



Department
for Environment
Food & Rural Affairs

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Assessment against Principles of Good Corporate Governance – The Environment Agency and Natural England

June 2013

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Table 1 – Assessment against Principles of Good Corporate Governance

		Assessment of the Environment Agency (EA)	Assessment of Natural England (NE)
Statutory Accountability	Principle: The public body complies with all applicable statutes and regulations, and other relevant statements of best practice.		
Supporting provisions	The public body must comply with all statutory and administrative requirements on the use of public funds. This includes the principles and policies set out in the HMT publication “Managing Public Money” and Cabinet Office/HM Treasury spending controls.	EA complies with all statutory and administrative requirements on the use of public funds, including the principles and policies set out in “Managing Public Money” and Cabinet Office/HM Treasury spending controls. This is achieved through internal management and financial controls, guidance to staff, appropriate delegation levels, and in cases of doubt or uncertainty through discussion and clarification with Defra. Internal and external audit work reviews these controls with any significant issues being reported to the Audit and Risk Committee. Compliance is monitored and reported in the Governance Statement within the EA’s Annual	NE complies with all statutory and administrative requirements on the use of public funds, including the principles and policies set out in “Managing Public Money” and Cabinet Office/HM Treasury spending controls. This is achieved through internal management and financial controls, guidance to staff, appropriate delegation levels, and in cases of doubt or uncertainty through discussion and clarification with Defra. Information is disseminated to NE’s staff through various routes (see below). Compliance is monitored and reported in the Governance Statement published in NE’s Annual Report and Accounts.

		Report and Accounts.	
	The public body must operate within the limits of its statutory authority and in accordance with any delegated authorities agreed with the sponsoring department.	EA operates within the limits of its statutory authority and in accordance with delegated authorities agreed by Defra, including those contained in the Financial Memorandum between EA and Defra and those made under the Environment Act 1995 (Chapter 25, Part 1).	NE operates within the limits of its statutory authority and in accordance with delegated authorities agreed by Defra, including those contained in the agreement between NE and Defra made under section 78 of The Natural Environment and Rural Communities Act.
	The public body should operate in line with the statutory requirements and spirit of the Freedom of Information Act 2000. It should have a comprehensive Publication Scheme. It should proactively release information that is of legitimate public interest where this is consistent with the provisions of the Act.	EA operates in line with the statutory requirements and spirit of the Freedom of Information Act. It has a comprehensive Publication Scheme and proactively releases information of legitimate public interest with the provisions of the Act.	NE is committed to promoting and actively developing, a culture of openness, transparency and accountability embodied in the Access to Information legislation (including the Freedom of Information Act and Environmental Information Regulations) It has published a comprehensive Publication Scheme and proactively releases information of legitimate public interest within the provisions of the Act.
	The public body must be compliant with Data Protection legislation.	EA has national policies and procedures which explains to staff their responsibilities to comply with the Data Protection Act. We have a specialist Data Protection Team which provides bespoke advice, guidance and training to staff on data protection issues.	The way in which NE ensures compliance with Data Protection legislation is set out in its "Access to Information Policy" document, which is published on its website.

	The public body should be subject to the Public Records Acts 1958 and 1967.	EA is subject to the Public Records Act 1958 and 1967 and has a national action plan, 'For the Record 2013-14', that takes a fresh approach to risk-based records management. Quarterly briefing notes will be published at the start of each quarter, explaining what actions teams need to take. Reporting will be carried out through the Records Management Leads and fed into the Management Information Report to enable monitoring of compliance.	NE is subject to the Public Records Acts 1958 and 1967, and the Access to Information Team within NE is responsible for the effective day-to-day management of compliance with this legislation.
Accountability for Public Money	Principle: The Accounting Officer of the public body is personally responsible and accountable to Parliament for the use of public money by the body and for the stewardship of assets.		
Supporting provisions	There should be a formally designated Accounting Officer for the public body. This is usually the most senior official (normally the Chief Executive).	EA's Chief Executive has been designated as the Accounting Officer by letter from the Permanent Secretary of Defra.	The Interim Chief Executive has been designated as the Accounting Officer by letter from the Permanent Secretary of Defra.
	The role, responsibilities and accountability of the Accounting Officer should be clearly defined and understood. The Accounting Officer should have received appropriate training and induction. The public body should be compliant with the requirements set out in "Managing Public Money",	The role, responsibilities and accountability of the Accounting Officer are clearly defined and understood, the Accounting Officer is suitably trained, and related requirements are met. The responsibilities of the EA	The prime responsibilities of the Accounting Officer and the importance of "Managing Public Money" are set out in the appointment letter. This highlights the prime financial responsibilities, which include ensuring that there are proper financial systems in place, ensuring audit arrangements which give

