significant change in the operation or funding of any initiative or particular scheme approved by WG.

8.15 The service agreement between WG and the Inspectorate is at Annex B. This details the formal relationship between the Inspectorate and the Welsh Ministers. It also sets out the detailed funding arrangements between the WG and the Inspectorate in Wales.
9 Arrangements for review

9.1 The Planning Inspectorate will be reviewed periodically in line with applicable Cabinet Office guidance.

9.2 In the event that the Inspectorate is wound up, MHCLG and WG will put in place arrangements to ensure an orderly dissolution, and transfer of responsibilities as appropriate.

9.3 This Framework Document will be reviewed periodically. As a minimum it will be updated following:

- any significant change to the role or responsibilities of the Inspectorate;
- changes arising from formal reviews of the organisation; or
- any other major change affecting the organisation.
Annex A

List of government-wide corporate guidance instructions

The Inspectorate will comply with the following general guidance documents and instructions:

- this document;
- Appropriate adaptations of sections of Corporate Governance in Central Government Departments: Code of Good Practice
- Partnerships between departments and arms length bodies: Code of Good Practice: February 2017
- Code of Conduct for Board Members of Public Bodies
- Code of Practice for Ministerial Appointments to Public Bodies
- The UK Corporate Governance Code, FRC (Financial Reporting Council)
  https://www.frc.org.uk/getattachment/ca7e94c4-b9a9-49e2-a824-ad76a322873c/UK-Corporate-Governance-Code-April-2016.pdf
- Partnerships between Departments and Arms Length Bodies: Code of Good Practice
- Managing Public Money (MPM);
- Managing Welsh Public Money
- Public Sector Internal Audit Standards,
- Management of Risk: Principles and Concepts:
- relevant Dear Accounting Officer letters;
- The Parliamentary and Health Service Ombudsman’s Principles of Good Administration [http://www.ombudsman.org.uk/improving-public-service/ombudsmansprinciples](http://www.ombudsman.org.uk/improving-public-service/ombudsmansprinciples);
- Consolidation Officer Memorandum, and relevant DCO letters;
- relevant Freedom of Information Act guidance and instructions (Ministry of Justice) and other relevant government legislation;
- 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 MHCLG or WG;
- recommendations made by the Public Accounts Committee, or by other Parliamentary authority, that have been accepted by the Government and are relevant to the organisation.
Annex B

Service agreement between the Welsh Government and the Planning Inspectorate

Scope of Agreement

1 The Planning Inspectorate Framework Document sets out the formal relationship between the Inspectorate and the Welsh Ministers, including agreements for governance, the payment and expenditure of public money and expectations on monitoring, reporting and exchange of information. This addendum sets out detailed financial arrangements which will apply between the Welsh Government and the Planning Inspectorate Executive Agency, under which the Agency will provide services to the Welsh Government.

2 This document does not convey any legal powers or responsibilities.

Duration of Agreement

3 The agreement is effective from 1 March 2018. It can only be terminated with the consent of the Welsh Government and the Inspectorate or on receipt of 12 months notice by either party. It may be amended from time to time as necessary, but only with the agreement of both parties.

Services to be Provided

4 The main services to be provided by the Inspectorate to the Welsh Government are set out in a list agreed between them and is included in Annex B.3. Any new services, including the charging arrangements for them must be agreed between all parties prior to inclusion in the list of services to be provided.

5 The detailed financial and charging arrangements between the Planning Inspectorate and the Welsh Government, including financial delegations are set out in Annex B.1 and B.2.

Parties to the Agreement

6 The parties to the agreement are the Planning Inspectorate Director for Wales and the Welsh Government, Head of Planning Directorate, whose signatures appear below.

For the Planning Inspectorate ...........................................Date....................

For the Welsh Government ................................................Date....................
Annex B.1

Financial Arrangements Between the Welsh Government and the Planning Inspectorate Wales

Funding for Work in Wales

The Framework Document sets out the funding and financial reporting arrangements for work carried out by the Inspectorate. The Framework Document allows for the detailed charging arrangements to be set out in a separate protocol agreed between Welsh Government and the Inspectorate. This Annex sets out these charging arrangements and provides formal financial delegation of the Inspectorate’s budget.

CHARGING ARRANGEMENTS

Payment by the Welsh Government

The Agency shall provide an invoice for approval by the Welsh Government within fourteen days of the end of each quarter. The quarterly invoice will comprise directly incurred costs and overhead charge, adjusted for any variance arising as a result of cross border charging in the previous quarter. The Welsh Government shall arrange payment of invoices within a further fourteen day period.

Budget Monitoring

The Inspectorate will provide a monthly budget position statement to the Welsh Government which will detail actual spend and income and where possible anticipated income. This will enable any likely over or underspend to be monitored and remedied as necessary.

Overhead Charges

In addition to reimbursement of Direct Running Costs, the Welsh Government shall reimburse the indirect overhead costs incurred by the Agency in undertaking work relating to Wales. This is consistent with the direction of the HM Treasury Fees and Charges Guide, which requires Agencies to recover the full cost of any rechargeable activities. The indirect cost will be calculated using the Agency’s Cost Recovery Model which allocated central overheads and costs across the various areas of output activity. The costs to be included and the basis of allocation have been agreed with the Welsh Government and the National Audit Office. A copy of the agreement is held by the Inspectorate. The consent of the Welsh Government shall be secured in writing before any changes are made to the basis of the allocation. Within the spirit of the agreement such consent will not be unreasonably withheld.
Cross Border Charges

An adjustment will be made to the quarterly invoice to allow for the marginal direct costs of employing Welsh Group Inspectors on cases in England and vice versa, where this is appropriate. A table setting out the basis for cross charging is at Annex B2. If at any stage during the year, the Inspectorate estimates the level of cross border charging will vary by more than 10% from the level estimated in the budget for the year, the Welsh Government will be notified immediately.

Formal Delegation
Subject to any restrictions imposed by directions of the Welsh Minister or by this document, the Inspectorate may, as soon as its budget has been approved by the Cabinet Secretary, incur expenditure on the programme approved in its annual budget without further reference to the Sponsor Team subject to obtaining written approval in advance of proceeding with:

- Any proposal which could be considered to be novel, contentious or repercussive;
- Any change of policy or practice which has wide financial considerations;
- Anything which might affect the future level of resources required; or
- Any significant change in the operation or funding of any initiative or particular scheme approved by the Welsh Government.

Variations to Baseline Workload
Increases or decreases in the work undertaken by the Agency which cannot be dealt with under the cross border arrangements, either by nature of their materiality or permanence, shall be addressed through an amendment to the budget agreed by the Welsh Government.
Annex B.2

Basis for Cross Charging

Non Recoverable from Customer


These costs are to be calculated using the Inspectorate’s Daily Recoverable Rate for the respective country.

Recoverable Cases (Other) – Mainly CPO’s


Recoverable (Development Plans)

English Inspector/Welsh Case. The Inspectorate in Wales to recover full cost from customer. Cross border charge to England.


Recoverable TWA Case (Case to be decided by the Welsh Government).

Welsh Inspector. Welsh Government to recover full cost from the promoter. No cross charging required.


Recoverable TWA Case (case to be decided by MHCLG).


* Throughout this section, England refers to the Inspectorate’s Finance team based in Bristol.
Annex B.3 Service List