



Department for
Business, Energy
& Industrial Strategy

SMALL BUSINESS COMMISSIONER

Framework document

December 2018



OGL

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This framework document has been drawn up by the Department for Business, Energy and Industrial Strategy Innovation and Skills (BEIS) in consultation with the office of the Small Business Commissioner (SBC)¹. This document sets out the broad framework within which the SBC will operate. The document does not convey any legal powers or responsibilities. It is signed and dated by BEIS and the SBC. Copies of the document have been available to members of the public on the SBC's page on GOV.UK.

1 Purpose of the Small Business Commissioner

- 1.1 The SBC was established under the provisions of the Enterprise Act 2016 ("the Act") to empower small businesses to resolve payment disputes with larger businesses and avoid future issues by encouraging a culture change in payment practices and how businesses deal with each other. The SBC will act as a strong disincentive in relation to late payment and unfavourable payment practices.
- 1.2 The SBC's principal functions, as set out in the Act, section 1, are:
- to provide general advice and information to small businesses in connection with their supply relationships with larger businesses, including signposting small businesses to existing services and;
 - to consider complaints from small businesses relating to payment matters in connection with the supply of goods and services to larger businesses and make (non-binding) decisions and recommendations.
- 1.3 The SBC's strategic aims are to:
- build the confidence and capabilities of small businesses to assert themselves in contractual disputes, and negotiate more effectively by accessing information and advice;
 - raise awareness among small businesses of existing support, including alternative dispute resolution providers (which is under-utilised by small businesses) as well as appropriate sector ombudsmen and other appropriate regulators;
 - encourage larger businesses to improve their payment practices regarding their small suppliers;
 - help small businesses resolve payment disputes in ways that preserve business relationships.

¹ The Small Business Commissioner was set up in legislation as a corporation sole. Therefore, only the Commissioner is a legal entity. Although the Commissioner has an office to support them in their duties, it is only the Commissioner that is a legal entity (or has a separate legal personality). All references in this Framework document to the office of the SBC should be taken as referring to the office supporting or acting on behalf of the Commissioner. All references to the SBC should be taken as the person occupying the statutory post (also referred to as a statutory office - which should not be confused with the office referenced above) of Commissioner themselves.

Governance and accountability

2 The SBC's legal origins of powers and duties

- 2.1 The SBC's powers and duties stem from Part 1 and Schedule 1 of the Act and the Small Business Commissioner (Scope and Scheme) Regulations 2017.
- 2.2 The SBC is a corporation sole; that is, the SBC has a legal personality separate from the person occupying the post from time-to-time. It is classified as a non-departmental public body (NDPB). The SBC has operational independence from BEIS through the ability to enter into contracts and employ staff and has duties to act impartially in exercising the statutory functions of considering complaints from small businesses and providing general advice and information.
- 2.3 The Act enables the Secretary of State with responsibility for the SBC to appoint a Deputy Commissioner who may carry out any of the SBC's functions. The Deputy Commissioner is also a statutory office holder but is not a corporation sole.

3 Ministerial responsibility

- 3.1 The Secretary of State (SoS) is responsible for the overall policy framework within which the SBC operates and has statutory powers in relation to the SBC. Furthermore, the SoS is ultimately responsible to Parliament for the SBC and accordingly will account for its business in Parliament.
- 3.2 In practice, the SoS may delegate these powers to the Minister with responsibility for the Small Business Commissioner to act on his or her behalf.

4 Contact and engagement

- 4.1 BEIS is the responsible department for the SBC.
- 4.2 Within BEIS, the SBC sponsorship team and relevant policy teams within the Market Frameworks Group will maintain a close working relationship with their counterparts in the SBC on all issues. The sponsorship function will be based on a transparent, fair, rational and well-understood model of working in partnership, tailored towards the complexities of the organisation. It will ensure that there are effective and efficient department processes and systems to support governance activities. This includes implementing a BEIS-wide policy to establish four levels of sponsorship within the department. The deputy director in (the Enterprise Directorate in BEIS is the policy sponsor and the main point of contact for SBC within the department. This deputy director and his/her team will undertake the day to day relationship management and will be responsible for overall coordination between these levels of sponsorship.

