

# **Ebbfleet Development Corporation**

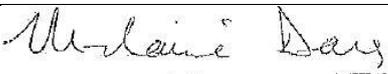
**Framework Document**

**June 2018**

## Foreword

This Framework Document (“the Framework”) has been drawn up by the MHCLG in consultation with Ebbsfleet Development Corporation (“EDC”). This document sets out the broad framework within which Ebbsfleet Development Corporation should operate and sets out the respective responsibilities and accountability of EDC, the Secretary of State for Housing, Communities and Local Government (the Secretary of State) and the Permanent Secretary for MHCLG.

The document does not convey any legal powers or responsibilities. It is signed and dated by the department and EDC. Copies of the document will be made available to members of the public on EDC’s website. The document will be reviewed at when the need arises by MHCLG in consultation with EDC. All changes must be agreed by MHCLG, in consultation with EDC.

<b>Signed for and on behalf of the Ministry of Housing, Communities and Local Government</b>	
Name	Melanie Dawes
Position	Permanent Secretary
Signature	
Date	24.7.18
<b>Signed for and on behalf of Ebbsfleet Development Corporation</b>	
Name	Ian Piper
Position	Accounting Officer
Signature	
Date	26.7.18

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# 1 Purpose of EDC

- 1.1. EDC was established under the Local Government, Planning and Land Act 1980 (the “1980 Act”). EDC’s objectives, as contained in Statutory Instrument 2015/747, are to secure the regeneration of the urban development areas designated in the statutory instrument (encompassing land within Dartford and Gravesham Borough Councils) through creation, at pace, of a new garden city for the twenty-first century.
- 1.2. The Ebbsfleet Garden City has the capacity to deliver 15,000 new homes and 30,000 new jobs. The EDC has an allocated capital budget to deliver investment in infrastructure and to create the conditions for private sector investment in the garden city. It is also the local planning authority for the DC area in respect of certain planning functions in place of Dartford and Gravesham Borough Councils and Kent County Council.

## 2 Accountability

- 2.1 EDC's powers and duties are conferred by Part XVI of the Local Government, Planning and Land 1980 Act. The DC planning powers are granted to it by order of the Secretary of State under s.149 of the 1980 Act.
- 2.2 The detailed objectives and specific targets for EDC are agreed through its corporate plan, the process for which is outlined later in the document.
- 2.3 The Secretary of State for Housing, Communities and Local Government is accountable for EDC's business and its overall effectiveness and efficiency in Parliament

## 3 Accounting Officer responsibilities

### MHCLG's Accounting Officer responsibilities

- 3.1 The Permanent Secretary for MHCLG, as MHCLG's Principal Accounting Officer, designates the chief executive as EDC's Accounting Officer. The respective responsibilities of the MHCLG Principal Accounting Officer and accounting officers for ALBs are set out in Chapter 3 of *Managing Public Money*, which is sent separately to the Accounting Officer on appointment. The MHCLG Accounting Officer is responsible for advising the responsible minister:
  - on an appropriate framework of objectives and targets for EDC in the light of MHCLG's wider strategic aims and priorities;
  - on an appropriate budget for the EDC in the light of MHCLG's overall public expenditure priorities; and
  - how well the EDC is achieving its strategic objectives and whether it is delivering value for money.
- 3.2 The MHCLG Principle Accounting Officer is also responsible for ensuring arrangements are in place to:
  - monitor EDC's activities, including internal controls, procurement processes, investment appraisals and corporate governance arrangements;
  - ensure that arrangements are coordinated between EDC and the local authorities to deliver efficient and effective administration and discharge

of planning approval and related powers e.g. on compulsory purchase orders;

- address significant problems in EDC, making such interventions as are judged necessary;
- periodically carry out an assessment of the risks both to MHCLG and EDC's objectives and activities;
- inform EDC of relevant government policy in a timely manner; and
- bring concerns about the activities of EDC to the full EDC Board, and, as appropriate to the departmental Board requiring explanations and assurances that appropriate action has been taken.

3.3 The Housing and Infrastructure Delivery Division and Finance Directorate at MHCLG are the main contacts for EDC. They are the main source of advice to the responsible minister on the discharge of his or her responsibilities in respect of EDC. They also support the MHCLG Accounting Officer on his or her responsibilities in respect of EDC. The Director of the Housing and Infrastructure Delivery Division as Senior Sponsor has overall responsibility for the MHCLG's relationship with EDC, and is responsible for undertaking the Chair's annual appraisal.

### **EDC Accounting Officer responsibilities**

3.4 The EDC Accounting Officer is accountable to Parliament, MHCLG and its Ministers, and the EDC Board for the effectiveness and efficiency of EDC.

3.5 EDC's Accounting Officer is personally responsible for:

- safeguarding all public funds for which he or she has charge;
- ensuring propriety, regularity, value for money and feasibility in the handling of all such funds;
- the day-to-day operations and management of EDC;
- exercising planning responsibilities and powers subject to the designated authority of the DC's Chief Planning Officer; and
- ensuring that EDC is run on the basis of the standards, in terms of governance, decision making and financial management set out in the Framework and *Managing Public Money*, and all directions and guidance issued from time to time by MHCLG, the Treasury and the Cabinet Office.

