



Department for
Business, Energy
& Industrial Strategy

Accounting Officer System Statement 2020

September 2020



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1. Scope of the system

- 1.1. This Accounting Officer System Statement replaces the version previously published in July 2018. In line with HM Treasury guidance and best practice this statement has been revised to reflect administrative classification changes to our network of bodies.
- 1.2. The Department for Business, Energy and Industrial Strategy (BEIS) was created by the Prime Minister on 14 July 2016. Our purpose is to build an economy which is fairer, cleaner, more innovative, and attracts investment from all over the world. On 14 June 2020 BEIS launched our new Mission and Priorities. Our mission is: **leading Britain's recovery**

Our priorities are:

- **Fighting coronavirus-** We will support a safe return to work, restoring livelihoods and rebuilding consumer confidence. We will help businesses to bounce back, putting in place a future programme of support for business and workers, as well as more targeted support to deliver a job rich recovery that contributes to delivering net zero. In addition, we will protect lives by significantly and rapidly increasing domestic vaccines research capability and capacity for production, through the work of the Vaccine Taskforce.
- **Backing business-** We will increase opportunity by levelling up economic activity across all parts of the UK, supporting SMEs and helping business create jobs. We will take steps to remove regulatory barriers and promote regulations that supercharge growth and investment. Through reform measures we will regain public trust in the audit, governance and insolvency regimes. As the transition period draws to a close, we will seize the opportunities of global free trade and play an important part in negotiations on the EU and Rest of World Free Trade Agreements.
- **Unleashing innovation-** We will make the UK a science superpower by backing ideas, eliminating bureaucracy and supporting talent from home and abroad. We will translate our biggest increase in R&D spend into world-beating innovation, catalysing private sector investment to promote the development of cutting-edge technology. We will put UK research funding on a firm footing after EU Exit, laying the groundwork for the establishment of a 'high risk, high payoff' new UK agency for research, due to open in 2021.
- **Tackling climate change-** We will drive the green recovery by setting out measures to decarbonise transport, buildings, energy and industry; deploy carbon capture, usage and storage at scale; and significantly increase offshore wind capacity. We will lay the groundwork for establishing a Gigafactory to manufacture

electric car batteries in the UK within the next three years. In preparation to host a successful COP26 in November 2021, we will push for countries to renew their climate change to accelerate urgent climate action to protect our planet.

- 1.3. The Secretary of State for the Department for Business, Energy and Industrial Strategy and other departmental ministers have a duty to Parliament to account, and be held to account, for the policies, decisions and actions of this Department and its partner organisations and wider network bodies¹. Nothing in this document is intended to be, nor should be interpreted as, inconsistent with this constitutional principle of Parliament holding the executive to account. Instead this document is intended to explain how this principle of accountability is exercised in practice through the operational landscape of BEIS.

Principal Accounting Officer's statement

- 1.4. As Permanent Secretary, I am appointed by HM Treasury as the Principal Accounting Officer for the Department. I am personally responsible for safeguarding all public funds which fall under the auspices of the Department and its 'Trust Statement':

- The Department's Supply Estimates
- Receipts from the Energy Savings Opportunity Scheme
- Receipts from the EU Emissions Trading Scheme
- Receipts from the Carbon Reduction Commitment
- Receipts from the Climate Change Agreements Scheme

- 1.5. This Accounting Officer System Statement sets out all of the accountability relationships and processes within my Department, making clear who is accountable for what at all levels of the system, including where I have appointed additional Accounting Officers, who will have in place their own systems of accountability.

- 1.6. It covers my core Department, its partner organisations and wider network bodies. It describes accountability for all expenditure of public money through my Department's Supply Estimate, all public money raised as income, and the management of shareholdings, financial investments, and other publicly owned assets for which I am responsible. It helps me ensure that I am fulfilling my responsibilities as an

¹ BEIS "partner organisations" are public bodies whose policies are usually overseen by BEIS ministers and with whom we have a direct and close sponsorship relationship. BEIS non-ministerial departments and Public Corporations are also partner organisations. Other bodies within the BEIS network are referred to as the BEIS wider network bodies. Examples of "wider network bodies" include partner organisation subsidiaries. A list of partner organisations is shown in Annex A .

Accounting Officer, in accordance with HM Treasury guidance as set out in 'Managing Public Money', particularly Chapter 3.