- 4.3 There will also be three other sponsor roles within the department:
- a) a ministerial champion - providing ministerial oversight and support for key priorities. This will be the minister responsible for this policy area;
 - b) a policy champion - accountable for the overall relationship (identified as the director for BEIS Business Growth), and
 - c) a corporate governance sponsor within the Partnerships Team - working with policy sponsors on governance-related issues.
- 4.4 BEIS and the SBC will have an open and honest, trust-based partnership supported by the principles set out in the *Partnerships between Departments and ALBs: Code of Good practice*². As such, both parties will ensure they clearly understand the strategic aims and objectives of the other. Both partners will also commit to keeping each other informed of any significant issues, opportunities or concerns in a timely manner.
- 4.5 The SBC sponsorship team in BEIS ("the SBC sponsorship team") is the primary contact for the SBC and the office of the SBC. They are the main source of advice to the responsible minister on the discharge of his or her responsibilities in respect of the SBC. They also support the Principle Accounting Officer (PAO) on his or her responsibilities toward the SBC.
- 4.6 Any disputes between BEIS and the SBC, in relation to the operation of the office of the SBC, including (but not limited to) spending and standards expected of a public body, will be resolved by:
- a series of discussions at official level between the SBC sponsorship team in BEIS and appropriate staff from the office of the SBC with a goal of finding a joint and agreeable solution;
 - a series of discussions between the SBC and the Director for SBC sponsorship to determine appropriate next steps and resolution, following discussions at official level and if a joint and agreeable solution is not settled; and
 - a discussion between the Principal Accounting Office (PAO) of BEIS and the SBC as Accounting Officer (AO) to agree a joint solution, depending on the success of the above intervention routes.

SBC/BEIS working level liaison arrangements

- 4.7 The SBC and/or appropriate staff from the office of the SBC will meet officials from the SBC sponsorship team on a regular basis. These meetings will cover governance, review progress and the achievements of the SBC, and jointly assess the effectiveness of partnership arrangements. These meetings will be kept under review, but the expectation is that they will occur on a bi-monthly basis. They could occur on a more or less frequent basis if it was considered that would be useful. The meetings will provide an opportunity for:
- the SBC sponsorship team to share wider policy developments that might have an impact on the SBC;

² The Code does not override any provisions governing relationships between departments and arms-length bodies that might exist in statute or other formal arrangements. In all cases, these existing provisions take primacy.

- the SBC and/or appropriate staff from the office of the SBC to share information about developments in the sector, and share feedback from stakeholders and other information that could help inform policy development;
- the SBC and/or appropriate staff from the office of the SBC to share upcoming issues, opportunities or challenges;
- the SBC sponsorship team and the SBC and/or appropriate staff from the office of the SBC to review the strength of partnerships arrangements and mutually agree actions, where necessary, to address any weaknesses.

4.8 In addition to routine and policy lead contact between BEIS and the SBC, meetings will take place between:

- the responsible Minister for SBC policy and the SBC once a year;
- the PAO of BEIS and the SBC as part of the SBC's induction as AO;
- the Director General for SBC sponsorship and the SBC as part of an end-of-year performance appraisal review at BEIS;
- the Director for SBC sponsorship and the SBC once every six months; and
- the SBC sponsorship team and the SBC once every three years as part of a formal review of the framework document. The review of the framework document could occur on a more frequent basis if it was considered that would be useful. For example, a light touch annual review to assess continuing relevance.

SBC/BEIS good communication practice

4.9 The SBC and office of the SBC will, in particular, liaise with communications colleagues within the BEIS media team as well as the SBC sponsorship team to provide reasonable advance notice (where possible) of:

- announcements and publications;
- media and communications plans and media appearances - including details of what will be covered in the plans or appearances;
- reactive media handling, including media queries and bids;

4.10 The provision of reasonable advance notice is to enable the SBC and office of the SBC and the SBC sponsorship team to:

- prepare responses to any communications or media appearances (including supportive statements);
- ensure that all communications are accurate and aligned with wider work; and
- effectively promote communications and media appearances with stakeholders.

5 Specific accountabilities and responsibilities of the Principal Accounting Officer (PAO)

- 5.1 The PAO of BEIS has designated the SBC as accounting officer (AO). The respective responsibilities of the PAO and AOs for arms-length bodies (ALB) are set out in Chapter 3 of Managing Public Money which is sent separately to the AO on appointment.
- 5.2 As the SBC has been classified as an NDPB, its expenditure is classified as public funds for budgetary and accounting purposes. The PAO is accountable to Parliament for all resources used by the SBC, whether from the grant-in-aid, or any other sources such as the issue of any grant or loan made to the SBC. The PAO must be satisfied that resources are used for the purposes intended by Parliament and that these funds are properly accounted for. The PAO relies on the assurances of the SBC to carry out this role.
- 5.3 The PAO is accountable to Parliament for the issue of grant-in-aid to the SBC. The PAO is responsible for advising the responsible minister:
- on an appropriate framework of objectives and targets for the SBC in light of the department's wider strategic aims and priorities;
 - on an appropriate budget for the SBC in light of BEIS overall public expenditure priorities; and
 - how well the SBC is achieving its strategic objectives and whether it is delivering value for money.
- 5.4 The PAO is also responsible for ensuring arrangements are in place in order to:
- review the SBC in line with requirements of the Act;
 - regularly monitor and have oversight of the SBC;
 - address significant problems in the operation of the office of the SBC, while having regard to the principle of not intervening in the details of the SBC's exercise of their statutory functions and day-to-day management of the office of the SBC, making such interventions as are judged necessary;
 - review that the operation of the office of the SBC aligns with the aims of central government, in relation to spending and standards expected of a public body;
 - carry out a periodic assessment of the risks both to BEIS and the SBC's objectives and activities;
 - inform the SBC of relevant government policy in a timely manner; and
 - bring concerns about the activities of the SBC to the Secretary of State and, as appropriate, to the departmental Board requiring explanations and assurances that appropriate action has been taken.