### 3.6 EDC Accounting Officer's responsibilities to Parliament include:

- signing the accounts and ensuring that: proper accounting records are kept and that they are properly prepared and presented in accordance with any directions issued by MHCLG;
- preparing and signing a Governance Statement of Accounting Officer's responsibilities 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 EDC are established and made widely known;
- acting in accordance with the terms of the Framework, *Managing Public Money* and other instructions and guidance issued from time to time by MHCLG, the Treasury and the Cabinet Office;
- ensuring that proper arrangements are in place to fulfil all requirements in relation to Freedom of Information, personal and corporate data security and the Equality Act 2010; and
- giving evidence, normally with the MHCLG Accounting Officer, when summoned before the Committee of Public Accounts (PAC) on the stewardship of public funds by EDC.

### 3.7 The EDC Accounting Officer is responsible to MHCLG for:

- establishing, in agreement with MHCLG, EDC's corporate and business plans in the light of MHCLG's wider strategic aims and agreed priorities;
- ensuring that investment decisions and projects (including public private partnerships and joint ventures) are drawn up and implemented compatibly with HMT and MHCLG policy, guidance, procedures and requirements;
- ensuring that planning decisions are considered and made in compliance with planning law, guidance and good practice;
- ensuring that corporate governance arrangements avoid or mitigate potential conflicts of interest and legal risks between DC planning and other, especially commercial, responsibilities, powers and functions including with regard to Board member and staff responsibilities and duties;

- ensuring effective and value for money application of investment and grant;
- ensuring that timely forecasts and monitoring information on performance and finance are provided to MHCLG in the format, deadlines and in the level of detail agreed between the parties;
- ensuring that MHCLG is notified promptly if over-or under-spends are likely and that corrective action is taken; and
- ensuring that any significant problems, whether financial or otherwise, are immediately notified to MHCLG with proposals to address them where possible.

### 3.8 The EDC Accounting Officer is responsible to the Board for:

- advising on the discharge of EDC Board's responsibilities as set out in this Framework, in the relevant legislation and in any other relevant instructions and guidance that may be issued by MHCLG from time to time;
- advising the Board on EDC's performance and progress towards meeting its aims and objectives;
- ensuring that financial considerations are taken fully into account by the Board at all stages in reaching and executing its decisions, and that financial appraisal techniques are followed.
- ensuring that all public funds made available to EDC, including money from sources other than MHCLG, are used for the purpose of discharging EDC's functions, and that such moneys, together with EDC's assets, equipment and staff, are used economically, efficiently and effectively;
- ensuring that EDC complies with the provision on state aid in *Managing Public Money*;
- ensuring that all material, relevant financial considerations are taken fully into account by the EDC Board at all stages in reaching and executing its decisions as part of its governance and approval processes, and that standard financial appraisal techniques are followed using the Treasury's Green Book, Appraisal and Evaluation in Central Government' (<http://greenbook.treasury.gov.uk>) to evaluate alternatives, and good quality project and programme management techniques are used to track and where necessary take corrective action;
- ensuring effective community engagement and consultation with local communities, communities, residents and businesses;

- ensuring that all planning applications and other relevant decisions by the DC's Planning Committee (or made on their behalf using delegated powers), comply with planning law and guidance;
- ensuring that corporate governance arrangements avoid or mitigate potential conflicts of interest and legal risks between DC planning and other especially commercial responsibilities, powers and functions including with regard to Board member and staff responsibilities and duties;
- maintaining a risk register in accordance with the [Treasury's Orange Book: Management of Risk – Principles and Concepts](#) (11057A7707D2521F.pdf) and operating a system of risk management to inform financial and operational decisions and assist in achieving objectives and targets, and must ensure the Board's involvement in the strategic and operational risk management process;
- ensuring that appropriate personnel management policies are established and maintained; and
- taking action as set out in para. 3.8.6 of *Managing Public Money* if the EDC Board, or chair, is contemplating a course of action involving a transaction which the chief executive considers would infringe the requirements of propriety or regularity, or does not represent prudent or economical administration, efficiency or effectiveness, is of questionable feasibility, or is unethical.

3.9 The chief executive is the Principal Officer for handling cases involving the Parliamentary Commissioner for Administration. As Principal Officer, he must inform the MHCLG's Departmental Accounting Officer of any complaints about EDC accepted by the Ombudsman for investigation, and about EDC's proposed response to any subsequent recommendations from the Parliamentary Ombudsman.

## 4 Governance and structure

### Composition of the Board

4.1 The Statutory Instrument establishing the DC provides for up to eleven Board members in total. As a minimum the Board should consist of the Chair; four independent Non-Executive Directors; three local authority members, with one nominated by each of the three local authorities (Kent, Dartford and Gravesham) and the Chief Executive. With the exception of the Chief Executive, all appointments to the Board will be made in line with the Governance Code for Public Appointments.