	<p>relevant Dear Accounting Officer letters and other directions. In particular, the Accounting Officer of the NDPB has a responsibility to provide evidence-based assurances required by the Principal Accounting Officer (PAO). The PAO requires these to satisfy him or herself that the Accounting Office responsibilities are being appropriately discharged. This includes, without reservation, appropriate access of the PAO's internal audit service into the NDPB.</p>	<p>Accounting Officer were set out in the AO designation letter from the Permanent Secretary of Defra, which also referred to the relevant HMT guidance and training.</p>	<p>adequate assurance on money received and expenditure incurred, and ensuring all NE spending is for the purposes allowed by the Natural Environment and Rural Communities Act 2006 and that no other spending is incurred.</p> <p>The Accounting Officer is suitably trained. Defra's Head of Internal Audit attends meetings of NE's Audit and Risk Committee.</p>
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	<p>The public body should establish appropriate arrangements to ensure that public funds:</p> <ul style="list-style-type: none"> - are properly safeguarded; - used economically, efficiently and effectively; - used in accordance with the statutory or other authorities that govern their use; and - deliver value for money for the Exchequer as a whole 	<p>Managers across EA take the lead role in providing assurance, which includes the assurance provided by internal audit and comments made by external audit. Through the publication of the corporate plan and the Annual Report and Accounts, the EA reports on progress made against objectives and performance targets, and sets out how resources have been allocated.</p> <p>The existing system of internal control has been developed and improved over many years, including the year ended 31 March 2012, and is in accordance with HM Treasury guidance. Assurance assessments prepared by senior managers are supported by evidence taken from a range of sources such as established business controls, performance information, internal compliance reviews and independent audit, both internal and external.</p>	<p>The Accounting Officer has responsibility for reviewing the effectiveness of internal control, informed by the Executive Directors, Directors, Governance Group, Heads of Teams, Team Delivery Managers/Leaders who are responsible for the development and maintenance of the internal control framework. This is supported by the work of Internal Audit, comments made by the external auditors in their management letter and other reports and advice from the Board and its Audit and Risk Committee. To monitor and evidence compliance, assurance is sought twice yearly through internal governance compliance questionnaires which are signed off by Executive Directors, Directors, Heads of Teams, Information Asset Owners and also by Defra's Shared Services Directorate (SSD). This ensures that public funds administered by NE are used economically, efficiently and effectively in delivering value for money and in securing organisational efficiencies.</p>
	<p>The public body's annual accounts should be laid before Parliament. The Comptroller and Auditor General should be the external</p>	<p>EA's annual accounts are laid before Parliament. The Comptroller and Auditor General is the external auditor</p>	<p>NE's annual accounts are laid before Parliament. The Comptroller and Auditor General is the external auditor</p>

	auditor for the body.	for EA.	for NE.
Ministerial Accountability	Principle: The Minister is ultimately accountable to Parliament and the public for the overall performance of the public body.		
Supporting provisions	The Minister and sponsoring department should exercise appropriate scrutiny and oversight of the public body.	Appropriate scrutiny and oversight is secured through Ministerial approval of EA's corporate plan and key performance indicators, through quarterly reporting on financial and performance matters and through the regular meetings which Defra Ministers and officials have with EA. Defra Ministers hold a performance review with the EA Chairman and Chief Executive every six months, with more frequent meetings at official level- the Permanent Secretary meets with the Chief Executive on a quarterly basis, Defra's Director General meets the Chief Executive on a monthly basis, and there are monthly /weekly meetings between the Defra sponsorship team and relevant officers in EA.	Appropriate scrutiny and oversight by Defra is secured through Ministerial approval of NE's corporate plan and key performance indicators, through quarterly reporting on financial and performance matters to the Defra Supervisory Board, and through the regular review meetings. Defra Ministers hold a performance review with the Chairman and Chief Executive every six months, with more frequent meetings at official level - the Permanent Secretary meets with the Chief Executive on a quarterly basis, the Director-General and Director meet the Chief Executive on a monthly basis, and there are monthly /weekly meetings between the Defra sponsorship team and relevant officers in NE. In addition, Defra's Head of Internal Audit attends meetings of NE's Audit and Risk Committee.
	Appointments to the board should be made in line with any statutory requirements and, where appropriate, with the Code of	EA Board appointments are made in line with statutory requirements and the Code of Practice issued by the Commissioner for Public	The Secretary of State makes Board appointments in accordance with the requirements of the Natural Environment and Rural Communities

	Practice issued by the Commissioner for Public Appointments.	Appointments.	Act, and in compliance with the Code of Practice issued by the Commissioner for Public Appointments.
	The Minister will normally appoint the Chairman and all non-executive board members of the public body and be able to remove individuals whose performance or conduct is unsatisfactory.	The Environment Act 1995 (Chapter 25, Part 1) stipulates the appointment of EA Board members by the Secretary of State. The appointments of ordinary Board members may be terminated for any reason. The appointments of the Chairman and Deputy Chairman may be terminated in the event of bankruptcy, absence from meetings or if they are unable or unfit to discharge their functions.	The Natural Environment and Rural Communities Act stipulates that NE members must be appointed by the Secretary of State. The appointments of ordinary Board members may be terminated for any reason, whilst the appointments of the Chairman and Deputy Chairman (who were appointed under previous arrangements) may be terminated in the event of bankruptcy, absence from meetings or if they are unable or unfit to discharge their functions.
	The Minister should be consulted on the appointment of the Chief Executive and will normally approve the terms and conditions of employment.	The Environment Act 1995 provides for the appointment of the Chief Executive by the EA Board subject to the consent of the Secretary of State. It is for EA to set the terms and conditions, but in practice they are agreed with Defra Ministers.	The Natural Environment and Rural Communities Act stipulates that NE can only appoint a person as Chief Executive who has been approved by the Secretary of State. It is for NE to determine their terms and conditions, but in practice they are agreed with Defra Ministers.
	The Minister should meet the Chairman and/or Chief Executive on a regular basis.	Regular meetings are held to review EA's performance approximately twice a year involving the Secretary of State, the Parliamentary Under-Secretary of State (Commons) and the Chairman and Chief Executive.	Regular meetings are held approximately twice a year involving the Secretary of State, the Parliamentary Under-Secretary of State (Commons) and the Chairman and Chief Executive. Additional