6 Responsibilities of the SBC as Accounting Officer

General

- 6.1 The SBC is a statutory officer holder and Corporation Sole. The SBC as AO is personally responsible for safeguarding the public funds for which they have charge; for ensuring and promoting propriety, regularity, affordability, sustainability, risk, value for money and feasibility in the handling of those public funds; for accounting accurately and transparently for the office of the SBC's financial position and transactions; and for the day-to-day operations and management of the office of the SBC.
- 6.2 In addition, as AO, they should ensure that the office of the SBC as a whole is run on the basis of the standards, in terms of governance, decision-making and financial management that are set out in Box 3.1 of *Managing Public Money*.
- 6.3 This Framework Document should be considered to supplement the responsibilities of the SBC as AO as set out in the formal AO appointment letter. It should not be considered to undermine any of the responsibilities set out in that letter. In particular, the SBC as AO must abide by the Nolan Principles of Public Life.

Responsibilities for accounting to Parliament

- 6.4 The accountabilities include:
- producing, signing and publishing an annual report and accounts detailing the activities of the SBC, and ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared, audited, and presented in accordance with any directions issued by the Secretary of State;
 - preparing and signing a Governance Statement covering corporate governance, risk management and assurance of any local responsibilities, for inclusion in the annual report and accounts;
 - ensuring that effective procedures for handling complaints about the office of the SBC are established and publicised;
 - acting in accordance with the terms of this document, including the list of government-wide corporate guidance instructions listed at Appendix 1, *Managing Public Money* and other instructions and guidance issued from time to time by BEIS, the Treasury and the Cabinet Office;
 - giving evidence, normally with the PAO, when summoned before the Public Accounts Committee (PAC) on the SBC's stewardship of public funds.

Responsibilities to the Department for Business, Energy and Industrial Strategy

- 6.5 Particular responsibilities to BEIS include:
- keeping BEIS informed of the SBC's strategic objectives as part of the regular engagement with the SBC sponsorship team;
 - informing BEIS of how resources are being used to achieve those objectives

- keeping BEIS informed of any planned advice to Ministers and preparations for external communications activity as part of the regular engagement with the BEIS media team and the SBC sponsorship team;
- keeping BEIS informed of any planned public appointments as part of the regular engagement with the SBC sponsorship team;
- ensuring that timely forecasts and monitoring information on finance are provided to BEIS finance; that BEIS finance and the SBC sponsorship team is notified promptly if over or under spends are likely and that corrective action is taken; and that any significant problems whether financial or otherwise, and whether detected by internal audit or by other means, are notified to the SBC sponsorship team in a timely fashion;
- informing the SBC sponsorship team of any recurrent themes or issues that have come to the SBC's attention that could support BEIS's policy development. This requirement would not however override the need for confidentiality
- engaging with the SBC sponsorship team to ensure that (within the remit of the Act) the operation of the office of the SBC continues to align with the aims of central government.

7 The SBC's governance

The SBC

- 7.1 The SBC is accountable to the Secretary of State for the activities and performance of the office of the SBC, and for ensuring the discharge of their statutory responsibilities.
- 7.2 The SBC will ensure the organisation's policies and actions are consistent with their statutory responsibilities and the organisation's affairs are conducted with probity. The SBC is specifically responsible for:
- establishing and taking forward the strategic aims and objectives of the organisation consistent with its overall statutory functions as set out in the Act;
 - ensuring that the Secretary of State is kept informed of any changes which are likely to impact on the strategic direction of the SBC or on the attainability of its targets, and determining the steps needed to deal with such changes;
 - ensuring that any statutory or administrative requirements for the use of public funds are complied with;
 - providing information, as necessary and on request, to BEIS in order that the Secretary of State can comply with their duties to Parliament;
 - demonstrating high standards of corporate governance at all times, including ensuring external scrutiny and challenge through governance processes (such as through external membership of the Audit and Risk Assurance Committee), to address financial and other risks; and
 - making procedural arrangements for dealing with any conflicts of interest affecting themselves, any Deputy and any staff to the office of the SBC.