### The Board's responsibilities

4.2 The Board should ensure that effective arrangements are in place to provide assurance on risk management, governance and internal control.

4.3 The Board is specifically responsible for:

- establishing and taking forward the strategic aims and objectives of EDC consistent with its overall strategic direction and within the policy and resources framework agreed with MHCLG;
- ensuring that that EDC's affairs are conducted with probity, and that high standards of corporate governance are observed at all times, in line with the EDC Board's standing orders;
- establishing a Transparency Policy and ensuring that levels of transparency are compatible with the Public Bodies Reform Programme to increase levels of transparency in public bodies;
- establishing a Community Engagement and Consultation policy, strategy and plan and ensuring effective on-going engagement and consultation with local communities, residents and businesses;
- ensuring compliance with any statutory or administrative requirements for the use of public funds;
- ensuring EDC operates within the limits of its statutory and delegated authorities set by the MHCLG, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, it takes into account guidance issued by MHCLG;
- ensuring that in reaching planning decisions, EDC operates within the limits of their statutory authority and that corporate governance arrangements avoid or mitigate potential conflicts of interest and legal risks between DC planning and other, especially commercial, responsibilities,

powers and functions including with regard to Board member and staff responsibilities and duties;

- ensuring that the Board receives and reviews regular financial information concerning the management of EDC; ensuring that it is informed in a timely manner about any concerns about the activities of EDC; and provides positive assurance to MHCLG that appropriate action has been taken on such concerns;
- demonstrating high standards of corporate governance at all times, including by using the independent audit committee to help the Board to address key financial and other risks
- ensuring that annual board effectiveness reviews are undertaken and shared with the Senior Sponsor
- ensuring that MHCLG is made aware of any material proposed changes which might impact on the strategic direction or attainability of agreed targets; and to determine the steps needed to address such changes; and
- appointing, with the Secretary of State's approval, a chief executive and, in consultation with MHCLG, set performance objectives and remuneration terms linked to these objectives for the chief executive which should give due weight to the proper management and utilisation of public resources.

4.4 A MHCLG official has the right and is required to attend Board meetings in a non-voting capacity and has the right to attend other DC meetings at their discretion.

### **The chair's personal responsibilities**

4.5 The chair is appointed by the Secretary of State, in line with the Governance Code for Public Appointments. The chair has a leadership role and is responsible for ensuring that EDCEDC's policies and strategies are consistent with those of MHCLG and that EDCEDC's affairs are conducted with probity, consistent with *Managing Public Money*.

4.6 The chair and other members of the EDC Board are responsible for the recruitment and appointment of the chief executive, and for fixing the terms of their appointments, with the agreement of the Secretary of State. The chair is also responsible for setting annual targets for the chief executive's annual performance bonus, which must be agreed with MHCLG, and for deciding on the payment of any bonus in consultation with MHCLG.

4.7 The chair is responsible for establishing a good working relationship with the chief executive and vice versa, and for providing oversight and advice.

4.8 In addition, the chair has the following leadership responsibilities:

- formulating the Board's strategy;

- ensuring that the Board, in reaching decisions, takes proper account of guidance provided by the Secretary of State or MHCLG;
- promoting the efficient and effective use of staff and other resources;
- delivering high standards of regularity and propriety; and
- representing the views of the Board to the general public.

#### 4.9 The chair also has an obligation to ensure that:

- the work of the Board and its members are reviewed and are working effectively;
- the Board has a balance of skills appropriate to directing EDC's business, as set out in the Government Code of Good Practice for Corporate Governance;
- there is an annual assessment of performance of individual Board members
- all members of the Board (and co-optees), when taking up office, are fully briefed on the terms of their appointment and on their duties, rights and responsibilities, and receive appropriate induction training;
- he or she, together with the other Board members, receives appropriate training on financial management and reporting requirements and on any differences that may exist between private and public sector practice;
- the Secretary of State is advised of EDC's needs when Board vacancies arise, with a view to maintaining a proper balance of professional and financial expertise;
- he or she assesses the performance of individual Board members when being considered for re-appointment; and
- a Code of Practice for Board members is in place, consistent with the Code of Conduct for Board Members of Public Bodies produced by the Cabinet Office. The Code must commit the chair and other Board members (and co-optees) to The Seven Principles of Public Life, and must include a requirement to prepare and maintain a comprehensive and publicly available register of Board Members' interests.

4.10 Communications between the Board formally and the Secretary of State should normally be through the chair. It is accepted that in carrying out his duties the chief executive will periodically have direct contact with Ministers and MHCLG officials.

## **5 EDC Board members and staff**

### **Individual Board members' responsibilities**

5.1 Individual members should:

- comply at all times with EDC's Code of Practice 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;
- act in good faith; and
- comply with the Board's rules on the acceptance of gifts and hospitality and business appointments.

5.2 The chair and members of the EDC Board are appointed by the Secretary of State, who determines, in line with the Office of the Commissioner for Public Appointments (OCPA), the levels of remuneration to be paid by EDC. Board members' reasonable actual travel and subsistence costs will be reimbursed by EDC.