		Additional meetings also take place as required.	meetings also take place as required.
	<p>A range of appropriate controls and safeguards should be in place to ensure that the Minister is consulted on key issues and can be properly held to account. These will normally include:</p> <ul style="list-style-type: none"> - a requirement for the public body to consult the Minister on the corporate and/or operational business plan; - a requirement for the exercise of particular functions to be subject to guidance or approval from the Minister; - a general or specific power of Ministerial direction over the public body; - a requirement for the Minister to be consulted by the public body on key financial decisions. This should include proposals by the public body to: (i) acquire or dispose of land, property or other assets; (ii) form subsidiary companies or bodies corporate; and (iii) borrow money; and - a power to require the production of information from the public body 	<p>A range of appropriate controls and safeguards is in place to ensure that Ministers are consulted on key issues, including a requirement in their Financial Memorandum for EA to consult Ministers on their Corporate Plan; a requirement in the Environment Act 1995 for EA's charging schemes to be subject to the approval of Ministers; a power for the Secretary of State to give statutory guidance to EA, under Section 4 of the Environment Act; a requirement, under EA's Financial Memorandum and Cabinet Office spending controls for the Department to be consulted by EA on key financial decisions; and a power under the Environment Act 1995 to require the production of information from EA which is needed to answer satisfactorily for the body's affairs.</p>	<p>The Secretary of State approves the corporate plan which sets out NE's delivery and spending priorities and associated performance indicators.</p> <p>The Natural Environment and Rural Communities Act contains powers for the Secretary of State to give guidance to NE and for him to give general or specific directions. It also requires NE to provide the Secretary of State with such information as he may require relating to its property or the discharge or proposed discharge its functions.</p> <p>Additional controls and safeguards are set out in the Management Statement and Financial Memorandum.</p>

	which is needed to answer satisfactorily for the body's affairs.		
	There should be a requirement to inform Parliament of the activities of the public body through publication of an annual report.	EA publishes an annual report, which is laid before Parliament.	NE publishes an annual report, which is laid before Parliament.
Role of the Sponsoring Department	<p>Principles: The departmental board ensures that there are robust governance arrangements with the board of each arm's length body. These arrangements set out the terms of their relationship and explain how they will be put in place to promote high performance and safeguard propriety and regularity.</p> <p>There is a sponsor team within the department that provides appropriate oversight and scrutiny of, and support and assistance to, the public body.</p>		
Supporting provisions	The departmental board's regular agenda should include scrutiny of the performance of the public body. The departmental board should establish appropriate systems and processes to ensure that there are effective arrangements in place for governance, risk management and internal control in the public body.	EAs performance is reported to the Defra Supervisory Board on a quarterly basis, including on governance, risk management and internal control matters as appropriate.	NE's performance is reported to the Defra Supervisory Board on a quarterly basis, including on governance, risk management and internal control matters as appropriate.
	There should be a Framework Document in place which sets out clearly the aims, objectives and functions of the public body and the respective roles and responsibilities of the Minister, the sponsoring department and the public body.	EA currently has a Management Statement and a Financial Memorandum which sets out the aims, objectives, functions and respective roles and responsibilities. A draft Framework Document which updates these documents has been	The aims, objectives and functions of NE and the respective roles and responsibilities are set out in the Management Statement, Financial Memorandum and Policy-Delivery Partnership Agreement. These governance documents have been

	<p>This should follow relevant Cabinet Office and HM Treasury guidance. The Framework Document should be published. It should be accessible and understood by the sponsoring department, all board members and by the senior management team in the public body. It should be regularly reviewed and updated.</p>	<p>created and is in the final stages of being agreed. It will be finalised, as appropriate, following the completion of EA's Triennial Review to reflect latest guidance and good practice. The final document will be published.</p>	<p>updated and are in the final stages of being agreed. They will be finalised, as appropriate, following the completion of the Triennial Review to reflect latest guidance and good practice. The final documents will be published on the NE website.</p>
	<p>There should be a dedicated sponsor team within the parent department. The role of the sponsor team should be clearly defined.</p>	<p>There is a dedicated sponsor team within Defra which has a clearly defined role.</p>	<p>There is a dedicated sponsor team within Defra's Sustainable Land Management and Livestock Farming directorate.</p>
	<p>There should be regular and ongoing dialogue between the sponsoring department and the public body. Senior officials from the sponsoring department may as appropriate attend board and/or committee meetings. There might also be regular meetings between relevant professionals in the sponsoring department and the public body.</p>	<p>There is regular and ongoing dialogue between the sponsoring department and the public body. This includes monthly meetings with the Chief Executive at Director and Director-General levels, and quarterly meetings at Permanent Secretary level.</p>	<p>Regular and ongoing dialogue between Defra and NE is maintained through regular meetings (see above), Defra network meeting and on-going liaison between meetings.</p>