- 7.3 In addition, the SBC has the following leadership responsibilities:
- formulating strategy;
 - ensuring that the Advisory Board, when reaching decisions in relation to governance matters, takes proper account of *Managing Public Money* and other instructions and guidance issued from time to time by, BEIS, the Treasury and the Cabinet Office;
 - promoting the efficient and effective use of staff and other resources;
 - delivering high standards of regularity and propriety;
 - representing their activities and those of the office of the SBC to the organisation's stakeholders, including the general public.

The Advisory Board

- 7.4 As the SBC is a corporation sole, it will not have a usual board of directors. This role and function and all property, rights, assets, and liabilities are vested in the corporation sole; that is, in the statutory office of the Commissioner. The SBC's advisory board ("the advisory board") will have an advisory and governance function only and no decision-making or executive functions in its own right. The advisory board's primary purpose is to assist the SBC to discharge their responsibilities on a long term strategic basis.
- 7.5 The advisory board will constitute, as a minimum, the following committees:
- the Audit and Risk Assurance Committee (to be chaired by an external member, not from the office of the SBC or SBC sponsorship team, who holds appropriate experience and knowledge of audit procedures and risk management).
- 7.6 The SBC, as Accounting Officer, chairs the advisory board. The advisory board will assist the SBC in ensuring that:
- the SBC meets their statutory obligations;
 - governance matters, decision-making and financial management are carried out appropriately;
 - the office of the SBC office is managed effectively;
 - effective arrangements are in place to provide assurance on risk management, governance and internal control, including the effectiveness of the internal control and risk management systems;
 - quality and performance of the organisation is maintained in a manner consistent with the standards expected of a public body.
- 7.7 The advisory board will consist of: the SBC (as chair), any Deputy Commissioner, and three external members³, including a qualified finance professional (as set out in Annex 4.1 of *Managing Public Money*). A senior representative from the SBC sponsorship team in BEIS will also sit on the advisory board to advise on strategic and governance matters. The external advisory board members will possess a good mix of

³ The three external advisory board members will be appointed through a public appointments process.

skills and experience (including, but not limited to, experience of financial management, business and operational delivery, corporate services such as HR, performance management, property asset management, and audit and risk assurance), deemed essential by the SBC, that will enable it to provide effective support.

7.8 Individual members of the advisory board will:

- comply at all times with the Code of Conduct for Board Members of Public Bodies and with the rules relating to the use of public funds and to conflicts of interest;
- not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations;
- comply with the advisory board's rules on the acceptance of gifts and hospitality, and of business appointments;
- act in good faith and in the best interests of the SBC.

7.9 In respect of the advisory board, the SBC will ensure that:

- decisions of the advisory board are taken into account in the way in which the organisation is managed and will not act as if they were the sole authority in managing the organisation. However, all power and authority remains with the SBC, including decisions on complaints and executive functions;
- advisory board members are fully briefed on terms of appointment, duties, rights and the discharge of their responsibilities;
- the advisory board has a proper balance of skill and professional and financial expertise appropriate to advising on the SBC's business, as set out in the *Government Code of Good Practice on Corporate Governance*, by feeding into the public appointments process on skill and expertise requirements for external advisory board members;
- the Secretary of State is advised, through the SBC sponsorship team, when advisory board vacancies arise, and the skills and experiences required to fill vacancies;
- they, together with other board members, receive appropriate training on financial management and reporting requirements and on any differences that may exist between public and private sector practice;
- the performance of individual advisory board members is assessed when being considered for reappointment, and advice is provided to the Secretary of State;
- the work of the advisory board and of individual advisory board members is reviewed and is working effectively;
- the role and responsibilities of the advisory board are clearly set out and consistent with the *Government Code of Good Practice for Corporate Governance* to the extent that this is relevant and proportionate;
- a code of practice for advisory board members is in place, consistent with the Cabinet Office *Code of Conduct for Board Members of Public Bodies*, as far as this is relevant and proportionate.

The Audit and Risk Assurance Committee

7.10 The advisory board will appoint a chair to the SBC's Audit and Risk Assurance Committee ("the Committee"). The Committee will support the Commissioner as AO in discharging their relevant responsibilities. The Committee will consist of the three external advisory board members, in accordance with the *Code of Good Practice for Corporate Governance* and *The Audit and Risk Assurance Committee Handbook*. The SBC will not be a member, but along with their staff will attend as required by the Committee. Representatives of the SBC's internal auditors (Government Internal Audit Agency) and external auditors (National Audit Office) will also normally attend meetings. The Committee will:

- ensure proper stewardship of the SBC's resources and assets;
- oversee financial reporting;
- monitor the effectiveness of the SBC's audit arrangements (internal and external), internal controls, governance and the management of risk

8 Annual report and accounts

8.1 The advisory board must prepare and produce an annual report of the activities of the SBC together with its audited accounts after the end of each financial year (the period beginning with the day on which section 1 of the Act comes into force and ending with the following 31 March and each successive period of 12 months). The expectation is that the finalised (audited) accounts and annual report will be published on the SBC's website by the end of June each year. The accepted convention is that the annual reports and accounts should be published before Parliament rises for Summer recess.