5.3 The travel expenses of Board members shall be tied to departmental rates. Reasonable actual costs shall be reimbursed.

### **EDC Staff**

5.4 Within arrangements approved by the Secretary of State and the Treasury, EDC has responsibility for the recruitment, retention and motivation of its staff. EDC's broad responsibilities toward its staff are to ensure that:

- the rules for the 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 gradings and numbers of staff, is appropriate to its functions and the requirements of efficiency, effectiveness and economy;
  - the performance of its staff at all levels is satisfactorily appraised and its performance measurement systems are reviewed on a regular basis;
  - its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve EDC's objectives;
  - proper consultation with staff takes place on key issues affecting them;
  - whistleblowing procedures consistent with the Public Interest Disclosure Act 1998 are in place;
  - adequate grievance and disciplinary procedures are in place.
- 5.5 It must inform the MHCLG of any changes in the number and grade of posts at director level or above, and seek the prior approval from MHCLG to any proposed increases.
- 5.6 In setting its remuneration for staff, whether on permanent or temporary contracts, EDC should have regard to the Consolidated Guidance on Spending Controls. It must also ensure that proposals comply with HM Treasury Civil Service pay guidance and that staff costs can be met from its approved budget, and that the creation of any additional posts does not incur forward commitments which will exceed its ability to pay for them. MHCLG approval is required for any proposed major structural changes to pay and grading systems and must be supported by a fully-costed business case. MHCLG will in turn consult Treasury.
- 5.7 EDC shall 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. EDC is also required to provide MHCLG with details of its proposals for its annual pay negotiations, before agreeing the annual pay settlement with its staff.
- 5.8 The DC must obtain MHCLG agreement to all staff terms and conditions, including fringe benefits, and must comply with the following general principles:
- all benefits that form part of the remuneration package shall be clearly identified as part of the remuneration package, and costed in money terms as part of the pay bill;
  - the use of non-pay benefits shall be justified on the basis of value for money for the Exchequer; and
  - effective processes and systems shall be maintained to ensure abuse of benefits does not take place and that pressure is not placed on costs

- 5.9 Staff bonuses shall be determined within a bonus scheme that has been approved by the MHCLG with individual bonus payments requiring approval from MHCLG. The objectives for the chief executive's annual performance bonus must also be agreed with MHCLG, and in deciding whether the Board is minded to award a performance bonus the chair should seek and take account of the views of MHCLG. The decision on whether to award the chief executive a performance bonus, and the proposed amount, must be based on a detailed review of the chief executive's performance against the objectives specified for the year concerned.
- 5.10 Staff terms and conditions should be set out in the Employee Handbook, which should be provided to MHCLG together with any subsequent amendments. EDC must ensure that it has proper mechanisms for monitoring and controlling manpower resources. It must periodically review the outputs of these mechanisms and allow access to the department for the purpose of carrying out audits.
- 5.11 EDC shall comply with the EU directive on contract workers – the Fixed-Term Employees (Prevention of Less Favourable Treatment) Regulations.
- 5.12 Detailed provisions relating to the Local Government Pension Scheme which is the default pension scheme for EDC employees are set out in Annex E. The administering authority is Kent County Council.
- 5.13 Any proposal by EDC to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the prior approval of MHCLG. Proposals on severance must comply with the rules in chapter 4 of *Managing Public Money*.

## **6 Annual report and accounts**

- 6.1 After the end of each financial year EDC must publish an annual report of its activities. EDC's accounts, audited by the NAO, will be consolidated within MHCLG's accounts. These will normally be prepared within three months – and no later than six months – of the end of the financial year to allow them to be laid before Parliament before the summer recess.
- 6.2 The annual report and accounts must:
- cover any corporate, subsidiary or joint ventures under its control;
  - comply with the Treasury's Reporting Manual (FRoM) and in accordance with any specific Accounts Direction issued by MHCLG;
  - outline EDC's main activities and performance during the previous financial year and set out in summary form forward plans; and
  - include information on performance against key financial targets in the notes to the accounts.

- 6.3 A draft of the annual report must be submitted to the MHCLG Finance Directorate and Housing and infrastructure Delivery Division, allowing sufficient time (at least three weeks) for review and comment by MHCLG prior to publication.
- 6.4 The report and accounts will be laid before Parliament. The report and accounts must subsequently be made available on the Government and EDC's websites.