- 1.7. The Secretary of State for BEIS and other departmental ministers look to me as the Department's Principal Accounting Officer to delegate within the Department and our partner organisations (and wider network bodies, where appropriate) to deliver their decisions and to support them in making policy decisions and handling public funds. This is a role that involves personal responsibility and accountability on my part.
- 1.8. Parliament is rightly concerned to know not only where public money is spent but who is accountable for it at all levels of the system from the Principal Accounting Officer down. In large government departments this is not always obvious, so this system statement is an attempt to clarify that position for BEIS. At the risk of oversimplifying, the answer on accountability depends primarily on whether public money is being spent directly by the Department or through one of its network bodies.
- 1.9. Within the core Department the line of accountability follows a traditional management cascade of authority from me, as Permanent Secretary, to Directors-General and the Chief Financial Officer and then onwards through directors and deputy directors as appropriate. Special arrangements exist under the so-called 'Osmotherly Rules' for Senior Responsible Owners of major projects to account directly to Parliament. However, in general, whilst I may delegate responsibility within the Department, primary accountability for the use of public money rests with me.
- 1.10. BEIS has a large and diverse range of partner organisations and wider network bodies. Some have been created specifically by Acts of Parliament, often with statutory provisions as to the degree of independence from government and operational autonomy. Some are simply administrative forms of separation from the core Department, created in the interests of organisational focus, specialisation, or administrative efficiency.
- 1.11. Unless providing a purely advisory function, each BEIS partner organisation has a board or executive responsible for the proper operation of that entity. The permanent heads of these organisations will normally be appointed by me as a delegated accounting officer with responsibility for stewardship of that organisation's resources. This is the primary tier of accountability for the use of public money in these organisations. However, in most cases, I remain ultimately responsible to Parliament for the use of resources allocated to BEIS even if these are administered through partner organisations.
- 1.12. There are also rare cases where a partner organisation (e.g. non-ministerial departments) has a separate Supply Estimate from Parliament in which case that accounting officer is solely accountable for use of those funds. However, these are the exception rather than the rule.

1.13. This statement describes the accountability and governance systems which are in place at the date of this statement and which will continue to apply until a revised statement is published. This statement seeks to explain the system accountability arrangements in a comprehensive and simple manner, so we would welcome any feedback on whether its usefulness for readers could be improved. Please send any suggestions to enquiries@beis.gov.uk.

Sarah Munby

Permanent Secretary and Principal Accounting Officer
Department for Business, Energy, and Industrial Strategy