8.2 The SBC shall provide its finalised (audited) accounts, in a sufficient and timely manner, to the BEIS Finance team in order for the accounts to be consolidated within BEIS's annual report and accounts. Information on performance against key financial targets should be included in the notes to the accounts. The accounts should be prepared in accordance with the relevant statutes and specific accounts direction issued by BEIS as well as the FReM.

8.3 The annual report must:

- comply with the Treasury's *Financial Reporting Manual* (FReM);
- outline main activities and performance during the previous financial year and set out in summary form forward plans;
- comply with section 9 of the Act ("the SBC's annual report") and include a summary of:
 - a) what the commissioner has done during the period,
 - b) matters which the Commissioner considers to be the most significant matters raised by small businesses with the Commissioner during the period,
 - c) the Commissioner's recommendations (if any) as to how any of these matters might be addressed

- include a Governance Statement which should, as a minimum, set out the governance framework of the organisation, provide an account of the SBC's corporate governance (including an assessment of its compliance with the Corporate Governance Code) and include a risk assessment (including the SBC's risk profile, and its responses to the identified and emerging risks and its success in tackling them);

8.4 The SBC shall provide the Secretary of State with a draft of the SBC's annual report three weeks before the proposed publication date. The Secretary of State is responsible for laying the SBC's annual report in Parliament on behalf of the SBC.

8.5 The SBC's annual report shall be included within the annual reports and accounts. The annual report and accounts will be published on the SBC's page on GOV.UK the same date as the SBC's annual report is laid in Parliament.

9 Internal audit

9.1 The SBC will ensure that it has an appropriate internal audit function. In particular the SBC shall:

- ensure that the Government Internal Audit Agency (GIAA) have complete access to all relevant records;
- set up an Audit and Risk Assurance Committee of its board in accordance with the *Code of Good Practice for Corporate Governance* and the *Audit and Risk Assurance Committee Handbook*;
- forward the audit strategy, periodic audit plans and annual audit report, including the Head of Internal Audit opinion on risk management, control and governance as soon as possible to the SBC sponsorship team; and
- keep records of fraud and theft instances and notify the SBC sponsorship team of any unusual or major incidents as soon as possible.

9.2 The internal audit service (Government Internal Audit Agency) has a right of access to all documents, including where the service is contracted out.

10 External audit

10.1 The SBC will appoint the National Audit Office (NAO) to audit its financial statements and accounts.

10.2 The Comptroller & Auditor General (C&AG) may carry out examinations into the economy, efficiency and effectiveness with which the SBC has used its resources in discharging its functions. As such, the SBC will:

- give the NAO appropriate access to documents to enable audits and examinations to be undertaken; and
- use its best endeavours to provide in the terms and/or conditions of any contracts it issues, for the C&AG to exercise such access to documents held by contractors and sub-contractors as may be required for these examinations; and shall use

reasonable endeavours to secure access for the C&AG to any other documents required by the C&AG which are held by other bodies.

Right of access

- 10.3 The SBC will share with the SBC sponsorship team information identified during the audit process and audit report (together with any other outputs) at the end of the audit, including but not limited to, any issues impacting on BEIS's responsibilities in relation to financial systems within the office of the SBC.
- 10.4 BEIS may access SBC records and personnel for any purpose including, for example, assurance audits and operational investigations.

Management and financial responsibilities

11 Managing Public Money and other government-wide corporate guidance and instructions

- 11.1 The Act gives the Secretary of State the power to provide the SBC with public funding to execute the SBC's functions. This will be by way of grant-in-aid funding, although the Act allows some flexibility for other forms of funding from the Secretary of State. It also enables the Secretary of State to provide other assistance, such as premises for the SBC's use.
- 11.2 Unless agreed by BEIS and, as necessary, HM Treasury, the SBC shall follow the principles, rules, guidance and advice in *Managing Public Money*, referring any difficulties or potential bids for exceptions to the Business to Business Team in BEIS in the first instance. A list of guidance and instructions with which the SBC should comply is in [Appendix 2](#).
- 11.3 Once the budget has been approved by the Secretary of State, the SBC shall have the authority to incur expenditure approved in the budget without further reference to BEIS, on the following conditions:
- the SBC shall comply with the delegations set out in [Appendix 2](#). These delegations shall not be altered without the prior agreement of BEIS;
 - the SBC shall comply with *Managing Public Money* in respect of any proposals of the SBC which are, or might be considered, novel, contentious or repercussive;
 - 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;
 - the SBC shall provide BEIS with such information about its operations, performance, individual projects or other expenditure as BEIS may reasonably require.