## 7 Audit

### Internal Audit Arrangements

#### 7.1 EDC shall:

- establish and maintain arrangements for internal audit in accordance with the Treasury's *Public Sector Internal Audit Standards* (PSIAS);
- in the event that it decided to do so, EDC must not appoint a Head of Internal Audit until MHCLG's Departmental Accounting Officer is satisfied with the competence and qualifications of the Head of Internal Audit and the requirements for approving appointments in accordance with PSIAS;
- set up an Audit and Risk Assurance Committee (ARAC) of its Board in accordance with the Code of Good Practice for Corporate Governance and the Treasury's Audit and Risk Assurance Committee Handbook. The ARAC shall be chaired by an independent non-executive Board member and not include any executive Board members. Notwithstanding the role of the ARAC committee, the Board must assure itself of the effectiveness of the internal control and risk management systems;
- forward the audit strategy, periodic audit plans and annual audit report, including EDC Head of Internal Audit's opinion on risk management, control and governance as soon as possible to the MHCLG sponsorship team and the MHCLG Head of Internal Audit; and
- keep records of, and prepare and forward to MHCLG an annual report on fraud and thefts suffered by EDC and notify MHCLG of any unusual or major incidents as soon as possible.

#### 7.2 In addition the EDC will:

- arrange for independent periodic quality reviews of its internal audit in accordance with the PSIAS. The report of these reviews and EDC response to them should be copied to the MHCLG Head of Internal Audit (or equivalent) and the MHCLG Director of Finance. MHCLG will consider whether it can rely on these reviews to provide assurance on the quality of

internal audit but reserves a right of access to carry out its own independent reviews of internal audit.

- notify MHCLG of any changes to internal audit's terms of reference or the ARAC's terms of reference

7.3 MHCLG's Internal Audit Service has an automatic right of access to all documents, including where the service is contracted out (EDC must ensure that the terms of appointment of an external auditor ensures access to all documents and other information relating to audit activity).

### **External audit arrangements**

7.4 The Comptroller and Auditor General (C&AG) will audit EDC's annual accounts and lays them before Parliament, together with EDC's annual report.

7.5 In the event that EDC sets up and controls subsidiary companies, the DC will in the light of the provisions in the Companies Act 2006 ensure that the C&AG is appointed auditor of those company subsidiaries that it controls and/or whose accounts are consolidated within its own accounts. The DC shall discuss with MHCLG the procedures for appointing the C&AG as auditor of the companies.

7.6 The C&AG:

- will consult MHCLG and EDC 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;
- 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 financial systems within EDC; and
- will, where asked, provide MHCLG and other relevant bodies with Regulatory Compliance Reports and similar reports which departments may request at the commencement of the audit and which are compatible with the independent auditor's role.

7.7 The C&AG may carry out examinations into the economy, efficiency and effectiveness with which EDC has used its resources in discharging its functions. For the purpose of these examinations the C&AG has statutory access to documents under section 8 of the National Audit Act 1983.

7.8 With regard to investment, grant and procurement contracts, EDC must make provision requiring the investment or grant recipient or the contractor to allow

the C&AG access to documents held by them and any beneficiary party or sub-contractor where access is reasonably required for the purpose of these examinations.

- 7.9 EDC must 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. EDC must keep MHCLG informed of any material discussions or potential material outcomes with NAO regarding value for money examinations.

### **Right of access**

- 7.10 MHCLG has the right of access to all EDC records and personnel for any purpose including, for example, sponsorship audits and operational investigations.

## **8 Management and financial responsibilities**

- 8.1 EDC shall follow the principles, rules, guidance and advice in *Managing Public Money*. In the event of EDC being uncertain about the application of any of this guidance, or if an exemption is sought, this should be discussed with the Partnerships team at MHCLG in the first instance. A detailed list of guidance and instructions with which EDC should comply is in Annex A.
- 8.2 Once the budget has been approved by MHCLG subject to any restrictions imposed by this document, EDC shall have authority to incur expenditure approved in the budget without further reference to MHCLG, on the following conditions:
- EDC shall comply with the delegations issued by MHCLG annually. These delegations shall not be altered without prior agreement to MHCLG;
  - EDC shall comply with *Managing Public Money* regarding novel, contentious or repercussive proposals and shall discuss with MHCLG at an early stage any novel, contentious or repercussive proposals likely to arise on any of its proposed actions which will then be raised with HM Treasury;
  - inclusion of any planned and approved expenditure in the budget shall not remove the need to seek formal departmental approval where any proposed expenditure is outside the delegated limits or is for new schemes not previously agreed; and
  - EDC shall provide MHCLG with such information about its operations, performance on individual projects or other expenditure as MHCLG may reasonably require.

## **Risk Management**

- 8.3 EDC should ensure that it has in place a risk management strategy in accordance with HMT's ['Orange Book' Management of Risk - Principles and Concepts](#).
- 8.4 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 ([http://webarchive.nationalarchives.gov.uk/20130129110402/http://www.hm-treasury.gov.uk/d/managing\\_the\\_risk\\_fraud\\_guide\\_for\\_managers.pdf.pdf](http://webarchive.nationalarchives.gov.uk/20130129110402/http://www.hm-treasury.gov.uk/d/managing_the_risk_fraud_guide_for_managers.pdf.pdf)).
- 8.5 It should also take all reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter into a contract or to give grant or grant-in-aid.