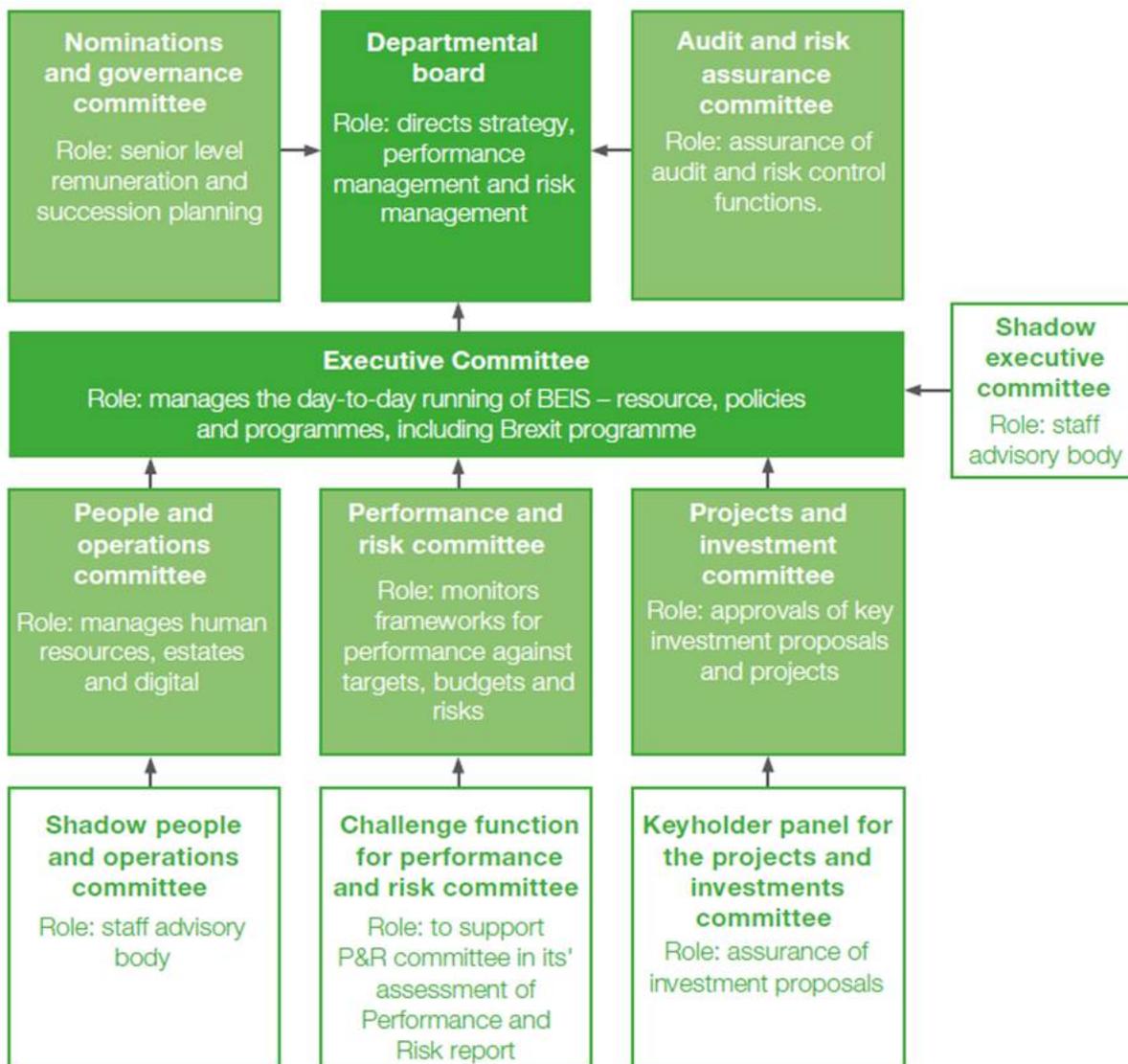
2. Accountability and governance

- 2.1. BEIS accountability is provided through clear, evidence-based business planning, supported by strong governance, performance management and risk processes. This is reinforced through assurance provided through internal and external audit.
- 2.2. BEIS directors general, directors and accounting officers of BEIS' partner organisations (and onwards as appropriate) have the delegated authority to commit resources within predefined limits, together with the responsibility for proper stewardship of these resources and compliance with the requirements of HM Treasury's 'Managing Public Money'. Accountability is formalised through letters of delegated authority at the start of the financial year. Individuals with delegated accountability are ultimately accountable to the Permanent Secretary for ensuring that they deliver the departmental priorities within these delegations.
- 2.3. The Permanent Secretary and/or the Secretary of State confirms the appointment of the chief executive officers (CEOs) of the Department's partner organisations. Normally the Permanent Secretary, as Principal Accounting Officer, appoints the CEOs as accounting officers for the organisations they lead. (There are some exceptions where accounting officers are appointed directly by HM Treasury.)
- 2.4. Delivery plans for BEIS' vision and objectives are established through annual business planning processes which set out the actions, success measures and resource allocations against the departmental strategic objectives. It is supported by plans for each of the directorates and partner organisations and, in turn, by more detailed delivery plans for the Department's portfolio of significant programmes and projects. Directors, CEOs, and programme/project senior responsible owners (SROs) report on their delivery through the performance monitoring framework, and report on maintaining forecasted financial positions within budget limits. Where relevant, they are responsible for ensuring that their activities have been through an internal assurance process and/or the Government Major Projects Portfolio (GMPP) gateway processes.
- 2.5. Delivery Plans set out the BEIS objectives and plans to achieve them. This establishes an internal accountability framework, based on policy milestones and indicators, and enables on-going monitoring of policy delivery. Management information on the progress against the Delivery Plans and budgets is collated monthly and discussed alongside significant risks or issues. This is examined through BEIS executive committees and the Departmental Board.
- 2.6. For each partner organisation, as well as the regular financial and delivery reporting through BEIS' performance monitoring framework, there will be an ongoing relationship with the Department. Our relationship is based on a sponsorship model set up to help us engage with partner organisations in a consistent and coordinated way, and to strengthen our relationship with them as part of our wider transformation programme. The relationship with individual partner organisations is owned by named policy and

governance sponsors within BEIS to lead on discussions of both relevant policy development and governance of the partner organisation. Interaction with the wider Department, either at a day-to-day administrative level with finance teams or strategically with senior management and ministers, is driven according to need and the level of risk to which the partner organisation and Department is exposed.

Departmental governance structure

2.7. One of the policy responsibilities of BEIS is corporate responsibility and raising the standards of corporate governance. We have sought to be at the forefront for standards and diversity in the way that we have designed and implemented governance. Further details of BEIS governance structure, board and committees can be found in the 'Annual Reports and Accounts' governance statement.