12 Corporate governance

- 12.1 The SBC is appointed for an initial period of not more than four years by the Secretary of State in accordance with the Act. Each further term may not be for more than three years. The appointment will comply with *The Governance Code for Public Appointments*.
- 12.2 The external advisory board members, who will also sit on the Audit and Risk Assurance Committee, are appointed for a period of not more than four years by the Secretary of State. Such appointments and processes will comply with *The Governance Code for Public Appointments*.

13 Risk management

- 13.1 The office of the SBC shall develop a risk management strategy, in accordance with the Treasury guidance *Management of Risk: Principles and Concepts*. The SBC shall ensure that the risk management strategy utilises relevant aspects of best practice in corporate governance. The strategy will be agreed by the Audit and Risk committee.
- 13.2 The Committee should develop policies and practices to safeguard against fraud and theft, in line with the Treasury's guidance on *Tackling Internal Fraud*. The office of the SBC should then adopt and implement these policies and practices. The SBC 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.

14 Business plans

- 14.1 The advisory board will prepare and maintain a three-year Business Plan. The business plan shall be updated annually, and agreed with the SBC sponsorship team, to include key targets and milestones for the year immediately ahead and shall be linked to budgeting information so that resources allocated to achieve specific objectives can readily be identified by BEIS. Subject to any commercial considerations, the business plan should be published by the office of the SBC on its page on GOV.UK and made available to staff.
- 14.2 The first such plan will be submitted to the SBC sponsorship team in 2018 to support the 2018/19 operational budget. The SBC shall agree with the SBC sponsorship team the timetable for its preparation.
- 14.3 The business plan shall demonstrate how the SBC will achieve its statutory duties and functions and contribute to the achievement of its overall priorities and objectives. The following key matters should be included in the business plan:
- key objectives and associated key performance targets/indicators for the year ahead, and the strategy for achieving those objectives. The plan should set out the SBC's plans to measure performance against these key performance targets/indicators;
 - key non-financial performance targets;
 - a review of performance in the preceding financial year, together with comparable outturns for the previous 2-5 years, and an estimate of performance in the current year;
 - alternative scenarios and an assessment of the risk factors that may significantly affect the execution of the plan but that cannot be accurately forecast; and
 - other matters as agreed between BEIS and the SBC.

15 Grant-in-aid, grant and any ring-fenced loans

- 15.1 The SBC's funding will be by way of grant-in-aid. Grant -in-aid provided by BEIS for the year in question will be voted in BEIS's Supply Estimate and be subject to Parliamentary control.
- 15.2 The grant-in-aid will normally be paid in monthly instalments on the basis of written applications showing evidence of need. The SBC will comply with the general principle, that there is no payment in advance of need. Cash balances accumulated during the course of the year from grant-in-aid or other Exchequer funds shall be kept to a minimum level consistent with the efficient operation of the SBC. Grant-in-aid not drawn down by the end of the financial year shall lapse. Subject to approval by parliament of the relevant Estimates provision, where grant-in-aid is delayed to avoid excess cash balances at the year-end, BEIS will make available in the next financial year any such grant-in-aid that is required to meet any liabilities at the year end, such as creditors.

16 Reporting performance to the department

- 16.1 The office of the SBC 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 business plan. The office of the SBC shall inform the SBC sponsorship team of any changes that make achievement of objectives more or less difficult. The SBC is ultimately responsibility for ensuring these systems are appropriate and fit for purpose.
- 16.2 As a minimum, the office of the SBC will provide the BEIS Finance team and SBC sponsorship team with monthly information that will enable BEIS to satisfactorily monitor:
- the SBC's cash forecast and management;
 - draw-down and use of grant-in-aid;
 - forecast outturn by resource headings;
 - other data required for reporting to HMT Treasury using the Online System for Central Accounting and Reporting (OSCAR).

17 Delegated authorities

- 17.1 The SBC's delegated authorities are set out in [Appendix 2](#). The SBC shall follow the principles, rules, guidance and advice in *Managing Public Money*, including but not limited to those regarding novel, contentious or repercussive proposals (such as significant future cost implications and repercussive on the wider public sector), and will refer any difficulties or potential bids for exceptions to the SBC sponsorship team in the first instance. The SBC shall obtain BEIS's prior written approval before:
- entering into any undertaking to incur any expenditure that falls outside the delegations or which is not provided for in the SBC's annual budget as approved by BEIS;
 - incurring expenditure for any purpose that is or might be considered novel, contentious or repercussive, 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 BEIS;
 - making any change of policy or practice which has wider financial implications that might prove repercussive or which might significantly affect the future level of resources required;
 - sub-delegating their authorities to appropriate, named individual staff within the office of the SBC; or
 - carrying out policies that go against the principles, rules, guidance and advice in *Managing Public Money*.