## **Corporate Plan**

- 8.6 EDC are required to publish a corporate plan with a three year forward look, or any other period specified by the Secretary of State. EDC shall agree with MHCLG the issues to be addressed in the corporate plan and the timetable for its preparation, including targets, outputs and outcomes. The corporate plan will need to be approved and authorised by MHCLG ministers.
- 8.7 The corporate plan should:
  - reflect the Secretary of State's and MHCLG's strategic aims and demonstrate how EDC contributes to the achievement of these;
  - include key objectives, specific and measurable targets and milestones for the period covered by the Corporate Plan and its strategy for achieving those objectives;
  - link, where appropriate, to objectives, targets and milestones to public and private budgets, spend and investment profiles, secured investment and essential investment needed, so that resources allocated or required to achieve specific objectives can be identified;
  - contain a qualified and quantified assessment of the risks associated with investment, projects and other activities set out in the corporate plan;
- 8.8 A draft of the corporate plan needs to be approved by the MHCLG Senior Sponsor. Subject to any commercial considerations, the corporate plan should be published on EDC's website.

## **Business Plan**

8.9 EDC will also prepare annual business plans that should be consistent to the strategic objectives and targets as set out in the corporate plan. The business plan shall set out key targets and milestones for the year ahead and shall be linked to budgeting information so that resources allocated to achieve specific objectives can readily be identified by MHCLG. A draft of the annual business plan should be submitted to the MHCLG Senior Sponsor for approval. The Senior Sponsor can, at his or her discretion, decide to forward the draft annual business plan to Ministers for approval if it is considered contentious. Subject to any commercial considerations, the business plan should be published on EDC's website.

### **Budgeting procedures**

8.10 Each year MHCLG will send to EDC:

- a formal statement of annual budgetary provision allocated by the department
- a statement of any planned change in policies affecting EDC.

The approved annual business plan will take account both of approved funding provision and any forecast receipts, and will include a budget of estimated payments and receipts together with a profile of expected expenditure and of draw-down of any departmental funding and/or other income over the year. These elements form part of the approved business plan for the year in question. Should MHCLG make any changes to the budget, this will be communicated by way of an updated annual delegation letter.

### **Grant-in-aid and any ring-fenced grants**

8.11 Any grant-in-aid provided by the department for the year in question will be voted in the department's Supply Estimate and be subject to Parliamentary control.

8.12 Investment funding and grant-in-aid will normally be paid to EDC in instalments, as appropriate, on receipt of a written application from EDC in a format and to a timetable agreed with MHCLG. Cash balances from investment funding or grant-in-aid or other Exchequer funds shall be kept at the minimum level consistent with the efficient operation of the Agency.

### **Reporting performance to the department and EDC/MHCLG working level liaison arrangements**

8.13 EDC shall operate management, information and accounting systems that enable it to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in the corporate

and business plans. EDC shall inform MHCLG of any changes that make achievement of objectives more or less difficult. It shall report financial and non-financial performance, including performance in helping to deliver ministers' policies, and the achievement of key objectives regularly.

8.14 EDC must therefore establish and maintain adequate systems for timely, reliable and consistent recording and forecasting of expenditure and commitments and ensure that forecasts are as accurate as circumstances permit. Key and material assumptions should be reviewed regularly and, where appropriate, discussed with MHCLG.

8.15 As a minimum, EDC shall provide MHCLG with monthly information that will enable the department to satisfactorily monitor:

- EDC's cash management;
- its 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).

8.16 MHCLG will liaise on a regular basis with EDC to review financial performance against plans, achievement against targets and expenditure against its Departmental Expenditure Limit (DEL) and Annually Managed Expenditure (AME) allocations. Officials will also take the opportunity to explain wider policy developments that might have an impact on the EDC.

8.17 The Secretary of State and other Ministers may meet the Board from time to time to discuss EDC's performance, its current and future activities and any policy developments relevant to its activities. EDC will report monthly to the MHCLG-EDC programme delivery group on programme performance against delivery targets and financial budgets.

8.18 EDC must take the initiative in informing MHCLG of material changes in external conditions which make the achievement of objectives more or less difficult, or which have financial or budgetary implications

8.19 The accounting policies and accounting records maintained by EDC must at all times comply with the Government Financial Reporting Manual (FRoM). MHCLG may also require the adoption of group wide accounting policies.

### **Delegated authorities**

8.20 EDC shall 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 EDC's annual budget as approved by MHCLG;
- incurring expenditure for any purpose that is or might be considered novel or contentious, or which has or could have significant future cost implications;
- making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by MHCLG;
- making any change of policy or practice which has wider financial implications that might prove repercussive or which might significantly affect the level of resources required; and
- carrying out policies that go against the principles, rules, guidance and advice in *Managing Public Money*.