Risk management

- 2.8. The departmental risk framework sets out the processes and procedures to manage and de-escalate/escalate risks at all levels. Key risks from across BEIS are reported by directorate each month. The Department also requires each major programme to define its overall risk appetite and all individual risks are required to have target reduction levels to reflect the level of exposure that can be tolerated. Risks registers are maintained at departmental, group and directorate level, enabling risks to be actively considered and managed.
- 2.9. The intelligence from BEIS' risk reporting informs the performance and risk report covering departmental performance, financial and resource management and the departmental level risks. This report is discussed monthly at Performance and Risk Committee (P&R) and Executive Committee (ExCo), which is integral to the governance of the Department. Key changes to the risks, including any new, escalated, or de-escalated risks, are reviewed by the P&R Committee, who inform ExCo of any significant changes.
- 2.10. The Department's approach is to make a distinction between strategic and operational risks. The Executive Committee, P&R Committee and the Departmental Board drive the identification of high-level strategic risks that are directly aligned to departmental objectives as formulated through Ministerial priorities and Delivery Plans. Underneath the strategic risks sit operational risks relating to the Department's objectives, which are managed by Directors General as part of their Group risk registers, or directors or SROs on directorate, programme, or project risk registers. This enables risks to be managed effectively and escalated to the right board or committee when it appears, they are outside tolerance. This structure aligns with the departments delegated authority approach.

Project management

- 2.11. All projects across BEIS and its partner organisations are required to obtain formal sign-off at pertinent points of their lifecycle, from initial mandate through to closure, using the HMT Green Book Strategic, Outline and Final business case model to document the approval sought. Guiding this is the principle that the processes involved are proportionate to the value and risk profile of the project.
- Projects below the delegation level of the relevant partner organisation or director general can be authorised by the director general or the partner organisation and would be monitored at the group or partner organisation level on either a monthly or quarterly basis, as appropriate.
 - Projects that are novel, contentious or repercussive and those above delegation limits are required to obtain approval through BEIS' Projects and Investments

Committee (PIC) and would be included on the Departmental Portfolio, which is monitored on a monthly basis at Departmental level.

- Projects on the Departmental Portfolio, and potentially those at group level, also undergo independent assurance in line with the Departmental Integrated Assurance and Approvals Strategy, with BEIS Portfolio Office organising independently run gateway reviews or health checks at key lifecycle stages and decision points.

2.12. Additionally, projects £70m and above are usually subject to HM Treasury approval. They may also be subject to review by the Infrastructure and Projects Authority (IPA), and may enter the Government Major Projects Portfolio (GMPP) for ongoing IPA monitoring and assurance.

Audit and assurance

2.13. Audit and assurance arrangements support the Accounting Officer and Board's delivery and accountability requirements, providing evidence-based assurance on the management of risks that threaten the successful achievement of BEIS' objectives.

2.14. BEIS operates an assurance framework with three lines of defence: operational management², internal governance³ and independent assurance⁴. This ensures there are sources of assurance on governance, risk management and control processes across the Department.

2.15. An annual governance statement is included within the 'Annual Report and Accounts'. This sets out the governance, risk management and internal control arrangements for the Department. Evidence is provided throughout the statement on how governance has been aligned with departmental vision and objectives. This evidence includes assurances from the internal audit function, Controls and Assurance Tool result, and the governance statements from individual directors general within the Department.

2.16. As part of the governance arrangements, BEIS and most of its partner organisations have established assurance bodies (e.g. Audit and Risk Assurance Committees, ARACs) which advise their management boards on governance, control and risk management. For those organisations with a more significant budget share and associated risks an internal audit function exists to provide independent assurance over the work of the organisation, with a representative of internal audit regularly attending meetings of the assurance board. This independent assurance provides a valuable link into the assurance needs of the Principal Accounting Officer.

² First line, or operational management, assurance comes direct from those responsible for delivering specific objectives or operation; it provides assurance that performance is monitored, risks identified and addressed, and that objectives are being achieved.

³ Second line, or internal governance, assurance is separate from those responsible for delivery, but not independent of the organisation's management chain.

⁴ Third line, or independent, assurance focuses on the role of internal audit and other third-parties such as the Major Projects Authority.

- 2.17. The BEIS internal audit function is provided by the Government Internal Audit Agency (GIAA), a cross government service supporting BEIS and several of its partner organisations, which undertakes a programme of risk-based internal audits and advisory work to provide assurance to the Permanent Secretary, ARAC and the Departmental Board. GIAA's position within government enables it to provide assurances that cut across traditional departmental boundaries and support the cross-cutting nature of the Department's work.
- 2.18. The Group Chief Internal Auditor provides ARAC with an annual report on the systems of governance, risk management and control operating in the Department based on the work undertaken during the year; the outcome of the annual review of corporate governance; knowledge of the business environment; known instances of fraud; and the work of others such as the National Audit Office (NAO), who provide the Department's external audit function.
- 2.19. NAO is responsible on behalf of Parliament for examining the economy, efficiency and effectiveness of the use of public money by BEIS. This is achieved primarily through the independent audit of BEIS' annual financial statements and through its programme of value for money reviews.
- 2.20. Further scrutiny and independent oversight is provided by House of Commons select committees. The BEIS Committee examines the administration, expenditure and policy of the Department and its associated public bodies. The Public Accounts Committee scrutinises value for money (the economy, efficiency, and effectiveness of public spending) and generally holds BEIS and its partner organisations to account for delivery.

