

THE STANDARDS BOARD FOR ENGLAND

MANAGEMENT STATEMENT AND FINANCIAL MEMORANDUM

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1. INTRODUCTION

1.1 This document

- 1.1.1 This management statement and its associated financial memorandum was originally drawn up by the Office of the Deputy Prime Minister (ODPM - the Office) in consultation with the Standards Board for England.

Standards Board for England
Fourth Floor
Griffin House
40 Lever Street
Manchester M1 1BB

Previous address :

First Floor
Cottons Centre
London Bridge City
Cottons Lane
SE1 2QL

- 1.1.1a Changes to the document have been approved by the Department for Communities and Local Government (DCLG) following revisions submitted by the SBE.
- 1.1.2 Taken together, the management statement and financial memorandum set out the framework within which the Standards Board for England will operate. In particular they provide:
- rules and guidelines relevant to the exercise of Standards Board for England's functions, duties and powers;
 - conditions under which any public funds are paid to the Standards Board for England;
 - how the Standards Board for England is to be held to account for its performance.

However, the management statement does not convey any legal powers or responsibilities. (The statutory framework is described at paragraph 1.2 below.)

- 1.1.3 The financial memorandum sets out in greater detail certain aspects of the financial provisions which the Standards Board for England is required to observe. In addition, the Office will issue an Accounts Direction (in accordance with paragraph 13 of Schedule 4 of the Local Government Act 2000) setting out the accounting requirements for the Standards Board for England.
- 1.1.4 The management statement and financial memorandum are to be reviewed by the Office at least every fifth year (Section 7 below).
- 1.1.5 The Standards Board for England or the Office may propose amendments to either document at any time. The Office will determine what changes, if any, are to be incorporated. Legislative provisions will take precedence over any part of these documents. Significant variations to the documents will be cleared with the Treasury or the Cabinet Office, as appropriate.
- 1.1.6 The combined document is to be signed and dated by the Office and the Standards Board for England. Any question regarding the interpretation of these documents shall be resolved by the Office after consultation with the Standards Board for England and, as necessary, with the Treasury.
- 1.1.7 Copies of these document and any subsequent substantive amendments will be placed in the Libraries of both Houses of Parliament. Copies will also be made available to members of the public on request.

1.2 Status and founding legislation

- 1.2.1 The Standards Board for England is established as a body corporate under the Local Government Act 2000. The legislative provisions governing its establishment and functions are contained in sections 57 – 67 and Schedule 4 to that Act. SBE does not carry out its functions on behalf of the Crown.
- 1.2.2 By virtue of section 75 of the Local Government Act 2000, there is established a body to be known as the Adjudication Panel for England. Its functions are contained in sections 75 – 80 of that Act. The Adjudication Panel is not part of SBE. However, by virtue of paragraph 2(1)(c) of schedule 4 to the Act, the Standards Board for England is to provide and fund such administrative support as the board thinks necessary for the Panel to discharge its functions.

1.3 Classification

- 1.3.1 For administrative purposes the Standards Board for England is classified by the Machinery of Government and Standards Group, Cabinet Office as an executive non-departmental public body (NDPB).
- 1.3.2 For national accounts purposes the Standards Board for England is classified to the central government sector.
- 1.3.3 References to the Standards Board for England include all its subsidiaries and joint ventures that are classified to the public sector for national accounts purposes. If such a subsidiary or joint venture is created with the approval of the Secretary of State for Communities and Local Government there should be a document setting out the arrangements between it and SBE.

1.4 The functions, duties and powers of the Standards Board

- 1.4.1 The Local Government Act 2000 gives the Standards Board for England the following functions, duties and powers:
 - Under section 57(5) of the Local Government Act 2000, SBE:
 - must appoint Ethical Standards Officers (ESOs) to investigate allegations that members or co-opted members of relevant authorities ¹ have failed to comply with the authority's code of conduct.
 - may issue guidance to relevant authorities about the conduct of members and co-opted members.
 - may issue guidance to relevant authorities in England in relation to the qualifications or experience which monitoring officers should possess.
 - In addition, sections 53(7) and 54(6) of the Local Government Act 2000 provide that the Standards Board for England may issue guidance on the size, composition and functions of standards committees of local authorities.

¹ Relevant Authorities are defined in section 49(6) of the Local Government Act 2000

- 1.4.2 In exercising its functions the Standards Board for England is to promote and maintain high standards of conduct by members and co-opted members of relevant authorities in England.
- 1.4.3 A full list of the statutory functions of the Standards Board for England are listed in Appendix C.

2. AIM, OBJECTIVES AND TARGETS

2.1 Aim

- 2.1.1 The Standards Board for England works with local government and others to build confidence in local democracy through the promotion of high standards of conduct.

2.2 Objectives

- 2.2.1 The Standards Board for England's key objectives are:

- To assist relevant authorities achieve high standards of ethical conduct through the issue of guidance and recommendations
- To provide independent, impartial and timely investigation of alleged breaches of members' codes of conduct
- To provide support for the Adjudication Panel for England.

- 2.2.2 In meeting these objectives, the Standards Board for England is to:

- discharge its duties and exercise its powers in a way that is fair and open and preserves its independence and integrity.
- ensure the proper discharge by ESOs of their statutory functions
- put in place robust and fair procedures for the conduct of investigations and appropriate rules governing privacy and confidentiality, consistent with the provisions in section 63 of the Local Government Act 2000 and other

relevant legislation (such as the Human Rights Act 1998 and the Data Protection Act 1998).

- Establish effective working relationships with other bodies, including the Police, the Commission for Local Administration and District Audit; and, as appropriate, to develop protocols with them about the conduct of investigations in which they have a joint interest.

2.3 Targets

- 2.3.1 DCLG determines the framework within which the Standards Board for England's objectives and targets are set. The Standards Board for England's key targets shall be consistent with the Office's Public Service Agreement (PSA). The key performance targets relating to these objectives are to be set out in the Standards Board for England's corporate and business plans (see Section 4 below).

3. **RESPONSIBILITIES AND ACCOUNTABILITY**

3.1 The Secretary of State for Communities and Local Government

- 3.1.1 The Secretary of State for Communities and Local Government is accountable to Parliament for the activities and performance of SBE. His/her responsibilities include:

- approving the policy and performance framework within which SBE will operate, including objective setting;
- providing information to Parliament about the Standards Board for England, as required;
- determining, with the approval of the Treasury the amount of grant-in-aid to be paid to the Standards Board for England, and seeking the necessary Parliamentary approval;

- carrying out responsibilities specified in the founding legislation including appointments to the board, approval of terms and conditions of staff, and laying of annual report and accounts before Parliament.