## **9 Arrangements for review**

9.1 EDC will be reviewed periodically in line with applicable Cabinet Office guidance.

### **Arrangements in the event that EDC is wound up**

9.2 MHCLG shall put in place arrangements to ensure the orderly winding up of EDC at the appropriate time. In particular it should ensure that the assets and liabilities of EDC are passed to any successor organisation and accounted for properly. In the event that there is no successor organisation, the assets and liabilities should revert to MHCLG. To this end, MHCLG shall:

- ensure that procedures are in place in EDC to gain independent assurance on key transactions, financial commitments, cash flows and other information needed to handle the wind-up effectively and to maintain the momentum of work inherited by any residuary body;
- specify the basis for the valuation and accounting treatment of Ebbsfleet DC's assets and liabilities;
- ensure that arrangements are in place to prepare closing accounts and pass to the C&AG for external audit, and that funds are in place to pay for such audits. It shall be for the C&AG to lay the final accounts in Parliament, together with his report on the accounts; and
- arrange for the most appropriate person to sign the closing accounts. In the event that another NDPB takes on the role, responsibilities, assets and liabilities, the succeeding NDPB Accounting Officer should sign the closing accounts. In the event that the department inherits the role, responsibilities, assets and liabilities, the MHCLG's Departmental AO should sign.

9.3 EDC shall provide MHCLG with full details of all agreements where it or its successors have a right to share in the financial gains of developers. It should also pass to the department details of any other forms of claw-back due.

## **10 List of annexes**

- Annex A: list of government-wide corporate guidance instructions
- Annex B: EDC boundaries and sites map
- Annex C: Pensions

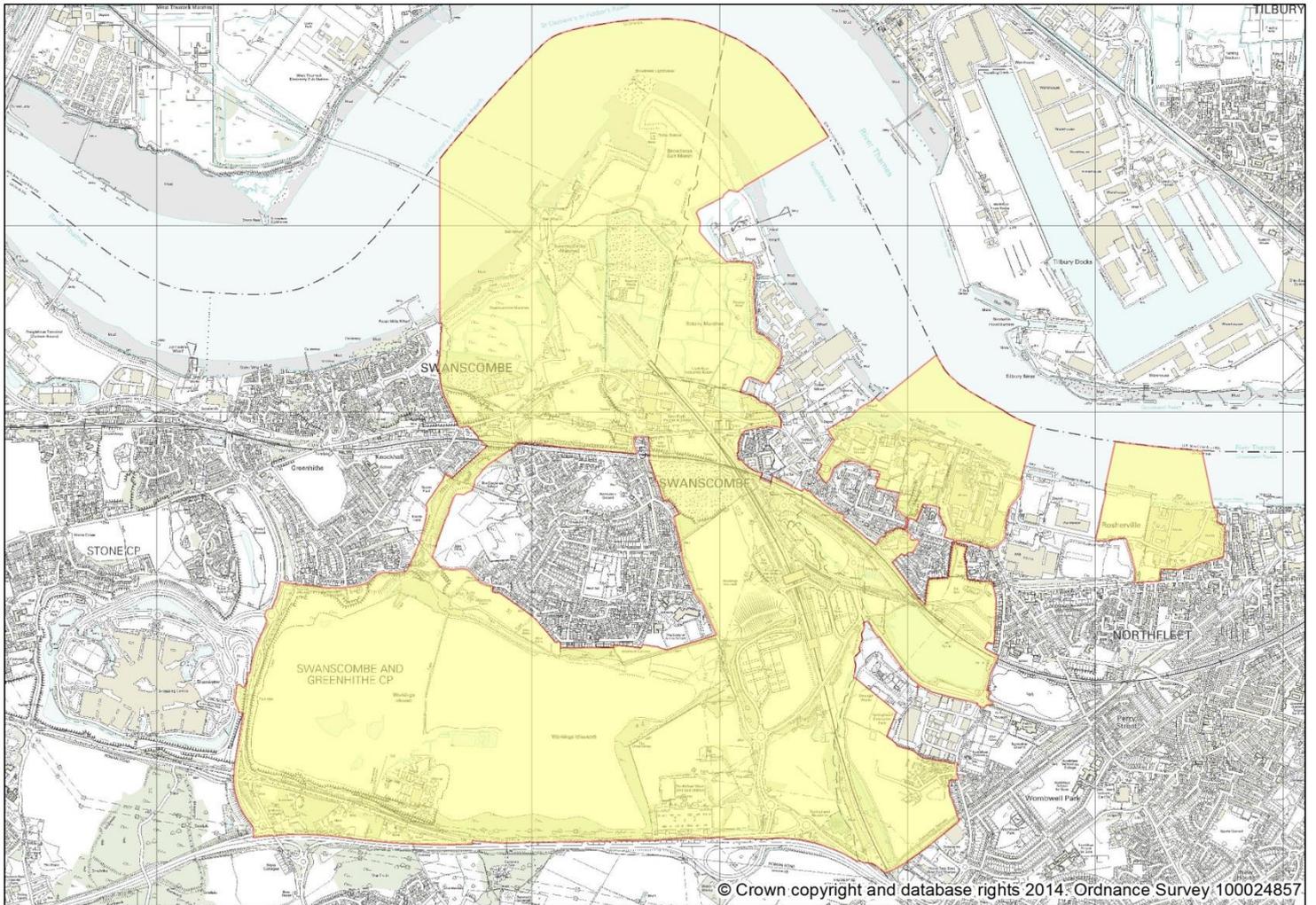
## List of government-wide - corporate guidance instructions