<p>Role of the Board</p>	<p>Principle: The public body is led by an effective board which has collective responsibility for the overall performance and success of the body. The board provides strategic leadership, direction, support and guidance.</p> <p>The board – and its committees – have an appropriate balance of skills, experience, independence and knowledge.</p> <p>There is a clear division of roles and responsibilities between non-executive and executives. No one individual has unchallenged decision-making powers.</p>		
<p>Supporting provisions</p>	<p>The board of the public body should:</p> <ul style="list-style-type: none"> - meet regularly; - retain effective control over the body; and - effectively monitor the senior management team. 	<p>The Board meets six times a year and dates of meetings are published on the EA website. At its meetings it regularly reviews the performance of the body against its Corporate Plan.</p> <p>The role of the Board is set out in EA's Management Statement. The Board holds annual performance reviews and scrutinises individual Director's performance through its Remuneration Committee.</p>	<p>The Board meets five times a year with dates of meetings published on NE's website.</p> <p>The roles and responsibilities of the Board are set out in three documents published on the NE website: the Strategic Statement of Board Role which sets out the Board's role and how it discharges its responsibilities; the Board Code of Conduct which outlines the ethical standards Board Members follow in their work and the Board Retained Authority document which highlights the matters that need to come before the Board for decision.</p>
	<p>The size of the board should be appropriate.</p>	<p>The Environment Act requires that the EA Board should comprise not less than 8 or more than 15 members of which one shall be designated Chairman and one the Deputy</p>	<p>The Natural Environment and Rural Communities Act stipulates that NE shall consist of a Chairman and not less than 8 or more than 15 other members. The Board of NE currently comprises</p>

		Chairman. The size of the Board is kept under review and appears to be appropriate, given the EA's size and diversity of responsibilities.	the Chairman and eight other members. The size and composition of the Board is kept under review to ensure it remains appropriate.
	Board members should be drawn from a wide range of diverse backgrounds.	Board members are recruited in compliance with the OCPA Code of Practice and the Environment Act 1995. The Board has representatives with a background in government, industry, agriculture and NGOs. Positive efforts are made to further improve the Board's diversity.	Defra processes for appointing Board members comply fully with the requirements of the Natural Environment and Rural Communities Act and the Code of Practice issued by the Commissioner for Public Appointments. Board appointments are always advertised publicly in a way that is designed to attract a strong and diverse field of suitable candidates.
	The board should establish a framework of strategic control (or scheme of delegated or reserved powers). This should specify which matters are specifically reserved for the collective decision of the board. This framework must be understood by all board members and by the senior management team. It should be regularly reviewed and refreshed.	The Financial and Non-Financial Schemes of Delegation ensures that all duties and activities carried out by the EA are approved at the correct level. Both are standing items on all Board papers.	The Board Retained Authority document contains a schedule of matters that need to come before the Board for decision. All other authority is delegated to the Chief Executive and distributed throughout the organisation according to the Financial Scheme of Delegation and the Non-financial Scheme of Delegation. The Board reviews the Schedules of Delegation every year.
	The Board should establish formal procedural and financial regulations to govern the conduct of its business.	The Board have formally agreed Terms of Reference and Standing Orders for the Board and its Committees. The Board have adopted a handbook which sets out a Code of	The Board conducts its business in accordance with its standing orders.

		Conduct; principles for claiming expenses; procedures for declarations of interest and guidance on propriety in decision making. It also sets out Board Member's roles as regional or topic champions, members of Board groups and formal Committees.	
	The Board should establish appropriate arrangements to ensure that it has access to all such relevant information, advice and resources as is necessary to enable it to carry out its role effectively.	The Board is supported by a dedicated Secretariat team and a dedicated budget for its business. Its formal Committees and informal groups enable it to receive the relevant information, advice and resources as is necessary to enable it to carry out its role effectively. The Board has regular access to advice from executives and staff in Head Office and the Regions through informal context. Also, the Board has a programme of regular visits.	The Board is supported by the Chief Executive and Executive Directors who, with a dedicated Board and Executive Services Team, ensure that it receives the support and resources needed to carry out its role effectively.
	The Board should make a senior executive responsible for ensuring that appropriate advice is given to it on all financial matters.	The Chief Executive is appointed as Accounting Officer and is supported by the Director of Finance.	The Chief Executive is appointed as Accounting Officer. The Chief Executive's report to each Board meeting includes appropriate information on financial matters.
	The Board should make a senior executive responsible for ensuring that Board procedures are followed and that all applicable statutes and regulations and other relevant statements of best practice are	In terms of the Board's procedures, statutes and regulations, this is the Head of Performance and Engagement, who reports directly to the Chief Executive, supported by the Resources and Legal Services	The Director Corporate Services has responsibility for corporate governance and compliance is reported in the Governance Statement published in the Annual Report and Accounts.