3.2 The Permanent Secretary of the Office

3.2.1 The Permanent Secretary, as the Office's Principal Accounting Officer (AO), and the Director General of the Local and Regional Government Group as an additional AO, are responsible for the overall organisation, management and staffing of the Office, and for ensuring that there is a high standard of financial management in the Office as a whole. In particular the Additional Accounting Officer:

- is responsible for ensuring that the financial and other management controls applied by the Office to the Standards Board for England are appropriate and sufficient to safeguard public funds and for monitoring the Standards Board for England's compliance with those controls ("public funds" include not only any funds granted to the Standards Board for England by Parliament but also any other funds generated by approved activities or falling within the stewardship of the Standards Board for England);
- must be satisfied that the internal controls applied by the Standards Board for England conform to the requirements of regularity, propriety and good financial management;
- is accountable to Parliament for the issue of grant-in-aid, and for ensuring that the subvention is within the ambit and the amount of the Request for Resources, and that Parliamentary authority has been sought and given.

3.2.2 The responsibilities of a departmental Accounting Officer are set out in more detail in Chapter 4 of *Government Accounting*.

3.3 The sponsoring team in DCLG

3.3.1 Within DCLG, Democracy and Local Governance Division (DLG) is the sponsoring team for SBE. DLG is the primary source of advice to the Secretary of State for Communities and Local Government on the discharge of his responsibilities in respect of SBE, and the primary point of contact for the Standards Board for England within the Office.

3.3.2 The main functions of DLG are:

- to advise the Secretary of State for Communities and Local Government on an appropriate budget for the Standards Board for England within the Office's overall public expenditure provision, and on appropriate performance targets for the Standards Board for England;
- to monitor and review the Standards Board for England's performance against targets and against its total financial provision; to submit advice to the Secretary of State for Communities and Local Government and to take action, as appropriate;
- to communicate relevant Government policy to the Standards Board for England and advise on the interpretation of that policy; and to issue specific guidance to SBE as necessary;
- to advise the Secretary of State for Communities and Local Government, at a strategic level, on how well the the Standards Board for England is achieving its current objectives and whether it is delivering value for money.

3.4 The Chair of the Standards Board for England

3.4.1 The Chair, Deputy Chair and other appointed members constitute the board of SBE and are appointed by the Secretary of State for Communities and Local Government following an open competition in line with guidance issued by the Commissioner for Public Appointments.

3.4.2 The Chair of the board is personally responsible to the Secretary of State for Communities and Local Government for the Standards Board for England's policies and for the probity with which the Standards Board for England conducts its affairs. Communications between the board and DCLG Ministers will normally be through the Chairman.

3.4.3 The Chair has a particular responsibility for providing effective strategic leadership on the following matters:

- formulating the Standards Board for England's strategy for discharging its statutory duties;
- encouraging high standards of propriety and promoting the efficient and effective use of staff and other resources throughout the Standards Board for England;

- ensuring that the Standards Board for England, in reaching decisions, takes proper account of guidance provided by the responsible Minister or the Office;
- ensuring adequate separation between those staff directly involved in investigations and those staff supporting the Adjudication Panel. The Chairman shall consult the President of the Adjudication Panel and the Council on Tribunals when making the necessary administrative and organisational arrangements.
- ensuring the proper discharge by ESOs of their statutory functions.
- representing the views of the Standards Board for England to local government, other relevant authorities and the general public;
- providing an assessment of the performance of individual board members, at the request of the Secretary of State for Communities and Local Government, when they are being considered for re-appointment to the board of the Standards Board for England.

3.4.4 The Chair shall ensure that all members of the board, when taking up office, are fully briefed on the terms of their appointment and on their duties, rights and responsibilities and, when Board vacancies arise, shall advise the Secretary of State for Communities and Local Government of the needs of the the Standards Board for England with a view to ensuring proper balance of professional and financial expertise.

3.4.5 SBE should prepare its own code of practice for board members based on the model Code of practice for Board Members of Public Bodies issued by the Cabinet Office. Any substantial differences will require the approval of the Office. The Code shall commit the Chairman and other board members to the Nolan seven principles of public life and as part of the code of practice, a comprehensive and publicly available register of interests must be maintained.

3.5 The Board

3.5.1 The board members are appointed by the Secretary of State for Communities and Local Government following an open competition.

3.5.2 Board members have corporate responsibility for ensuring that the Standards Board for England complies with any statutory or administrative requirements for the use of public funds. Other important responsibilities of board members are:

- ensuring that high standards of corporate governance are observed at all times;
- establishing the overall strategic direction of the Standards Board for England within the policy and resources framework agreed with the Secretary of State for Communities and Local Government;
- ensuring that the Standards Board for England operates within the limits of its statutory authority and any delegated authority agreed with the Office, and in accordance with any other conditions relating to the use of public funds;
- ensuring that, in reaching decisions, the Standards Board for England has taken into account any relevant guidance issued by the DCLG;
- appointing, with the Secretary of State for Communities and Local Government's approval, a Chief Executive for the Standards Board for England.
- ensuring that within the Standards Board for England a distinction is made between strategic planning and management, which are the responsibilities of the Board, and day-to-day management issues, which have been delegated to the Chief Executive. These arrangements shall be set down in writing.

3.5.3 Individual Board members shall also be aware of their wider responsibility as Members of the Board – namely, to:

- comply at all times with the Code of Practice [paragraph 3.4.5 above] that is adopted by the the Standards Board for England and with the rules relating to the use of public funds and to conflicts of interest;
- act in good faith and in the best interests of the the Standards Board for England;
- 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; and
- comply with the Board's rules on the acceptance of gifts and hospitality and of business appointments.

3.5.4 Members of the board (including the Chair) must not give the Chief Executive instructions which conflict with the latter's duties as the Standards Board for England's accounting officer.

3.6 The Chief Executive

3.6.1 The appointment of the first Chief Executive is by the Secretary of State in consultation with the Chairman – thereafter the Chief Executive is appointed by the Standards Board for England's board with the consent of the Secretary of State for Communities and Local Government. The Chief Executive is responsible to the board for the day to day operations and management of the Standards Board for England.

3.6.2 The Chief Executive, on taking up appointment, will normally be designated as the Standards Board for England's accounting officer by the additional accounting officer of the Office.

3.6.3 As the Standards Board for England's accounting officer the Chief Executive is personally responsible for safeguarding the public funds for which he has charge, for the propriety and regularity with which those funds are used and for the day-to-day operations and management of the Standards Board for England . He should act in accordance with any direction(s) to the Standards Board for England issued by the Secretary of State for Communities and Local Government. He should also act in accordance with the terms of this document and with the instructions and guidance in *Government Accounting* and other instructions and guidance issued from time to time by the Office, the Treasury and the Cabinet Office - in particular, the Treasury memorandum *The Responsibilities of an NDPB Accounting Officer* and the Treasury document *Regularity and Propriety*, both of which the Chief Executive will receive on appointment.

