Strategic Highways Company
Outline for the Framework Document
Introduction

Purpose of this note
The Framework Document is a key part of the governance arrangements for the Strategic Highways Company (SHC). This note provides a broad indication of the intended role and content of the final document for the SHC. The purpose of publishing this is so that, in conjunction with the proposed legislation in the Infrastructure Bill 2014 and other documents published alongside this note, the overall governance structure for the SHC can be understood.

Overview
The Framework Document will set out the relationship between the SHC and government. In particular it will:

- describe the roles, responsibilities and day-to-day ways of working between the Department for Transport (the Department) and the SHC;
- describe limits on the SHC's activities and make clear where special arrangements with respect to central government controls apply;
- set out conditions under which any public funds paid to the SHC by the Secretary of State for Transport are used with the principles, processes and mechanisms for oversight, sponsorship, monitoring and approvals to ensure appropriate stewardship of those public funds;
- describe how the Department will work with and support the company;
- set out how the SHC will be incentivised to deliver effectively and efficiently; and
- specify how the SHC is to be held to account for its performance, including sanctions that may be applied.

Where appropriate, the Framework Document will qualify the terms of the Articles of Association.

Reading this note
The remainder of this note lists the proposed section headings for the Framework Document followed by a high level description of the expected content for that section.
Content of the Framework Document

Introduction
Will give the legal context of the document and set out definitions used.

Aims and objectives
Will state, in broad terms, what the Secretary of State will expect the SHC to achieve and will give context to the arrangements.

Legal context and governance framework
Will set out
- the SHC’s legal status and administrative classification; and
- high level descriptions of the elements of the governance framework including functions, duties and powers of the SHC.

Responsibilities and accountability
Will state the Department's general approach to responsibilities and accountability, enshrining Managing Public Money¹ and other relevant government guidance.

Listing responsibilities for the senior roles particularly where they are considered key or where additional explanation may be helpful in setting out how a limited company is expected to operate as an arm's length body. The roles are:
- the Secretary of State;
- the Department's Principal Accounting Officer;
- the SHC’s Accounting Officer;
- the SHC's Chief Executive;
- the Chair of SHC's Board;
- Board Directors; and
- the Department Sponsorship teams.

Setting out the composition and appointment procedures for the SHC’s Board.

¹ Managing Public Money is the Government’s handbook that explains how to handle public funds with probity and in the public interest and can be found on www.gov.uk
Describing, at a high level, how the Department expects the SHC to work with the watchdog and monitor.

Business planning
Will describe out how the SHC will satisfy the Department's information and oversight requirements for the corporate planning round both for long term plans and for the annual plans that will support the budget allocation.
In particular will set out how this process will integrate with the planning processes that are part of developing the Road Investment Strategy.

Performance and monitoring
Will set out the requirements for the SHC's internal performance management.
Will set the tone for the working relationship between the Department and the SHC detailing how data will be exchanged and monitored, including the schedule for meetings.
Will detail how incentives to meet the challenging objectives will work and sanctions for under performance.

Budgeting procedures, delegations and financial management
Will detail a range of budgetary and financial issues.
In particular it will set out:
- the process for reporting on the SHC's annual budget estimate in the context of the overall RIS funding and the arrangements to allow some flexibility to move capital between years;
- the overall assurance regime that will include the framework for financial and contractual delegations and general high level controls on spend;
- budgetary processes including any special arrangements; and
- how the change management process for the RIS will relate to SHC's financial framework.

Annual report and accounts
This will contain the requirements for the form and timing of the audited Annual Accounts as well as the arrangements for appointing an external Auditor.
It will set out the arrangements for the SHC's internal audit and the audit relationship with the Department.

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2 The Road Investment Strategy is described in "Setting the Road Investment Strategy: Now and in the future" that is published alongside this note.
Financial and risk management

Detailed financial arrangements and management provisions will be set out in this section covering:

- the arrangements for paying grant-in-aid and any ring-fenced grants;
- risk management processes and insurance requirements;
- processes around asset purchases and the treatment of income and receipts from activities and asset sales allowed under the Licence and Framework Document;
- how the SHC will approach procurement;
- detailed finance procedures and processes including where there will be restrictions or requirements for Secretary of State consent.

Staff

This will set out requirements and conditions around the recruitment, retention and management of SHC’s, for example pay and pensions.

Reviewing the Role of the SHC

As good practice, the Department will review the role of the SHC at suitable points to ensure that the arrangements continue to meet the requirements of legislation and remain efficient and effective.

Annexes

It is expected that a number of annexes will provide additional detail to support the main requirements in the main body of the Framework Document. The list likely to include annexes on:

- Data provision
- Budgetary and Financial Processes
- Delegation Levels
- Staffing and Remuneration