18 Staff

Broad responsibilities for staff

- 18.1 Within the arrangements approved by the responsible minister, the SBC will have responsibility for the recruitment, retention and motivation of its staff. The broad responsibilities toward its staff are to ensure that:
- the rules for recruitment and management of staff (including secondees) 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 secondees, grading and staff numbers, are appropriate to its functions and the requirements of economy, efficiency and effectiveness;
 - the performance of its staff at all levels is satisfactorily appraised and the SBC performance measurement systems are reviewed from time to time;
 - its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve the SRC's objectives;

- proper consultation with staff takes place on key issues affecting them;
- adequate grievance and disciplinary procedures are in place;
- whistle-blowing procedures consistent with the Public Interest Disclosure Act are in place;
- a code of conduct for staff is in place based on the Cabinet Office's *Model Code for Staff of Executive Non-departmental Public Bodies*
www.gov.uk/government/uploads/system/uploads/attachment_data/file/80082/PublicBodiesGuide2006_5_public_body_staffv2_0.pdf.

Staff costs

- 18.2 Subject to its delegated authorities, the SBC shall ensure that the creation of any additional posts does not incur forward commitments that will exceed its ability to pay for them.

Pay and conditions of service

- 18.3 In line with the Act, staff are to be appointed, or seconded, on terms and conditions determined by the SBC and approved by the Secretary of State. The SBC will need to set pay and terms within the boundaries of the general pay structure set by BEIS - the SBC has no delegated power to amend BEIS terms or pay levels.
- 18.4 4 Staff directly appointed by the SBC will not be civil servants (but any seconded staff will continue their employment with their existing employer, and any civil servants seconded to the SBC's staff will remain civil servants).
- 18.5 Before appointing staff, or making arrangements to second staff, the SBC must obtain the approval of the Secretary of State as to policies on:
- the number of staff to be appointed or seconded;
 - payments to be made to or in respect of staff;
 - the terms and conditions on which staff are to be appointed or second ed.
- 18.6 If civil service terms and conditions of service apply to the rates of pay and non-pay allowances paid to the staff and to any other party entitled to payment in respect of travel expenses or other allowances, payment shall be made in accordance with the Civil Service Management Code. The only exception would be where prior approval has been given by BEIS to vary such rates.
- 18.7 Staff terms and conditions should be set out in an Employee Handbook, which should be provided to the department together with subsequent amendments.
- 18.8 The travel expenses of advisory board members shall be tied to the rates allowed by, and stated within, BEIS travel policy. Reasonable actual costs shall be reimbursed.
- 18.9 The SBC shall comply with applicable law in relation to staff, workers, agency workers and contractors; including where applicable the Fixed-Term Employees (Prevention of Less Favourable Treatment) Regulations 2002.

Pensions, redundancy and compensation

- 18.10 Staff appointed directly by the SBC shall normally be eligible for a pension provided Civil Service pension arrangements. Staff may opt out of the occupational pension scheme provided by the SBC, but that employers' contribution to any personal pension arrangement, including stakeholder pension shall normally be limited to the national insurance rebate level. Seconded staff will continue with their pension arrangements afforded by their existing employer.
- 18.11 Any proposal by the SBC to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the prior approval of BEIS. Proposals on severance must comply with the rules in chapter 4 of Managing Public Money.

19 Reviews of the SBC

Statutory review of the SBC's performance

- 19.1 The Secretary of State will review the SBC's performance every three years in accordance with the requirements of Section 10 of the Act. The first review period of the SBC is the period beginning with the day on which section 1 of the Act comes into force and ending two years after the following 31 March. The SBC will be reviewed for every three years after this first period.

Cabinet Office Tailored Reviews

- 19.2 A programme of Tailored Reviews is being led by the Public Bodies Reform team in the Cabinet Office. The BEIS partnerships team is responsible for assessing the appropriate status, form and function of the SBC. The emphasis of the review will be to explore whether efficiencies can be made and whether the right governance is in place. The SBC will subject to a Tailored Review in 2020.

Framework Document Reviews

- 19.3 The SBC sponsorship team and the SBC will undertake a formal review of this framework document once every three years. The review of the framework document could occur on a more frequent basis, for example a light touch annual review to assess continuing relevance, if it was considered useful. This framework document will also be revised if necessary after the Tailored Reviews have been completed.

20 Arrangements in the event that the SBC is wound up

- 20.1 Conditions and procedures for the abolition of the SBC are set out in the Act (Part 1, Sections 11 and 12).
- 20.2 BEIS shall put in place arrangements to ensure the orderly winding up of the SBC. In particular it should ensure that the assets and liabilities of the SBC 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 the BEIS. To this end, BEIS shall:
- ensure that procedures are in place in the SBC 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 the SBC'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, for non-Crown bodies 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 their report on the accounts;
 - arrange for the most appropriate person to sign the closing accounts. In the event that another body takes on the role, responsibilities, assets and liabilities, the succeeding body's AO should sign the closing accounts. In the event that BEIS inherits the role, responsibilities, assets and liabilities - or that the role ceases to exist - BEIS's AO should sign.
- 20.3 The SBC shall provide BEIS with full details of all agreements where the SBC 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 to the SBC.