3.6.4 As the Standards Board for England's accounting officer, the Chief Executive shall

- establish, in agreement with the Office, the the Standards Board for England 's corporate and business plans, and within that framework inform the Department of the Standards Board for England 's progress in helping to achieve the Office's policy objectives and in demonstrating how resources are being used to achieve those objectives;

- advise the Board on the the Standards Board for England s performance compared with its aim and objectives;
- advise the Board on the discharge of its responsibilities as set out in the Management Statement and in any other relevant instructions and guidance that may be issued from time to time;
- ensure that all public funds made available to the Standards Board for England are used for the purpose for which they were intended by Parliament, and that such funds, together with the Standards Board for England’s assets, equipment and staff, are used economically, efficiently and effectively;
- ensure that timely monitoring information and forecasts are provided to the Office; that corrective action is taken to avoid overspends; and that the Office is notified promptly when overspends are likely;
- ensure that financial considerations are taken fully into account by the Standards Board for England at all stages in reaching and executing its decisions, and that standard financial appraisal techniques are followed as far as is practical;
- ensure that adequate internal management and financial controls are maintained by the Standards Board for England, including effective measures against fraud and theft and prepare a statement on internal control in accordance with DAO (GEN) 13/00.
- maintain effective separation at an operational level between those staff directly involved in investigations and those staff involved in supporting the adjudication process.
- maintain a comprehensive system of internal delegated authorities which should be notified to all staff, together with a system for regularly reviewing compliance with these delegations;
- ensure that appropriate personnel management policies are maintained;
- be responsible for signing the accounts and for ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by the Secretary of State for Communities and Local Government; and shall sign a Statement of Accounting Officer’s responsibilities_and a statement on the system of internal control, for inclusion in the annual report and accounts;
- take action as set out in paragraphs 14-18 of the NDPB Accounting Officer Memorandum if the Board, or its Chairman, 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 or efficiency or effectiveness;

- give evidence, normally with the Accounting Officer of the Office, when summoned before the Public Accounts Committee on the use and stewardship of public funds by the Standards Board for England.
- ensure that effective procedures for handling complaints about the Standards Board for England are established and made widely known.

3.6.5 The Chief Executive may delegate the day-to-day administration of these accounting officer responsibilities to other employees of the Standards Board for England. However, he shall not assign absolutely to any other person any of the responsibilities set out in this document.

3.6.6 The Chief Executive is the Principal Officer for the purpose of the handling of cases involving the Parliamentary Commissioner for Administration. The Principal Officer is responsible for informing the Permanent Secretary of the Office about any complaints against the Standards Board for England that are accepted by the Ombudsman for investigation, and about the Standards Board for England's proposed response to any subsequent recommendations of the Parliamentary Commissioner for Administration.

4. PLANNING, BUDGETING AND CONTROL

4.1 The corporate plan

4.1.1 In November each year, SBE will submit to the Office a draft corporate plan for the next financial year and the succeeding two financial years. The Standards Board for England will have agreed with the Office, in advance, the issues to be addressed in the plan and the timetable for its preparation. Subject to any amendments agreed between the Office and the Standards Board for England, the plan will be approved by the Secretary of State for Communities and Local Government in January of the following year.

4.1.2 The plan will reflect the Standards Board for England's statutory duties and, within those duties, the priorities set from time to time by the Secretary of State for Communities and Local Government. In particular, the plan will ensure that

SBE contributes to the achievement of any of DCLG's Public Service Agreement targets, as notified to the Standards Board for England by the Office.

4.1.3 The corporate plan will set out:

- the Standards Board's key objectives and associated key performance targets for the next financial year and two succeeding years, and its strategy for achieving those objectives;
- Where possible, a review of the the Standards Board for England 's performance in the preceding financial year together with comparable outturns for the previous 3 years and an estimate of performance in the current year.
- a forecast of expenditure and income in the next financial year and two succeeding years, taking account of guidance on resource assumptions and policies provided by the Office at the beginning of the planning round. These forecasts should represent the Standards Board for England's best estimate of its available income, including any grant-in-aid and other expenditure within the Standards Board for England's provision within Total Managed Expenditure;

4.1.4 The main elements of the corporate plan – including the key performance targets – will be agreed between the Office and the Standards Board for England in the light of the Office's decisions on policy and resources taken in the context of the Government's wider public expenditure decisions.

4.1.5 the Standards Board for England's first corporate plan will cover the financial year 1 April 2002 – 31 March 2003 and the two succeeding years from 1 April 2003 – 31 March 2005.

4.2 The business plan

4.2.1 The first year of the corporate plan, amplified as necessary, shall form the business plan. Thus the business plan shall include key targets and milestones for the year immediately ahead, and shall be linked to budget information so that resources allocated to achieve specific objectives can be readily identified by the Department for Communities and Local Government.

4.3 Publication of plans

4.3.1 The corporate and business plans shall be published.

4.4 Performance against key targets

4.4.1 The Standards Board for England E will establish management information and accounting systems which enable it to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in its agreed corporate and business plans.

4.4.2 The Standards Board for England's performance against key non-financial targets will be reported to the Office on a three-monthly basis. Overall performance will be periodically reviewed by DLG. The Secretary of State for Communities and Local Government will regularly meet the board to discuss SBE's performance, its current and future activities and any policy developments relevant to those activities: the frequency of meetings between officials of the Office and the the Standards Board for England will be mutually agreed.

4.4.3 SBE shall take the initiative in informing the Office of changes in external conditions which make the achievement of objectives more or less difficult, or which may require a change to the budgets or objectives set out in the corporate or business plans.

4.4.4 The Standards Board for England's performance against key targets will be reported in its annual report and accounts.

4.5 Budgeting procedures

4.5.1 The the Standards Board for England's budgeting procedures are set out in the Financial Memorandum

4.6 Financial Reporting

4.6.1 By the 26th working day of each month, or such other day as agreed by the Office, the SBE shall provide the Office with actual expenditure information for

the previous month and profiled expenditure for the rest of the year, broken down by the budgets at appendix A.

4.6.2 By the 26th day each month, or such other day as agreed by the Office, the Standards Board for England will provide the Office with an estimate of its grant-in-aid requirement for the following month.

4.7 Internal audit

4.7.1 The Standards Board for England shall establish and maintain effective arrangements for internal audit in accordance with the Treasury's Government Internal Audit Standards. The Standards Board for England shall also set up an Audit Committee as a committee of the Board in accordance with the Cabinet Office's Guidance on Codes of Practice for Public Bodies.