Relationships with other government departments

- 2.21. BEIS ministers have lead policy responsibility for the work of three non-ministerial departments, all of which fall outside of the BEIS accounting boundary. These are:
- [Competition and Markets Authority](#)
 - [HM Land Registry](#)
 - [Office of Gas and Electricity Markets](#) (Ofgem)
- 2.22. These bodies have been established under statute to operate independently of BEIS. Their chief executive officers are appointed directly by HM Treasury as accounting officers with personal accountability to Parliament.
- 2.23. Although independent from BEIS, members of these bodies' boards are appointed by the Department through open competition in compliance with the 'Governance Code on Public Appointments' and in accordance with the legislation under which each was created. Further details can be found in their respective annual reports to Parliament.

UK Government Investments (UKGI)

2.24. UKGI is a company wholly owned by HM Treasury whose staff are public servants. It is the government's centre of excellence in corporate finance and corporate governance. It provides independent advice to a range of Departments, relating to:

- Governance: Act as shareholder for and lead the establishment of HMG Partner Organisations, to help these businesses optimise their performance to operate as commercially as possible
- Asset Realisations: Prepare and execute all major asset sales by the government
- Corporate Finance: Provide advice on major HMG financial interventions into corporate situations including distress and mergers & acquisitions

2.25. UKGI works closely with BEIS on a number of high-profile one-off projects, and currently fulfils the department's shareholder role for partner organisations including the Nuclear Decommissioning Authority, British Business Bank plc, Post Office Ltd, Ordnance Survey Ltd, HM Land Registry, National Nuclear Laboratory and Nuclear Liabilities Fund.

3. Relationships with BEIS partner organisations and wider network

- 3.1. The BEIS group of partner organisations and wider network bodies is one of the largest and most diverse of any government department. The organisations vary considerably in size, type, and level of independence, and operate in a complex and often changing environment. These organisations are essential to the successful delivery of the Department's objectives.
- 3.2. The BEIS Permanent Secretary is Principal Accounting Officer and has, where relevant, delegated accounting officer responsibility under 'Managing Public Money' to the chief executive officer (or equivalent) of the organisation in question, or the Principal Accounting Officer retains accountability directly. The accounting officers of the three non-ministerial departments (listed in Section 2) are appointed by HM Treasury.
- 3.3. All newly appointed accounting officers receive a letter from the Principal Accounting Officer confirming their appointment as accounting officer. This sets out their accountabilities and responsibilities. To support them in their role, on appointment, all accounting officers are recommended to attend the Civil Service Learning course, an 'Introduction to Accounting Officer Responsibilities', which provides a thorough understanding of propriety and regularity issues, as they affect those in public service. In addition, newly appointed accounting officers can also discuss their roles and responsibilities further with the BEIS Chief Financial Officer.
- 3.4. Each partner organisation is overseen by a sponsor team in the core Department which agrees and captures the organisation's remit in a framework document. The sponsor also monitors and challenges performance and works with the partner organisation or wider network body to support its high-level aims. All partner organisations are established with governance arrangements that are appropriate to both their mission and legal form, and with processes for engagement with the Department that allow them to function and deliver with the appropriate balance of autonomy and accountability.
- 3.5. BEIS worked closely with the Cabinet Office during the development of 'Partnerships between Departments and Arm's Length Bodies: Code of good practice' and are committed to the principles of the Code. BEIS is working with its partner organisations to agree the Department's approach to completing both functional and tailored reviews.
 - Functional reviews look across departments and examine the functions of several public bodies in similar or related areas of government, allowing consideration of opportunities for reform that cannot be revealed by reviewing bodies one by one.
- 3.6. The BEIS group of partner organisations and wider network bodies crosses over many different classifications, with organisations found at various distances from 'the centre'

and, therefore, operating in a range of different ways appropriate to their statutory or administrative form.

- 3.7. While these partner organisations and wider network bodies fall into a number of different classification groups, many share similar funding and monitoring arrangements. The following categories provide, as far as possible, an account of the broad arrangements in place:

Central Government but not ALBs

- 3.8. These bodies are classified to central government but are not administratively classified to either Non-ministerial departments, Executive Agencies or NDPBs.