	complied with.	Director.	
	<p>The Board should establish a remuneration committee to make recommendations on the remuneration of top executives. Information on senior salaries should be published. The board should ensure that the body's rules for recruitment and management of staff provide for appointment and advancement on merit.</p>	<p>The EA's Remuneration Committee as an appointed Executive Committee of the EA Board has delegated authority to consider matters related to the pay and remuneration of all EA employees. Details on Executive Directors' remuneration are published in the Annual Accounts and Returns.</p>	<p>There is no separate remuneration committee because NE's pay structure and reward schemes are approved independently by Defra. The Board determines the level of performance related pay for the Chief Executive within his contract of employment. Details of Executive Directors' remuneration are published in the Annual Report and Accounts.</p>
	<p>The Chief Executive should be accountable to the Board for the ultimate performance of the public body and for the implementation of the Board's policies. He or she should be responsible for the day-to-day management of the public body and should have line responsibility for all aspects of executive management.</p>	<p>The Chief Executive has line responsibility for all aspects of executive management, oversees day-to-day management and is accountable to the Board for the performance of the EA.</p>	<p>The Chief Executive has line responsibility for all aspects of executive management, oversees day-to-day management and is accountable to the Board for the performance of NE.</p>
	<p>There should be an annual evaluation of the performance of the board and its committees – and of the Chairman and individual board members.</p>	<p>Both the Board and the Audit and Risk Committee (ARC) undertake annual reviews of their effectiveness in line with best practice. The Chairman has biannual performance review meeting with the Secretary of State. The Chairman conducts annual appraisals with all Board members, as does the ARC Chairman with ARC members.</p>	<p>Both the Board and its Audit and Risk Committee (ARC) undertake annual reviews of their effectiveness in line with best practice. The Chairman has an annual performance review meeting with the Secretary of State. The Chairman conducts annual appraisals with all Board members, as does the ARC Chairman with ARC members.</p>

Role of the Chairman	Principle: The Chairman is responsible for leadership of the board and for ensuring its overall effectiveness.		
Supporting provisions	The board should be led by a non-executive Chairman.	The Board is led by a non-executive Chairman.	The Board is led by a non-executive Chairman.
	There should be a formal, rigorous and transparent process for the appointment of the Chairman. This should be compliant with the Code of Practice issued by the Commissioner for Public Appointments. The Chairman should have a clearly defined role in the appointment of non-executive board members.	Formal, rigorous and transparent processes exist for the appointment of the Chairman, which comply with the Code of Practice issued by the Commissioner for Public Appointments. The Chairman sits on appointment panels for the appointment of non-executives but does not chair these panels. The panel recommend appointees, but the Secretary of State decides.	The processes by which the Secretary of State appoints the Chairman are formalised, rigorous and transparent. They comply with the Code of Practice issued by the Commissioner for Public Appointments, and are based on the principles of merit, fairness and openness. The appointment of a Chairman is also subject to pre-appointment Parliamentary scrutiny.
	The duties, role and responsibilities, terms of office and remuneration of the Chairman should be set out clearly and formally defined in writing. Terms and conditions must be in line with Cabinet Office guidance and with any statutory requirements. The responsibilities of the Chairman will normally include: - representing the public body in discussions with Ministers; - advising the sponsoring Department and Ministers about	The Chairman received an appointment letter from the Secretary of State setting out his terms and conditions of appointment. The Chairman's responsibilities are set out in the Management Statement, and details are included in the Board governance documents. The Chairman is broadly responsible to the Secretary of State for the	The Chairman has received an appointment letter from the Secretary of State setting out his terms and conditions of appointment, which are in line with Cabinet Office guidance and statutory requirements. The Chairman's responsibilities cover these areas and are set out in the Management Statement, and details are included in Board governance documents (Board Retained Authority; Board Standing Orders and the Strategic Statement of the Role of the

	<p>board appointments and the performance of individual non-executive board members;</p> <ul style="list-style-type: none"> - ensuring that non-executive board members have a proper knowledge and understanding of their corporate role and responsibilities. The Chairman should ensure that new members undergo a proper induction process and is normally responsible for undertaking an annual assessment of non-executive board members' performance; - ensuring that the board, in reaching decisions, takes proper account of guidance provided by the sponsoring department or Ministers; - ensuring that the board carries out its business efficiently and effectively; - representing the views of the board to the general public; and - developing an effective working relationship with the Chief Executive and other senior staff. 	<p>overall direction and management of the EA within the policy framework set by the Secretary of State for the EA's activities; the EA representative; the primary contact with Ministers, raising issues with them as appropriate; and responsible for ensuring the Board works effectively.</p>	<p>Board). This makes clear, amongst other things, that the Chairman is responsible to the Secretary of State and shall aim to ensure that NE's policies and actions support the wider strategic policies of the Secretary of State. It also stipulates that the Chairman has a particular leadership responsibility in formulating the Board's strategy; ensuring that the Board, in reaching decisions, takes proper account of guidance provided by the Secretary of State or Department; encouraging high standards of propriety; and representing the views of the Board to the general public.</p>
	<p>The roles of Chairman and Chief Executive should be held by different individuals.</p>	<p>The roles of Chairman and Chief Executive are held by different individuals.</p>	<p>The roles of Chairman and Chief Executive are held by different individuals.</p>

<p>Role of Non-Executive Board Members</p>	<p>Principle: As part of their role, non-executive board members provide independent and constructive challenge.</p>		
<p>Supporting provisions</p>	<p>There should be a majority of non-executive members on the board.</p>	<p>At the EA all members of the Board are non-executive members. There is a clear division of roles and responsibilities between non-executives and executives. No one individual has unchallenged decision-making powers. All non-executive Board members are properly independent of management, there are clear rules and procedures in place for managing conflicts of interest and there is a publicly available Register of Interests for Board members and senior staff.</p>	<p>Until February 2012 the Chief Executive served as a member of the Board, but all members of the Board are now non-executive members.</p>
	<p>There should be a formal, rigorous and transparent process for the appointment of non-executive members of the board. This should be compliant with the Code of Practice issued by the Commissioner for Public Appointments.</p>	<p>The processes by which the Secretary of State appoints Board members (and the Chairman) are formalised, rigorous and transparent. They comply with the Code of Practice issued by the Commissioner for Public Appointments, and are based on the principles of merit, fairness and openness.</p>	<p>The processes by which the Secretary of State appoints Board members are formalised, rigorous and transparent. They comply with the Code of Practice issued by the Commissioner for Public Appointments, and are based on the principles of merit, fairness and openness.</p>
	<p>The duties, role and responsibilities, terms of office and remuneration of non-executive board members should be set out clearly and</p>	<p>Board members received an appointment letter from the Secretary of State setting out their terms and</p>	<p>Board members have received an appointment letter from the Secretary of State setting out their terms and</p>