EDC shall 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*  
<https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments>;
- Partnerships between departments and arms length bodies: Code of Good Practice: February 2017  
<https://www.gov.uk/government/publications/partnerships-with-arms-length-bodies-code-of-good-practice>;
- Code of Conduct for Board Members of Public Bodies;  
<https://www.gov.uk/government/publications/board-members-of-public-bodies-code-of-conduct>
- Code of Practice for Ministerial Appointments to Public Bodies  
<https://www.gov.uk/government/publications/code-of-practice-for-ministerial-appointments-to-public-bodies>;
- Managing Public Money (MPM);
- Public Sector Internal Audit Standards  
<https://www.gov.uk/government/publications/public-sector-internal-audit-standards>;
- Management of Risk: Principles and Concepts: ;  
<https://www.gov.uk/government/publications/orange-book>;
- Tackling Fraud and Error in Government report:  
<https://www.gov.uk/government/publications/tackling-fraud-and-error-in-government-a-report-of-the-fraud-error-and-debt-taskforce>
- Government Financial Reporting Manual (FReM),  
<https://www.gov.uk/government/publications/government-financial-reporting-manual>
- Fees and Charges Guide, Chapter 6 of *Managing Public Money*;
- Departmental Banking: A Manual for Government Departments, annex 5.6 of *Managing Public Money*;
- relevant Dear Accounting Officer letters;
- Regularity, Propriety and Value for Money,  
[http://webarchive.nationalarchives.gov.uk/20130129110402/http://www.hm-treasury.gov.uk/psr\\_governance\\_valueformoney.htm](http://webarchive.nationalarchives.gov.uk/20130129110402/http://www.hm-treasury.gov.uk/psr_governance_valueformoney.htm);

- The Parliamentary and Health Service Ombudsman's Principles of Good Administration <http://www.ombudsman.org.uk/improving-public-service/ombudsmansprinciples>
- Consolidation Officer Memorandum, and relevant DCO letters;
- relevant Freedom of Information Act guidance and instructions (Ministry of Justice);
- other relevant guidance and instructions issued by the Treasury in respect of Whole of Government Accounts;
- other relevant instructions and guidance issued by the central Departments;
- specific instructions and guidance issued by the sponsor Department;
- recommendations made by the Public Accounts Committee, or by other Parliamentary authority, that have been accepted by the Government and relevant to the ALB.

EDC Boundaries and Sites Map



## Pensions

### Pension arrangements, general provisions

1.1 EDC staff are eligible to join the statutory, funded, Local Government Pension Scheme.

### The Local Government Pension Scheme

1.2 The LGPS is a statutory public service pension scheme established by regulation by the Secretary of State for Housing, Communities and Local Government in exercise of powers conferred by section 7 of the Superannuation Act 1972.

1.3 The legal and administrative arrangements covering the Local Government Pension Scheme shall ensure that:

(i) Responsibilities:

Overall responsibility for management of the Scheme and custody of assets is the responsibility of the relevant fund, in this case Kent County Council, in accordance with the Local Government Pension Scheme Regulations 2013, other LGPS scheme regulations and LGPS Investment Regulations.

ii) Solvency

There is an understanding that MHCLG (or any successor department) will provide support for the Local Government Pension Scheme through grant in aid to the EDC and meets its obligations under Managing Public Money.

(iii) Reporting Arrangements:

- regular (at least annual) reports must be received by the EDC on the scheme administration.
- regular (at least annual) reports must be made available to employee members and pensioner members of the Scheme. These shall be copied to (the relevant sponsoring division) at the Ministry of Housing, Communities and Local Government. LGPS Funds are required by regulation to have a triennial actuarial valuation and copies of valuation reports are required to be published and sent to the Secretary of State for Housing, Communities and Local Government under Regulation 66 of the LGPS Regulations 2013.
- The EDC must draw to the attention of Secretary of State for Housing, Communities and Local Government any other circumstances which have a significant bearing on the solvency or management of the scheme or which may have implications for public expenditure, and, if necessary, the relevant administrative authority, may ask for an interim valuation by that authority's actuary and agree an appropriate deficit recovery plan to the satisfaction of the relevant administering authority.

(iv) LGPS Pensions Committee:

The administering authority is required to formulate and publish its funding strategy statement to aid prudent fund management and may publish a pensions administration strategy about levels of performance expected by the administrator and scheme employers.

(v) Administration of Benefits

The responsibilities of those involved in payments of benefits in accordance with the LGPS provisions should be clearly set out in accordance with the LGPS Regulations 2013. Scheme administrators should report to the EDC at least annually showing what pension payments have been made over the previous year. Scheme administrators shall report to the EDC at least annually how their discretion in respect of pension payments has been exercised. Arrangements must be in place for auditing the validity of pension claims to avoid fraud and to ensure propriety.

(vi) Audit Arrangements

These should be in accordance with the Local Government Pension Scheme Regulations 2013.