Executive agencies

- 3.9. Executive agencies have an accounting officer responsible to Parliament. They are appointed by the Principal Accounting Officer, who receives assurance on the executive agency's delivery through a sponsor team in the core Department, which monitors financial and performance data. Although autonomous of BEIS, with the chairman or chief executive officer having accountability for the operation and budget of the organisation, these bodies are supported through secretariat functions within BEIS. Each is supported by a sponsor team in the core Department which monitors financial and performance data

Expert committees

- 3.10. These are usually non-statutory groups, providing independent expert advice on key issues from within the department. Like many of the NDPBs that possess an advisory function, Expert Committees comprise of external (non-civil service) specialists that form committees to advise ministers on particular policy areas. However, they are not ALBs like NDPBs. They are funded from within a department budget, administrated and resourced by civil servants from within the department, and are not subject to the same levels of review or scrutiny that ALBs require.

Joint ventures and associates

- 3.11. A joint venture is a joint arrangement whereby the parties have that have joint control of the arrangement have rights to the net assets of the arrangement.

An associate is an entity where the Department has "significant influence" but not control over the entity. The department recognises its investments into associates and joint ventures and these investments are managed through the lead sponsor teams, such as UKRI for The Francis Crick Institute.

Non-departmental public bodies

- 3.12. These non-departmental public bodies (NDPBs) receive grant-in-aid from the core Department and may charge for their services.
- 3.13. They vary significantly in size and scope, from organisations with thousands of employees and multi-billion pound budgets (e.g. the Nuclear Decommissioning Authority), to small organisations that receive minimal funding (e.g. the Committee on Radioactive Waste Management). Therefore, their sponsorship and engagement with BEIS and/or UKGI will also vary greatly; with BEIS directors general on their boards in some cases but minimal policy input in others.
- 3.14. However, each NDPB has an independent board to oversee its delivery and provide assurance of financial probity and (with the exception of the Committee on Radioactive Waste Management) an accounting officer (normally the chief executive officer) who is formally responsible to Parliament for the funds allocated to them. This provides the primary tier of accountability for the organisation's use of public funds. In addition, respective sponsor teams in the core Department monitor financial and performance data, engaging as necessary in matters relevant to the BEIS Principal Accounting Officer.

Office of the Department

- 3.15. These are distinct entities that form part of government departments. They are usually set up for a specific project or initiative, with dedicated teams with Departments. They do not have executive agency status (and do not have the governance structures or the operational autonomy of an executive agency). They are staffed by civil servants and work within the rules and processes of their relevant home department.

Other (non-ALB)

- 3.16. Other (non-Arm's Length Bodies) are companies incorporated under the Companies Act by the department for specific purposes, such as Special purpose vehicles, holding companies for managing or holding investments on behalf of the government. The Accounting Officer gains assurance over the investments they hold through the directors of the companies being appointed as Accounting Officers (where necessary) and the management of the investments through Departmental budgets and budget holders with support from UKGI (in respects of certain investments).

Other public bodies not yet administratively classified

- 3.17. These are partner organisations of BEIS that have been classed to central government but have yet to be administratively classified by Cabinet Office.

Public Corporations

3.18. Any public entity that is at least 50% funded through commercial activities will be classified by the ONS National Accounts system as a Public Corporation. These have substantial day to day operating independence so that it should be seen as an institutional unit separate from its parent department

Statutory office holder

3.19. A statutory office is a position established under legislation (in some instances by a prerogative Order in Council) and sometimes as a separate legal entity or corporation sole, with a specific remit to conduct activities or deliver services within the public sector but which is an individual and not an organisation. The statutory office is a position held by one person, the statutory office holder, though the office may be provided powers to request additional resources if required (these would usually be provided by a department or by Parliament) or to employ staff. They can be set up by a ministerial department or on Parliament's behalf.

4. The distribution of funding

- 4.1. As with other government departments, BEIS' annual funding is agreed by Parliament. The Permanent Secretary (as Principal Accounting Officer) is accountable for ensuring that expenditure is in accordance with the requirements of regularity, propriety, value for money and feasibility (as set out in 'Managing Public Money').
- 4.2. On an annual basis, the Appropriations Act (Main Estimates) provides the annual breakdown of the Department's overall funding settlement. There is an opportunity to redistribute funds between control totals once a year through the Supplementary Estimate process, if agreed by HM Treasury.
- 4.3. Allocation of resources to departmental priorities is decided by ministers, supported by advice from the Departmental Board and the Executive Committee (ExCo). Within the core Department the Principal Accounting Officer delegates to directors general and the Chief Financial Officer the authority to commit these resources in line with plans to achieve departmental objectives. Accountability is formalised through letters of delegation, onwards to directors and deputy directors as appropriate.
- 4.4. Separate budget delegations are made to partner organisations as appropriate. Accountability is formalised through a letter of delegation, allocating budgets subject to certain controls, and outlining expectations and areas of responsibility and accountability.
- 4.5. More information on the expenditure of the core Department and its consolidated bodies is provided in the 'Annual Report and Accounts'.