	<p>formally defined in writing. Terms and conditions must be in line with Cabinet Office guidance and with any statutory requirements. The corporate responsibilities of non-executive board members (including the Chairman) will normally include:</p> <ul style="list-style-type: none"> - establishing the strategic direction of the public body (within a policy and resources framework agreed with Ministers); - overseeing the development and implementation of strategies, plans and priorities; - overseeing the development and review of key performance targets, including financial targets; - ensuring that the public body complies with all statutory and administrative requirements on the use of public funds; - ensuring that the board operates within the limits of its statutory authority and any delegated authority agreed with the sponsoring department; - ensuring that high standard of corporate governance are observed at all times. This should include ensuring that the public body operates in an open, accountable 	<p>conditions of appointment.</p> <p>The Board's responsibilities are set out in the Management Statement and reflected in its Terms of Reference.</p>	<p>conditions of appointment.</p> <p>The Board's responsibilities are set out in the Management Statement, and Board members' responsibilities are included in the Board governance documents (Board Retained Authority; Board Standing Orders and the Strategic Statement of the Role of the Board).</p>
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	and responsive way; and - representing the board at meetings and events as required.		
	All non-executive Board members must be properly independent of management.	All non-executive Board members are properly independent of management. Each Member shall make a declaration, in accordance with the Board handbook of pecuniary or non pecuniary interests.	All non-executive Board members are properly independent of management, and are required by the 'NE Board Code of Conduct' to carry out their roles with integrity, honesty, objectivity and impartiality.
	All non-executive board members must allocate sufficient time to the board to discharge their responsibilities effectively. Details of board attendance should be published (with an accompanying narrative as appropriate).	The minimum time commitment of Board members is agreed with Defra and the Chairman of EA, and is sufficient time to the board to discharge their responsibilities effectively. Attendance is formally recorded for all Board meetings, Committees and groups. Attendance at open Board meetings is published on the EA website.	The minimum time commitment of Board members is agreed with Defra and the Chairman of NE, so that it is sufficient for him or her to discharge their responsibilities effectively. Attendance is formally recorded for all Board meetings, Committees and groups. Attendance at open Board meetings is published on the NE website.
	There should be a proper induction process for new board members. This should be led by the Chairman. There should be regular reviews by the Chairman of individual members' training and development needs.	Appropriate induction arrangements for new board members are provided by EA, and led by the Chairman. The Chairman also keeps individual members' training and development needs under review.	Appropriate induction arrangements for new Board members are provided by NE and led by the Chairman. The Chairman also keeps individual members' training and development needs under review.

Effective Financial Management	Principle: The public body has taken appropriate steps to ensure that effective systems of financial management and internal control are in place.		
Supporting provisions Annual reporting:	The body must publish on a timely basis an objective, balanced and understandable annual report. The report must comply with HM Treasury guidance.	An annual report is published, which is objective, balanced, understandable and compliant with HM Treasury guidance.	An annual report is published, which is objective, balanced, understandable and compliant with HM Treasury guidance.
Internal Controls:	The public body must have taken steps to ensure that effective systems of risk management are established as part of the systems of internal control.	<p>The risk register provides management teams with a tool to assist in the monitoring and management of internal and external risks as well as providing evidence of assurance and good governance. All significant risks must be documented on the standard risk register template. Management teams should be reviewing their risk registers at least quarterly and are required to submit them centrally on an annual basis.</p> <p>Directors Team review the Corporate Risk Register each month. The Audit and Risk Committee monitors the corporate risks quarterly. Both of these inform the Board's discussion of risk.</p>	There is a risk management standard in place to guide staff in the completion of the Strategic Risk register which is agreed by Directors and the Executive Board and the Functional Risk registers for both Internal and external facing functions which are held centrally.
	The public body must have taken steps to ensure that an effective	EA has established an effective internal audit function which operates	NE has an Internal Audit team who ensure effective internal control. The