4.7.2 The Office will assess the effectiveness of the Standards Board for England's internal audit arrangements by periodic peer reviews by its Internal Audit Service, and by scrutiny of planning and reporting documents prepared by the Standards Board for England's internal auditor. The documents listed below (including any amendments thereto) shall be provided as soon as possible to the Head of Internal Audit at the Office once they have been approved by the Standards Board for England's Accounting Officer:

1. Internal Audit terms of reference and any amendments
2. details of the Standards Board for England's Audit Committee's terms of reference and any amendments;
3. long term audit plans;
4. annual programme of audit work;
5. the Head of Internal Audit's annual report and his professional opinion on the adequacy and effectiveness of the internal control system and the extent to which it can be relied on;
6. quarterly lists of Internal Audit reports;
7. annual report on fraud and theft involving the Standards Board for England.

4.8 DCLG Access

- 4.8.1 The Office reserves the right to carry out independent reviews of the Internal Audit arrangements put in place by the Standards Board for England.

5. **EXTERNAL ACCOUNTABILITY**

5.1 The annual report and accounts

- 5.1.1 After the end of each financial year, the Standards Board for England shall prepare an annual report of its activities, together with its audited annual accounts. This is to be given to the Office in early July on a date to be notified by the Office. The report will also cover the activities of the Adjudication Panel.
- 5.1.2 The report and accounts will comply with the Treasury document "Executive NDPBs: Annual Reports and Accounts Guidance". The accounts will be prepared in accordance with the relevant statutes and the specific Accounts Direction issued by the Office, with Treasury Approval. The Accounts Direction will specify the form and content of the accounts, the information to be contained in the statements, the manner in which the information is to be presented, and the principles according to which the statements are to be prepared.
- 5.1.3 The report will outline the Standards Board for England's main activities and performance during the previous financial year and set out in summary form the Standards Board for England's forward plans. Information on performance against key financial targets shall be included in the notes to the accounts, and will therefore be within the scope of the audit.
- 5.1.4 The report and audited accounts will be laid before Parliament by the National Audit Office.

5.2 External audit

- 5.2.1 The Standards Board for England's accounts will be audited by the National Audit Office. The Standards Board for England shall submit the audited accounts to the Secretary of State for Communities and Local Government for approval before they are laid before Parliament. In addition, the Comptroller & Auditor General will have access to the books and records of SBE in order to follow up

any concerns over matters of regularity and propriety and to carry out examinations into the economy, efficiency and effectiveness with which the Standards Board for England has used its resources in discharging its functions.

5.2.2 No longer required

5.2.3 Where appropriate, the Office will commission from the National Audit Office additional reports providing assurance about the financial systems within the Standards Board for England. The Standards Board for England shall facilitate the provision of such reports.

5.3 VFM examinations

5.3.1 The C&AG may carry out examinations into the economy, efficiency and effectiveness with which the the Standards Board for England has used its resources in discharging its functions. For the purpose of these examinations the C&AG has statutory access to documents as provided for under the National Audit Act 1983. The Standards Board for England shall provide, in conditions to grants and contracts, for the C&AG to have access to documents held by grant recipients and contractors that may be required for such examinations; and shall use its best endeavours to secure access for the C&AG to any other documents required which are held by other bodies.

6. **STAFFING**

6.1 Staff Management

6.1.1 Within the arrangements approved by the Secretary of State for Communities and Local Government, the Standards Board for England will have responsibility for the recruitment, retention and motivation of its staff.

6.1.2 Subject to these arrangements, the Standards Board for England will ensure that:

- the recruitment of staff is based on fair and open competition and equal opportunities;
- 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 staff at all levels is satisfactorily appraised;

- its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve the Standards Board for England's objectives;
- proper consultation with staff takes place on key issues affecting them;
- adequate grievance and disciplinary procedures are in place;
- a code of guidance for staff is in place based on the Cabinet Office document *Model Code for Staff of Executive Non-Departmental Public Bodies*.

7. **REVIEWING THE ROLE OF THE STANDARDS BOARD**

7.1 Financial Management and Policy Review

- 7.1.1 The Office will commission a Financial Management and Policy Review of the Standards Board at least every five years or at such other intervals as the Office may determine. Following the Board's transition to a strategic regulator may be the appropriate point for a FMPR to be commissioned.

Annex 1

FINANCIAL MEMORANDUM

A. INTRODUCTION

B. THE STANDARDS BOARD for ENGLAND 'S INCOME AND EXPENDITURE – GENERAL

- (i) The Departmental Expenditure Limit (DEL)
- (ii) Expenditure not proposed in the budget
- (iii) Procurement
- (iv) Competition
- (v) Value for Money
- (vi) Timeliness in paying bills
- (vii) Novel, contentious or repercussive proposals
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C. THE STANDARDS BOARD for ENGLAND'S INCOME

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- (vi) Fines, taxes and other receipts
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K. REVIEW OF FINANCIAL MEMORANDUM

A. INTRODUCTION

1. This financial memorandum forms part of the management statement. It sets out in greater detail certain aspects of the financial framework within which the Standards Board for England is required to operate.
2. The terms and conditions set out in the combined management statement and financial memorandum may be supplemented by guidelines or directions issued by the Secretary of State for Communities and Local Government in respect of the exercise of any individual functions, powers and duties of the Standards Board for England.
3. The Standards Board for England shall satisfy the conditions and requirements set out in the combined document, together with such other conditions as the Secretary of State for Communities and Local Government may from time to time impose.

B. THE STANDARDS BOARD for ENGLAND'S INCOME AND EXPENDITURE - GENERAL

(i) The Departmental Expenditure Limit (DEL)

4. The Standards Board for England's current and capital expenditure form part of DCLG's Resource DEL and Capital DEL respectively.

(ii) Expenditure not proposed in the budget

5. The Standards Board for England shall not, without prior written Office approval, enter into any undertaking to incur any expenditure falling outside the Standards Board for England's delegations or not provided for in its annual budget as approved by the Department.

(iii) Procurement

6. The Standards Board for England's procurement policies shall reflect guidance from the Office of Government Commerce including *Procurement Policy Guidelines* (and any guidance on benchmarking and contracting out). The Standards Board for England shall also ensure that it complies with any relevant EU or other international procurement rules.

(iv) Competition

7. Contracts shall be placed on a competitive basis and tenders accepted from suppliers who provide best value for money overall.