Monitoring expenditure

- 4.6. The Department's internal forecasting process ensures timely and robust reporting of under-spends and cost pressures. Forecasts are analysed and reported monthly to the Performance and Risk committee and to ExCo, as well as more detailed quarterly reviews led by the Chief Financial Officer. They provide the opportunity for scrutiny and challenge of financial forecasts, informing an agreed BEIS forecast position and recommendations to ExCo for intervention as necessary to protect the Department's budgetary control totals. These reviews are an important part of the system that enables BEIS to make effective strategic funding decisions.
- 4.7. Departmental forecasts are also reported to HM Treasury through its Online System for Central Accounting and Reporting (OSCAR) system, to assist with the taut management of public finances. This information feeds into the fiscal reporting to Parliament by HM Treasury.

Local funding arrangements

- 4.8. For local authority services in which BEIS has a policy interest, central government funding is generally provided either through the Revenue Support Grant (from the local government budget) or through specific revenue grants (from the BEIS budget), although capital grants are also provided.
- 4.9. The Ministry of Housing, Communities and Local Government's Accounting Officer, as lead accounting officer across central government with respect to local government, provides the assurance that a core framework is in place that requires local authorities to act with regularity, propriety and value for money in the use of all of these resources.
- 4.10. As well as the accountability provided through this framework, specific BEIS grants are often provided in recognition of a statutory obligation on local authorities to perform a function or provide a service. In such cases, arrangements are established in a way that allows local authorities the flexibility to respond to local priorities, pursue balanced outcomes and choose their own methods of achieving desired outcomes, whilst taking into account BEIS' policy intentions and having regard to the principles of managing public money.

Grants to private and voluntary sector bodies

- 4.11. Most BEIS grants to private and voluntary sector bodies are allocated by those partner organisations that are responsible for taking individual decisions on which proposals should and should not receive grant support. About 75 per cent of applications are rejected in order to prioritise those proposals which best meet the policy criteria for grant support. The Department's role is to fund the partner organisations in question (mainly UK Research and Innovation) through grant-in-aid and to oversee the overall funding framework under which grants are issued. A minority of grants are issued directly by the Department for purposes authorised by Parliament under the Estimates processes.
- 4.12. All grants issued by both the Department and its partner organisations are intended to comply with the requirements set out in 'Managing Public Money' as regards propriety, regularity and value for money. The Department has worked closely with its grant-giving teams and partner organisations to help the Cabinet Office design a set of guiding principles for the administration of grants.
- 4.13. An exceptional feature of grant-giving in BEIS right at the end of the financial year was the close partnership working BEIS adopted with the Department for Communities and Local Government to pay over £13 billion in support to eligible businesses affected by Covid-19. The Department will report more fully on these grants in the Annual report and accounts 2019-20 and 2020-21 once we have fully monitored their impact.

Major contracts and outsourced services

Major contracts

4.14. BEIS has robust processes in place for entering into major contracts. These have been assessed against the government commercial operating standards, which cover the lifecycle from identifying the need, through procurement and contracting to subsequent management. One of these standards requires that value for money be obtained and this is ensured in a number of ways:

- Market engagement prior to large contracts ensures that the market is understood and requirements for goods and services that are fit for purpose can be set without attracting undue cost.
- Procurement regulations require competitive procurement wherever possible. Depending on the requirement, this may be by use of a Crown Commercial Service or other framework that has been pre-competed or by undertaking an Official Journal of the European Union (OJEU) procurement. OJEU is the publication in which all tenders from the public sector, valued above a certain financial threshold according to EU legislation, must be published.
- If it is proposed instead to extend a contract, this requires specific commercial and financial approval depending on value to ensure that this is the most appropriate and is not a preferred option.
- Commercial transactions with a value of £10m or above or deemed novel, contentious or repercussive are subject to scrutiny by the Commercial Assurance Board (CAB) which seeks to ensure alignment to government and BEIS strategy and procurement policies as well as to manage commercial risk and maximise commercial outcomes. Such cases also require Cabinet Office spend controls approval. This applies to all commercial transactions in BEIS network.
- Any commercial transaction between £10k and £10M in BEIS core department is approved by BEIS Commercial Team.

Outsourced services

4.15. BEIS has relatively few outsourced services contracts to deliver its key services to the public. Those that are essential to the Department's work tend to be for services for its staff, such as facilities management of its buildings and provision of some of BEIS' information technology services.