List of appendices to the specimen document

[Appendix 1 - List of government-wide corporate guidance instructions](#)

[Appendix 2 - List of delegated authorities](#)

Signed.....

Signed.....

Date.....**27-11-18**
(Nick Chism, on behalf of the BEIS)

Date.....**30-11-18.**
(Paul Uppal, on behalf of the SBC)

Appendix 1

Compliance with government-wide corporate guidance and instructions

The SBC 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*
www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments;
- *Managing Public Money (MPM)*;
- *Management of Risk: Principles and Concepts*:
www.gov.uk/government/publications/orange-book
- HM Treasury 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;
- ‘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;
- The Parliamentary and Health Service Ombudsman’s *Principles of Good Administration*
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 (not including the SBC’s substantive functions) issued by BEIS;
- Recommendations made by the Public Accounts Committee, or by other Parliamentary authority, that have been accepted by the government and relevant to the SBC.

Appendix 2

Delegated Authorities: SBC

1. The SBC's delegation letter sets out financial authorisation levels covering both programme and administration budgets. The Permanent Secretary, as Principal Accounting Officer, is personally responsible to Parliament for the resource under his/her control, regardless of source.
2. The Audit and Risk Assurance Committee is required to carry out an annual review of the office of the SBC's internal controls, financial and otherwise. This review will be shared with the SBC and provide recommendations on any areas of improvement. The chair of the Audit and Risk Assurance Committee will sign a formal statement, outlining recommendations and actions to be taken forward by the office of the SBC. This statement will be shared with the SBC sponsorship team.
3. All those that receive a delegated budget are required to ensure that:
 - the funds are spent correctly within the limits of the financial authorities delegated by BEIS, within the ambit of Vote, within the constraints of the cash limit (where applicable) and in accordance with the rules governing the use of public funds;
 - there is appropriate segregation of duties so that fraud and irregularities are minimised;
 - there is adequate monitoring and feedback to provide early awareness of any material overspend or underspend in their budget and any potentially poor value for money issues which may have arisen;
 - the DG, Finance and Commercial in BEIS, is made aware, via the SBC sponsorship team, of serious financial issues as soon as possible;
 - maintenance of the appropriate financial records and audit trails and that risks are identified and managed;
 - staff who deal with finance are adequately trained, so that they can appreciate problems at an early stage and that staff are encouraged to attend financial training courses;
 - programme and project management, and procurement and contract management is in accordance with BEIS guidance and procedures.
4. The table below sets out the delegated limits within which the AO has the delegated authority to make financial commitments. Any financial commitment over these delegated limits requires BEIS authority. BEIS permission should only be sought for spending decisions that are above delegated limits and outside points outlined in 17.1.

Nature of Delegation	PO Delegation	
All projects and programmes; announcements and policy proposals with a defined lifetime	Resource	£1.35m
	Capital	£75k
	Admin	£0
Announcements and policy proposals creating on-going expenditure	Resource	£0
	Capital	£0
	Admin	£0
Spending commitments beyond 2020-21	Resource and Capital	Refer to Notes

Delegated Financial Authority

Notes:

1. Approval is required if spending falls outside one or more of the applicable delegated limits. Spending should be measured on a whole life cost basis except where this is not sensible, for example for on-going annual commitments.
2. This includes all new projects and proposals/announcements, even when they are part of a larger programme or payment that was provided for as part of a Spending Review or other Treasury written approval and that are not covered by prior written approval from the Treasury.
3. This also includes renewal of existing projects and programmes where significant changes are being proposed.
4. Costs are on current net present value accruals basis.
5. The cost is the sum of all payments committed to a body, organisation or individual from a single programme over its lifetime (i.e. costs should not be “unbundled” to fall below the delegation).
6. The Cabinet Office controls’ thresholds are automatically set at the minimum of the ranges set out in the letter from the Chief Secretary and Minister for the Cabinet Office of 18 February. If Treasury approves an increase in these ERG related delegated limits, this letter will be reissued to reflect the updated position.
7. Budget Holders cannot enter into new spending proposals which entail contractual commitment into the next spending review (2020-21) until formal negotiations have been concluded with the Treasury. All bids for continued, increased or additional funding should be coordinated through the Spending Review Team. Sponsors are advised to notify their Group Finance Teams if they encounter potential commitments into the next spending review period.
8. BEIS and, in some cases, HM Treasury approval is required to make special payments. The AO’s sub-delegation for losses and write-offs is contained in the delegated authority letter.

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www.gov.uk/government/publications/small-business-commissioner-framework-document

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