8. Any contracts to be let other than by competitive tender require the prior consent of the Department, except for the following categories:
- **De Minimis:** formal competitive tenders are not required for contracts worth less than £5,000.
 - **Single Tender:** contracts up to £25,000 where there is no reasonable alternative (for example, for certain specialist or fixed price services) or in cases of extreme urgency (for example, to remove a risk to public safety) may be let by single tender action.
9. The Standards Board for England shall send to the Office after each financial year a report for that year explaining any contracts below the delegation threshold in which competitive tendering was not employed.

(v) Value for money

10. Procurement of works, equipment, goods and services shall be based on value for money, ie quality (in terms of fitness for purpose) and delivery against price. Where appropriate, an option appraisal shall be carried out before procurement decisions are taken.

(vi) Timeliness in paying bills

11. The Standards Board for England shall collect receipts and pay all properly authorised invoices in accordance with the terms of contracts or within 30 days, as provided for in Annex 16.2 of Government Accounting. The SBE shall comply with the British Standard for Achieving Good Payment Performance in Commercial Transactions (BS 7890), and with the Late Payment of Commercial Debts (Interest) Act 1998 as amended, which allows creditors to claim statutory interest and compensation on late payment of commercial debts.

(vii) Novel, contentious or repercussive proposals

12. The Standards Board for England shall obtain the approval of the Office before:
- incurring any expenditure for any purpose which is or might be considered novel or contentious, or which has or could have significant future cost implications, including on staff benefits;
 - making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by the Office;
 - making any change of policy or practice which has wider financial implications (eg because it might prove repercussive among other

public sector bodies) or which may significantly affect the future level of resources required.

(viii) Risk management

13. The Standards Board for England shall ensure that the risks which it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance, and shall develop a risk management strategy, in accordance with the Treasury guidance *Management of Risk: A Strategic Overview*.
14. The Standards Board for England shall adopt and implement policies and practices to safeguard itself against fraud and theft, in line with Treasury's guide *Managing the Risk of Fraud*.
15. The Standards Board for England shall 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 which it intends to give grant-in-aid.

C. STANDARDS BOARD for ENGLAND'S INCOME

(i) Grant-in-aid

16. Grant-in-aid will be paid to the Standards Board for England in monthly installments, on the basis of a written application from the Standards Board for England showing evidence of need. The application shall certify that the conditions applying to the use of grant-in-aid have been observed to date and that further grant-in-aid is now required for purposes appropriate to the Standards Board for England's functions.
17. The Standards Board for England should have regard to the guidance in DAO(GEN)14/01 and to the general principle enshrined in chapter 9 of Government Accounting that it should seek grant-in-aid according to need.
18. Cash balances accumulated during the course of the year from grant-in-aid or other Exchequer funds shall be kept at the minimum level consistent with the efficient operation of the Standards Board for England. Grant-in-aid not drawn down by the end of the year shall lapse. However, where draw down of funds is delayed to avoid excess cash balances at year end, the Office shall make available in the next financial year, subject to the approval by Parliament of the relevant Estimates provision, any such grant-in-aid required to meet any liabilities at year end, such as creditors.

(ii) End-year flexibility

19. As set out in PES(2000)25, the Office will aim to set firm multi-year plans and cascade end-year flexibility (EYF) on budgets where possible. In particular, the Office will aim to:

- agree, ahead of the year in question, a rolling three-year budget, fixed for at least the first year and with indicative amounts for subsequent years;
- decide at that point the Standards Board for England's likely entitlement to EYF against the overall DCLG position (having regard to any loss of EYF as a result of Departmental Expenditure Limit (DEL) Reserve claims made by the Office) and Ministerial priorities, on the presumption that at least 80% of any underspend by the Standards Board for England that represents slippage (as opposed to eg initial overprovision or abandonment of a project or programme) will normally be available for carryover in the area where it has arisen;
- adjust (if necessary) and confirm the amount of EYF when accurate information is available in the Public Expenditure Outturn White Paper, taking account of outturn and of any DEL Reserve claims which might limit the EYF entitlement of the Office itself.

20. NOTE: Unused grant-in-aid does not determine EYF. This is because grant-in-aid is outside DCLG's DEL budget and merely contributes to the cash-financing mechanism for the Standards Board for England. What hits the Office's DEL budget is the actual spending of the Standards Board for England in resource terms, whether or not financed by grant-in-aid. (Further details can be found in the SR2002 guidance: Annex C, on detailed budgeting rules.) It is therefore the Standards Board for England's underspending in resource terms which generates the DEL EYF and which the Office will aim to cascade down to the Standards Board for England.

(iii) Receipts from sale of goods or services, etc

21. Receipts from the sale of goods and services are classified as negative public expenditure in national accounts and are therefore normally offset against the DEL (ie, they provide additional DEL spending power). If there is any doubt about the correct classification of a receipt the Standards Board for England shall consult the Office, who shall consult the Treasury as necessary.

(iv) Wider markets

22. In accordance with the wider markets policy the Standards Board for England shall seek to maximise receipts from non-Exchequer sources

provided that this is consistent with (a) the Standards Board for England's main functions (b) its corporate plan as agreed with the Office.

(v) Fees and charges

23. Fees or charges for any services supplied by the Standards Board for England shall be determined in accordance with the Treasury's *Fees and Charges Guide*, and the Freedom of Information Act when brought into effect.

(vi) Fines, taxes and other receipts

24. Most fines and most taxes (including levies and some licences) are not negative public expenditure and do not provide additional DEL spending power. Such receipts should either be surrendered to the Office or, if retained, will either reduce the need for grant-in-aid or, if used to finance additional expenditure by the Standards Board for England, will require additional DEL cover from the Office.

(vii) Interest earned

25. Any interest earned by the Standards Board for England on its assets will be given the same budgeting treatment as the cost of capital charge on the assets.

26. Under SR2002 budgeting rules (which operate from 2003-04), the cost of capital charge and any interest receipts on most DEL financed assets score as resource DEL.

27. If the receipts are used to finance additional expenditure by the Standards Board for England, the Office will need to ensure it has the necessary DEL cover. Any interest earned on cash balances arising from grant-in-aid or other Exchequer funds shall be treated as a receipt from an Exchequer source. Depending on the budgeting treatment of this receipt, it may lead to commensurate reduction of grant-in-aid or be required to be surrendered to the Consolidated Fund via the Office.

(viii) Unforecast changes in in-year income

28. If the negative DEL income realised or expected to be realised in-year is less than estimated, the Standards Board for England shall, unless otherwise agreed with the Office, ensure a corresponding reduction in its gross expenditure so that the authorised provision is not exceeded. [NOTE: For example, if the Standards Board for England is allocated £100 resource DEL provision by DCLG and expects to receive £10 of negative DEL income, it may plan to spend a total of £110. If income (on an accruals basis) turns out to be only £5 SBE will need to reduce its expenditure to £105 to avoid breaching its budget. If the Standards Board

for England still spends £110 ODPM will need to find £5 of savings from elsewhere within its total DEL to offset this overspend.]