	internal audit function is established as part of the systems of internal control. This should operate to Government Internal Audit Standards and in accordance with Cabinet Office guidance.	to Government Internal Audit standards and in accordance with Cabinet Office guidance.	head of Internal Audit reports to the Audit and Risk Committee (a subcommittee of the Board) and provides assurance to the Accounting Officer as set out in the Internal Audit Charter that complies with appropriate guidance and standards.
	There must be appropriate financial delegations in place. These should be understood by the sponsoring department, by board members, by the senior management team and by relevant staff across the public body. Effective systems should be in place to ensure compliance with these delegations. These should be regularly reviewed.	EA has a comprehensive internal Financial Schedule of Delegations which it has shared with the Department.	NE Financial and Non Financial Schedules of delegation are published on the Internet and Intranet and they are regularly reviewed. Supporting guidance is also published internally to aid staff in their use.
	There must be effective anti-fraud and anti-corruption measures in place.	There are internal procedures in place for preventing, detecting and reporting fraudulent activities. The Audit and Risk Committee also advises on anti-fraud policies, whistle-blowing processes, the effectiveness of arrangements to prevent and detect fraud, and arrangements for special investigations.	The NE Anti-fraud Policy is published on the Intranet. All staff are in the process of completing Counter Fraud Training which will become a regular yearly training course.
	There must be clear rules in place governing the claiming of expenses. These should be published. Effective systems should be in place to ensure compliance with	Principles for claiming expenses are outlined in the EA's expenses policy. The Remuneration Committee delegated authority from the Board to consider any matters relating to the	NE has a travel, accommodation and related expenses policy supported by guidance for staff. Compliance is monitored and reported. Information on Board members' and senior staff

	these rules. The public body should proactively publish information on expenses claimed by board members and senior staff.	pay or remuneration of EA employees. They advise the Board on any matters relating to pay, remuneration package and benefits or general Human Resources matters in normal Board business and receive an annual statement of expenses incurred by Board members.	expenses is published.
	The annual report should include a statement on the effectiveness of the body's systems of internal control.	EA's annual report includes a statement on the effectiveness of EA's systems of internal control.	Effectiveness of internal control systems is reported in the Governance Statement published in the Annual Report and Accounts.
Audit Committee:	The board should establish an audit (or audit and risk) committee with responsibility for the independent review of the systems of internal control and of the external audit process.	EA has an Audit and Risk Committee with responsibility for the independent review of the systems of internal control and of the external audit process.	An Audit and Risk Committee is a subcommittee of the Board and keeps under independent review NE's internal control systems and the external audit process. It advises the Board and the Accounting Officer on matters of financial accountability, risk, control and governance.
External Auditors:	The body should have taken steps to ensure that an objective and professional relationship is maintained with the external auditors.	EA has taken steps to ensure that an objective and professional relationship is maintained with the external auditors.	An objective and professional relationship is maintained with external auditors who attend all Audit and Risk Committee meetings.
Communications	Principle: The Public Body is open, transparent, accountable and responsive.		
Supporting provisions	The public body should have identified its key stakeholders. It should establish clear and effective	In pursuit of its objectives the EA works closely with a wide range of partners in the public, private and civil	NE has a National Account Management Framework which identifies its key partner organisations,

<p>Communications with Stakeholders:</p>	<p>channels of communication with these stakeholders.</p>	<p>society sectors at the local and national levels. For example the EA works closely with: government organisations in other countries; Local Authorities; regulated organisations and associated accredited bodies; enforcement agencies; bodies dealing with accidents and emergencies; other bodies with responsibilities for protection of public health; Regional Flood and Coastal Committees and Risk Management Authorities. The EA uses a variety of tools to involve stakeholders and the public, for example consultations, focus groups, public meetings, and other means to canvass stakeholder and public opinion.</p>	<p>their importance to it, the level of engagement and the service they can expect (commensurate with their interest and influence on its business) and a named contact. NE engages with stakeholders through a combination of: regular and ad hoc (issues based) bilateral meetings with senior executives; regular multi-stakeholder groups (such as Agri-environment Steering Group, Development Industry Group, customer panels); occasional workshops or summits according to need; and on a day to day basis at officer level according to the preference of the stakeholder.</p>
<p>Communications with the Public:</p>	<p>The public body should make an explicit commitment to openness in all its activities. It should engage and consult with the public on issues of real public interest or concern. This might be via new media. It should publish details of senior staff and boards members together with appropriate contact details.</p>	<p>The EA website explains what information is available to the public. The website also enables the public to contribute their views to help improve its decision-making processes.</p> <p>The EA consults on many aspects of its work and makes its consultations easy to find and respond to.</p>	<p>Information on Board members and members of the Executive Board are published on the NE website, with details of how to contact NE.</p> <p>NE has published an Access to Information statement with a commitment to a culture of openness and transparency; to pro-actively publish and release information; and to consult openly and widely wherever appropriate and practical. NE's standards include principles on openness and transparency, for example its regulation and evidence</p>

			standards set out principles and actions that explain how and why NE undertakes its regulatory functions and ensured the evidence created and used in decision making processes is clear and accessible to all stakeholders. Social media are also used to communicate and a social media strategy is being developed.
	The public body should consider holding open board meetings or an annual open meeting.	There are four open Board meetings each year.	Board meetings are generally open to the public.
	The public body should proactively publish agendas and minutes of board meetings.	Agendas, papers and minutes of board meetings are published.	Agendas, papers and minutes of board meetings are published.
	The public body should proactively publish performance data.	Performance data is included in the Chief Executive's quarterly report to Defra's Supervisory Board and in the EA's Corporate Scorecard and published in the Annual Accounts and Return.	Performance data is included in the Chief Executive's quarterly report to the Board, which is published as part of the board papers, and is also published in NE's Annual Report and Accounts.
	In accordance with transparency best practice, public bodies should consider publishing their spend data over £500. By regularly publishing such data and by opening their books for public scrutiny, public bodies can demonstrate their commitment to openness and transparency and to making	The EA publishes on data.gov all Government Procurement Card (GPC) spend for the EA GPC's that have a single transaction value of £500 or above. This data was published from April 2011 to March 2012 in quarterly instalments and then will be issued monthly for 2012-13.	NE publishes all GPC expenditure over £500 and all invoices (paid via Oracle) over £25,000.

	themselves more accountable to the public.		
	The public body should establish effective correspondence handling and complaint procedures. These should make it simple for members of the public to contact the public body and to make complaints. Complaints should be taken seriously. Where appropriate, complaints should be subject to investigation by the Parliamentary Ombudsman. The public body should monitor and report on its performance in handling correspondence.	EA's standard procedure for customers who want to make a complaint and details of how to contact the Ombudsman are also published online. The Executive Correspondence Unit is responsible for reporting on complaints and commendations. The Business Improvement team report on handling requests for information in their Business Efficiency Indicators. Also, a correspondence commitment is in the EA's service commitment.	NE has a published complaints procedure and its customer service promise sets out the service to be expected. Appropriate monitoring and reporting systems are in place.
Marketing and PR:	The public body must comply with the Government's conventions on publicity and advertising. These conventions must be understood by board members, senior managers and all staff in press, communication and marketing teams.	EA implements in full the spending controls set by Government on various categories of spend including advertising, marketing and communications. Guidance for staff is published on EA's intranet including details of the government spending restrictions and internal governance arrangements. EA submits monthly reports to Defra on spending requests that fall under the Government's transparency rules.	Relevant conventions are complied with. NE implements in full the spending controls set by Government on various categories of spend, including advertising, marketing and communications. Guidance for staff is provided on the intranet.
	Appropriate rules and restrictions must be in place limiting the use of	EA implements in full the spending controls set by Government on	Appropriate rules and restrictions are in place. All staff were advised for the

	marketing and PR consultants.	various categories of spend including consultant recruitment. Guidance for staff is published on EA's intranet including details of the government spending restrictions and internal governance arrangements. The EA submits monthly reports to Defra on spending requests that fall under the Government's transparency rules.	spending controls and a system was introduced to cover any proposed expenditure covered by the controls. Such cases must be referred to the Spending Reviews Panel. Safeguards are in place to ensure that controls are complied with.
	The public body should put robust and effective systems in place to ensure that the public body is not, and is not perceived to be, engaging in political lobbying. This includes restrictions on board members and staff attending Party Conferences in a professional capacity.	There are appropriate rules and restrictions in place. There is an internal Code of Conduct and pre-election guidance for staff.	Appropriate rules and restrictions are in place, as set out in the Board and Staff Codes of Conduct.
Conduct and Behaviour	Principle: The board and staff of the public body work to the highest personal and professional standards. They promote the values of the public body and of good governance through their conduct and behaviour.		
Supporting provisions Conduct:	A Code of Conduct must be in place setting out the standards of personal and professional behaviour expected of all board members. This should follow the Cabinet Office Code. All members should be aware of the Code. The Code should form part of the terms	EA has incorporated the Cabinet Office Code of Conduct for Board Members into its own guidance for EA Board Members.	An updated Board Code of Conduct, including behaviours, has been agreed and published to reflect latest Cabinet Office guidance.

	and conditions of appointment.		
	The public body has adopted a Code of Conduct for staff. This is based on the Cabinet Office model Code. All staff should be aware of the provisions of the Code. The Code should form part of the terms and conditions of employment.	EA has adopted a code of conduct for EA staff based on the Cabinet Office model Code.	A Staff Code of Conduct setting out the standards of behaviour expected of all NE employees has been agreed and published. This Code is part of the contractual relationship between NE and its employees.
	There are clear rules and procedures in place for managing conflicts of interest. There is a publicly available Register of Interests for board members and senior staff. This is regularly updated.	This is covered in the Code of Conduct. Board details are published online.	A yearly Register of Interests is compiled by questionnaire and positive responses are centrally held. It is also held by Line Managers who will use it to discuss and agree how best to manage any potential conflict of interest. The Board members' Register of Interests is updated annually and published on the internet.
	There are clear rules and guidelines in place on political activity for board members and staff. There are effective systems in place to ensure compliance with any restrictions.	EA adheres to the Management Statement which states that 'The Agency is required to adopt, keep under review and observe a Code of Practice for members based on the Cabinet Office Guidance on Codes of Best Practice for Board Members of Public Bodies'.	Political activity guidance is in place. Individuals' details are gathered within the Register of Interests questionnaire to aid in potential conflict management.
	There are rules in place for board members and senior staff on the acceptance of appointments or employment after resignation or	EA adheres to the Management Statement which states that 'The Agency is required to adopt, keep under review and observe a Code of	Board members and the Chief Executive are required to clear with Defra, in advance, any appointment or employment taken up within two years

	retirement. These are effectively enforced.	Practice for members based on the Cabinet Office Guidance on Codes of Best Practice for Board Members of Public Bodies'.	of leaving NE where their official duties resulted in personal involvement with the company or other organisation making the offer, or access to commercially sensitive information of this company or other organisation.
Leadership:	Board members and senior staff should show leadership by conducting themselves in accordance with the highest standards of personal and professional behaviour and in line with the principles set out in respective Codes of Conduct.	EA adheres to the Management Statement which states that 'The Agency is required to adopt, keep under review and observe a Code of Practice for members based on the Cabinet Office Guidance on Codes of Best Practice for Board Members of Public Bodies'.	This is covered in the Board and Staff Codes of Conduct which place emphasis of promoting the highest standards of personal and professional behaviour.