29. If the negative DEL income realised or expected to be realised in the year are more than estimated, the Board may apply to the Office to retain the excess income for specified additional expenditure within the current financial year without an offsetting reduction to grant-in-aid. Such applications will be considered by the Office taking account of competing demands for resources. If an application is refused any grant-in-aid shall be commensurately reduced or the excess receipts shall be required to be surrendered to the Exchequer via the Office. (These arrangements are subject to the provisions set out under the heading *Disposal of assets* below.)

(ix) Build-up and draw-down of deposits

30. The Standards Board for England shall comply with the rules that any DEL expenditure financed by the draw-down of deposits counts within DEL and that the build-up of deposits may represent a saving to DEL (if the related receipts are negative DEL in the relevant budgets).
31. The Standards Board for England shall ensure that it has the necessary DEL provision for any expenditure financed by draw-down of deposits.

(x) Proceeds from disposal of assets

32. Disposals of land and buildings are dealt with in Section VI below.

(xi) Gifts and bequests received

33. The Standards Board for England will not normally receive any gifts. However, if any gifts are received the Standards Board for England shall keep a written record of any such gifts, bequests and donations, whether given or received, and of their estimated value and whether they are disposed of or retained.

(xii) Receipts from the EC

34. Receipts from the European Community (if retained by the Office/ Standards Board for England) do not provide additional DEL spending power for the Standards Board for England and must be taken into account in the budget agreed with DCLG before the beginning of the year. [NOTE: Such receipts benefit the 'EC net payments' line in the Office's AME total.]

(xiii) Borrowing

35. The Standards Board for England shall observe the rules set out in Section 29.5 of *Government Accounting* when undertaking borrowing of any kind. The SBE shall seek the approval of the Office to ensure that it has any necessary authority and budgetary cover for any borrowing or the expenditure financed by such borrowing. Medium or long term private sector or foreign borrowing is subject to the value for money test in *Government Accounting*.

(xiv) Reserves

36. No grant or grant-in-aid shall be paid into any reserve held by the Standards Board for England. Funds in any reserve may be a factor for consideration when grant-in-aid is determined.

D. EXPENDITURE ON STAFF

(i) Staff costs

37. Subject to its delegated levels of authority the Standards Board for England shall ensure that the creation of any additional posts does not incur forward commitments which will exceed its ability to pay for them.

(ii) Pay and conditions of service

38. The staff of the Standards Board for England, whether on permanent or temporary contract, shall be subject to levels of remuneration determined by the Secretary of State for Communities and Local Government and terms and conditions of service (including superannuation) approved by the Office. SBE has no delegated power to amend these terms and conditions.

39. Before making any pay determination, the Secretary of State for Communities and Local Government will invite proposals from SBE for a pay and grading system (including pay related terms and conditions, such as leave arrangements and fringe benefits) that will meet its operational needs. Any system should make a clear link between pay and performance. [See Para 43 below]

40. SBE may, at any time, make proposals to the Office for changes to any pay determination made by the Secretary of State for Communities and Local Government, and in respect of annual pay settlements for its staff. Proposed settlements will need to comply with Government policy on public sector pay (including policy on equal opportunities and encouraging

diversity), and will be subject to DCLG approval. The Standards Board for England will be expected to produce a pay bargaining plan. Guidance on pay and grading issues is contained in Cabinet Office Pay Delegation Guidance Notes relevant copies of which can be obtained from DLG.

41. Current terms and conditions for staff of the Standards Board for England are those set out in its Employee Handbook. The SBE shall provide the Department with a copy of the Handbook and subsequent amendments.
42. The travel expenses of Board Members are to be determined by the Secretary of State for Communities and Local Government on the basis of these being tied to the rates allowed to the chief executive of the Standards Board for England. Reasonable actual costs shall be reimbursed.
43. The Standards Board for England shall operate a performance-related pay scheme which shall form part of the general pay structure approved by the Department and the Treasury. [See Para 39 above]
44. The Standards Board for England shall comply with the EU directive on contract workers [“Fixed Term Employees Regulations (Prevention of Less Favourable Treatment”)].

(iii) Pensions; redundancy/compensation

45. The Standards Board for England 's staff shall normally be eligible for a pension provided by admittance to the Local Government Pension Scheme (LGPS).
46. Staff are free to take out personal pensions but the employer's contribution shall normally be limited to the national insurance rebate level.
47. Any proposal by the Standards Board for England to move staff from the existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the approval of the Office. Proposals on severance payments must comply with DAO(GEN) 04/02.

E. NON-STAFF EXPENDITURE

(i) Capital expenditure

48. Subject to being above an agreed capitalisation threshold (£2,500), all expenditure on the acquisition or creation of fixed assets shall be capitalised on an accruals basis. Expenditure to be capitalised shall include the (a) acquisition, reclamation or laying out of land; (b) acquisition, construction, preparation or replacement of buildings and other structures

or their associated fixtures and fittings; and (c) acquisition, installation or replacement of movable or fixed plant, machinery, vehicles and vessels.

49. Proposals for large-scale individual capital projects or acquisitions will normally be considered within the Standards Board for England's corporate planning process. Applications for approval by the Office [and if necessary the Treasury] shall be supported by formal notification that the proposed project or purchase has been examined and duly authorised by the Board. Regular reports on the progress of projects shall be submitted to the Office.

50. Within its approved overall resources limit the Standards Board for England shall have delegated authority to spend up to £250,000 on any individual capital project or acquisition. Beyond that delegated limit, the Office's prior authority must be obtained before expenditure on an individual project or acquisition is incurred.

(ii) Transfer of funds within budgets

51. Unless financial provision is subject to specific DCLG or Treasury controls (eg, where provision is ring-fenced for specific purposes), transfers between budgets within the total capital budget or between budgets within the total revenue budget do not need DCLG approval. [NOTE: Under SR2002 budgeting rules (which operate from 2003-04) transfers from capital to resource budgets are not allowed.]

(iii) Lending, guarantees, indemnities; contingent liabilities; letters of comfort

52. The Standards Board for England shall not, without the Office's prior written consent, lend money, charge any asset or security, give any guarantee or indemnities or letters of comfort, or incur any other contingent liability (as defined in chapter 26 of *Government Accounting*) whether or not in a legally binding form.

(iv) Gifts; write-offs, losses and other special payments

53. The Standards Board for England shall have delegated authority:

- to write off individual losses up to the value of £25,000;
- to make a single gift or special payment up to the value of £500. Such gifts and special payments shall not exceed a total value of £10,000 in any one year.

54. Proposals for making gifts or other special payments (including write-offs) outside the delegated limits must have the prior approval of the Office.
55. Gifts to staff are subject to the requirements of DAO(GEN) 13/01 and the associated Cabinet Office guidance on non-pay rewards.

(v) Leasing

56. Prior DCLG approval must be secured for all property and finance leases. The Standards Board for England must have capital DEL provision for finance leases and other transactions which are in substance borrowing.
57. Before entering into any lease (including an operating lease) the Standards Board for England shall demonstrate that the lease offers better value for money than purchase.

(vi) Public/Private Partnerships

58. The Standards Board for England shall seek opportunities to enter into Public/Private Partnerships where this would be more affordable and offer better vfm than conventional procurement. Where cash flow projections may result in delegated spending authority being breached the Standards Board for England shall consult the Office.
59. Any partnership controlled by the Standards Board for England shall be treated as part of the Standards Board for England in accordance with UK GAAP and consolidated with it [subject to any particular treatment required by UK GAAP]. Where the judgment over the level of control is a close one the Office will consult the Treasury (who may need to consult with the Office of National Statistics over national accounts treatment).

(vii) Subsidiary companies

60. The Standards Board for England shall not establish subsidiary companies without the express approval of the Office.
61. Any subsidiary company controlled or owned by the Standards Board for England shall be consolidated with it in accordance with UK GAAP for public expenditure accounts purposes [subject to any particular treatment required by UK GAAP]. Where the judgment over the level of control is a close one the Office will consult the Treasury (who may need to consult with the Office of National Statistics over national accounts treatment). Unless specifically agreed with the Office and the Treasury, such subsidiary companies shall be subject to the controls and requirements set out in this Management Statement and Financial Memorandum

(viii) Financial investments

62. The Standards Board for England shall not make any investments in traded financial instruments without the prior written approval of the Office, nor shall it aim to build up cash balances or net assets in excess of what is required for operational purposes. Equity shares in ventures which further the objectives of the Standards Board for England shall equally be subject to DCLG approval unless covered by a specific delegation.

(ix) Unconventional financing

63. Unless otherwise agreed with the Office, the Standards Board for England shall not enter into any unconventional financing arrangement.

(x) Commercial insurance

64. The Standards Board for England shall not take out any insurance without the prior approval of the Office, other than third party insurance required by the Road Traffic Acts and any other insurance which is a statutory obligation or which is permitted in paragraph 30.4.2 of *Government Accounting*.

65. A Certificate of Exemption for Employer's Liability Insurance has been issued to the Standards Board for England.

F. MANAGEMENT AND DISPOSAL OF FIXED ASSETS

(i) Register of assets

66. The Standards Board for England shall maintain an accurate and up-to-date register of its fixed assets.

(ii) Disposal of assets

67. The Standards Board for England shall dispose of assets which are surplus to its requirements. Assets shall be sold for best price, taking into account any costs of sale. High value assets shall be sold by auction or competitive tender [unless otherwise agreed by the Office], and in accordance with *Government Accounting*, Chapter 24.

68. The Standards Board for England may normally retain receipts derived from the sale of assets provided that:

- The Office and the Treasury are content for the Standards Board for England to retain these receipts;
- they are used to finance other capital spending;
- the department receives prior notification of individual sales; and
- total sales in any financial year do not exceed a 3% of the Standards Board for England 's grant- in-aid (see PES(98)5).

69. If, notwithstanding the above, the Standards Board for England disposes of assets which have been purchased, improved or developed with Exchequer funds and the receipts amount to more than £1 million, or where the disposal has unusual features of which Parliament should be aware, Parliamentary approval shall be secured for the receipts to be reinvested. The receipts shall therefore be surrendered to the Office which will then submit an Estimate seeking approval for the receipts to be appropriated in aid by the Office and for a corresponding increase in the Standards Board for England's grant-in-aid. If the proposed new investment exceeds the Standards Board for England's relevant delegated authority the Office's approval will be needed. If the proposed new investment is novel or contentious the Treasury's approval will be also needed.

70. If the criteria in para 69 above are not met, any receipts shall be dealt with in line with the rules on surplus in-year receipts (see para 29 above).

G. BUDGETING PROCEDURES

(i) Setting the annual budget

71. Each year, in the light of decisions by the Office on the Standards Board for England's updated draft corporate plan, the Office will send to the Standards Board for England:

- a formal statement of the annual budgetary provision as allocated by the Office in the light of competing priorities across the Office and of any forecast income approved by the Office; and
- a statement of any planned change in policies affecting the Standards Board for England.

72. The Standards Board for England's approved annual plan will take account both of its approved funding provision and of 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 will form part of the approved business plan for the year in question.]

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

(ii) General conditions for authority to spend

74. Once the Standards Board for England's budget has been approved by the Office and subject to compliance with the terms of this Management Statement, the Financial Memorandum and the conditions set out below, SBE will have authority to incur expenditure approved in the budget without further reference to the Office. The conditions are:

- a) the Standards Board for England shall comply with the conditions set out in paragraph 12 above regarding novel, contentious or repercussive proposals;
- b) inclusion of any planned and approved expenditure in the Standards Board for England's budget will not remove the need to seek formal Office approval where any proposed expenditure is outside the delegated limits or is for new schemes not previously agreed;

75. Standards Board for England will provide the Office with such information about its operations, performance, individual projects or other expenditure as the Office may reasonably require.

(iii) Providing monitoring information to the Office

76. The Standards Board for England shall provide the Office with, as a minimum, information on a monthly basis which will enable the satisfactory monitoring by the Office of:

- the Standards Board for England's cash management;
- its draw-down of any grant-in-aid;
- forecast outturn by resource headings;
- other data required for the Government Expenditure Monitoring Systems.

H. **BANKING**

(i) **Banking arrangements**

77. The Standards Board for England's Accounting Officer is responsible for ensuring that the Standards Board for England's banking arrangements are in accordance with the requirements of *Government Accounting* and the guidance in the Treasury document *Departmental Banking: a Manual for Government Departments*. In particular he/she shall ensure that the arrangements safeguard public funds and are carried out efficiently, economically and effectively.

78. He shall therefore ensure that:

- these arrangements are suitably structured and represent value-for-money, and are reviewed at least every two years, with a comprehensive review, usually leading to competitive tendering, at least every three to five years;
- sufficient information about banking arrangements is supplied to the Department's Accounting Officer to enable the latter to satisfy his/her own responsibilities;
- the Standards Board for England's banking arrangements shall be kept separate and distinct from those of any other person, body or organisation;
- adequate records are maintained of payments and receipts and adequate facilities are available for the secure storage of cash.

J. **COMPLIANCE WITH INSTRUCTIONS AND GUIDANCE**

(i) **Relevant documents**

79. The Standards Board for England shall comply with the following general guidance documents:

- this document (both the management statement and the financial memorandum);
- *Government Accounting*, including in particular the Accounting Officer Memorandum for the Standards Board for England s [reproduced in Chapter 8];

- Non-Departmental Public Bodies - a Guide for Departments (the “NDPB Guide”), published by the Cabinet Office;
- Government Internal Audit Standards, issued by the Treasury;
- Managing the Risk of Fraud, issued by the Treasury;
- Executive NDPBs - Annual Reports and Accounts Guidance, issued by the Treasury;
- the Treasury’s Fees and Charges Guide;
- the Treasury’s guidance Departmental Banking: A Manual for Government Departments;
- relevant Dear Accounting Officer letters;
- The Accounts Direction
- the Treasury guidance document *Regularity and Propriety*;
- the Consolidation Officer Memorandum issued by the Treasury;
- relevant Dear Consolidation Officer letters;
- 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 other Parliamentary authority which have been accepted by the Government and which are relevant to the Standards Board for England.

K. REVIEW OF FINANCIAL MEMORANDUM

80. This financial memorandum will normally be reviewed at least every five years or following a review of the Standards Board for England’s functions as provided for in Section 7 of the management statement.

81. The Treasury will be consulted on any significant variation proposed to this financial memorandum and the associated management statement.

APPENDIX A

THE STANDARDS BOARD for ENGLAND's BUDGET

Departmental Expenditure Limit (DEL)

Current DEL	Capital DEL
<p>A. Staff Costs</p> <p>A1 salary & pensions of board members</p> <p>A2 <i>salary & pensions of staff, except those employed in support of the Adjudication Panel</i></p> <p>A3 <i>salary & pensions of the President and members of the Adjudication Panel</i></p> <p>A4 <i>salary & pensions of staff employed to support the Adjudication Panel</i></p>	<p>E. Acquisition of Land</p> <p>F. Net book value, sale of land</p> <p>G. Profit/Loss, sale of land</p>
<p>B. Payments for Goods & Services</p>	<p>H. Acquisition of Buildings</p> <p>I. Net book value, sale of buildings</p> <p>J. Profit/Loss, sale of buildings</p>
<p>C. Income from Sales of Services</p>	<p>K Acquisition of other tangible assets</p> <p>L Net book value, sale of other tangible assets</p> <p>M Profit/Loss, sale of other tangible assets</p>
<p>D. Income from Levies, fines, licences</p>	

Annually Managed Expenditure (AME)

Current AME
N. Depreciation
P. Cost of Capital Charge

FINANCIAL DELEGATIONS

Subject to the terms of the Financial Memorandum, and the requirements of any other guidance issued by the Department or the Treasury, Standards Board for England has the delegated approval to incur expenditure as set out below.

DELEGATION FOR PURCHASE OF FIXED ASSETS

The Standards Board for England may incur expenditure on fixed assets only under expenditure sub-heads E, H and K (see Appendix A).

Without prior Departmental approval, the Standards Board for England may incur expenditure up to £25,000 in respect of any item or project.

Any expenditure on an item or project which, over the lifetime of that project, exceeds, or is expected to exceed, £25,000 requires the specific prior approval of the Department. Projects must not be artificially split to ensure that the individual parts fall beneath the delegated limits.

Any proposed expenditure which is in any way novel or contentious, regardless of its cost, will require the specific prior approval of the Department and the Treasury. The Chief Executive, as the Standards Board for England's Accounting Officer, has the duty to decide what he or she considers to be novel or contentious and to submit it for the approval of the Department.

Applications to the Department for approval of large-scale projects should be supported by formal notification that the project has been examined and duly authorised by the board. Regular reports on the progress of such projects should be submitted to the Department.

DELEGATIONS FOR LOSSES AND WRITE-OFF, SPECIAL PAYMENTS AND GIFTS

The Standards Board for England shall have delegated authority to:

1. write off individual losses up to the value of £25,000;
2. make a single gift or special payment up to the value of £500. Such gifts and special payments shall not exceed a total value of £10,000 in any one year.

Gifts to staff are subject to the requirements of DAO (GEN) 1/94.

DELEGATION TO LET CONTRACTS OTHER THAN BY COMPETITIVE TENDER

Any contracts to be let other than by competitive tender require the prior consent of the Department, except for the following categories:

- a) **De Minimis:** formal competitive tenders are not required for contracts worth less than £5,000.
- b) **Single Tender:** contracts up to £25,000 where there is no reasonable alternative (for example, for certain specialist or fixed price services) or in cases of extreme urgency (for example, to remove a risk to public safety) may be let by single tender action.

APPENDIX C

The Act also gives the Standards Board for England the following functions, powers and duties:

- The duty to refer cases to the Ethical Standards Officer if the Standards Board consider that a written allegation should be investigated. [s55(2)]
- The power to make arrangements in relation to the assignment of investigations to Ethical Standards Officer. [s56(2)]
- If the Standards Board is not satisfied with the action the relevant authority has taken or proposes to take in relation to the recommendations [of case tribunals], the Standards Board may require the authority to publish a statement giving details of the recommendations made by the tribunal and of the authority's reasons for not fully implementing the recommendations. [s77(5)]
- The power to do such things and enter into such transactions as are calculated to facilitate, or are incidental or conducive to, the exercise of the functions of the Board and the functions of its Ethical Standards Officers. [Sch 3(2)(1)]
- The above power includes a power to acquire and dispose of land.[Sch 3(2)(2)]
- The power to appoint a chief executive [Sch 3(6)(1)]
- The power to, in addition to appointing a chief executive and ethical standards officers, appoint such employees as it considers necessary for the purpose of enabling the Board and its Ethical Standards Officers to exercise their functions. [Sch 3(6)(3)]
- The power to appoint such employees as it considers necessary for the purpose of enabling the president, deputy president and any tribunals of the Adjudication Panel for England to exercise their functions. [Sch 3(6)(4)]
- The power to pay member of the Board and employees. Also the power to pay pensions, provide and maintain pension schemes and pay compensation. Also the power to pay any member of the Adjudication Panel. [Sch 3(7), Sch 3(8)]

- The power to regulate its own procedure. [Sch 3(9)]
- The duty to keep proper accounts and records in relation to the accounts and prepare a statement of accounts. [Also a duty to send the accounts to the Secretary of State]. [Sch 3(13)]
- A duty to publish an annual report on the discharge of its functions during that year. [Sch 3(13)]