4.16. Such services are covered by Cabinet Office spend controls and are subject to scrutiny by the relevant functional groups. BEIS has introduced Commercial Leads to provide tailored support to directorates to establish appropriate levels of commercial support to drive forward specific priorities for the directorate and the Department as a whole.

- 4.17. BEIS has developed a strategy to strengthen its commercial capabilities across the department through a Commercial Leads structure who focus on the whole contract lifecycle.
- 4.18. BEIS contracts are categorised, according to value and business impact, to facilitate a risk-based approach to contract management and provision of appropriate resources. The Department will lead and support contract managers of major contracts to monitor performance, ensure contract compliance and encourage continuous improvement and innovation. This will reduce risk and enhance value for money for these contracts.
- 4.19. BEIS Contract managers capability is supported and enhanced with access to resources and training available through the Commercial College – namely the Contract Management Capability Programme (CMCP). Contract Managers are assessed and matched to the appropriate CMCP level based on their skills and job requirements.

ANNEX A – Alphabetical list of BEIS partner organisations and wider network

Name	Category
Advisory, Conciliation and Arbitration Service	NDPB (non-departmental public bodies)
AEA Insurance Limited	Part of UKAEA (UK Atomic Energy Authority)
BBB Patient Capital Holdings Limited	Part of BBB (British Business Bank plc)
BIS (Postal Services Act 2011) Company Limited	Other non-ALB
BNFL Investments (US) Limited	Part of British Nuclear Fuels Limited
British Business Aspire Holdco Ltd	Part of BBB
British Business Bank plc (BBB)	Other Public Body not yet administratively classified
British Business Finance Ltd	Part of BBB
British Business Financial Services Ltd	Part of BBB
British Business Investments Ltd	Part of BBB
British Hallmarking Council	NDPB
British Nuclear Fuels Limited	Public Corporation
British Nuclear Group Ltd	Part of British Nuclear Fuels Limited
British Patient Capital Limited	Part of BBB
British Technology Investments Limited	Other non-ALB
Capital for Enterprise (GP) Limited	Part of BBB
Capital for Enterprise Fund Managers Limited	Part of BBB
Capital for Enterprise Limited	Part of BBB
Central Arbitration Committee	NDPB
Certification Office for Trade Union and Employers' Associations	Statutory Office holder
Civil Nuclear Police Authority	NDPB
Coal Authority	NDPB
Committee on Climate Change	NDPB
Committee on Fuel Poverty	NDPB
Committee on Radioactive Waste Management	NDPB
Companies House	Executive Agency
Competition and Markets Authority	Non-Ministerial Department
Competition Appeal Tribunal	NDPB
Competition Service	NDPB

Name	Category
Cornwall and Isles of Scilly Investments Limited	Other non-ALB
Council for Science and Technology	Expert Committee
<i>Daresbury Science & Innovation Campus Limited</i>	<i>Other non-ALB (Dissolved in 31 March 2020)</i>
Daresbury Science and Innovation Campus Public Sector Limited Liability Partnership	Other non-ALB
Diamond Light Source Limited	Other non-ALB
Direct Rail Services Limited	Part of NDA Group (Nuclear Decommissioning Authority)
Director of Labour Market Enforcement	Statutory Office holder
Dounreay Site Restoration Limited	NDA Site Licence company – managed by NDA
East Midlands Early Growth Fund Limited	Other non-ALB
Electricity Settlements Company Ltd	Other Public Body not yet administratively classified
Endorsement Board	Expert Committee
Enrichment Holdings Ltd (EHL)	Other non-ALB
Enrichment Investments Limited	Part of EHL
Fleetbank Funding Limited	Other non-ALB
Francis Crick Institute Ltd (Private Sector Company)	Joint Ventures
Government Office for Science	Office of the Department
Groceries Code Adjudicator	Statutory Office holder
Harwell Science and Innovation Campus Public Sector Limited Partnership	Other non-ALB
Her Majesty's Land Registry	Non-Ministerial Department
Independent Complaints Reviewer	Supporting Land Registry
Industrial Development Advisory Board	Expert Committee
Innovate UK Loans Limited	Part of UKRI (United Kingdom Research and Innovation)
Insolvency Service	Executive Agency
Institut Laue-Langevin (A third-owned by UK and managed by UKRI)	Joint Ventures
Intellectual Property Office	Executive Agency
International Nuclear Services France SAS	Part of NDA Group
International Nuclear Services Japan KK	Part of NDA Group
International Nuclear Services Ltd	Public Corporation
Land Registration Rules Committee	Supporting Land Registry
LLW Repository Limited	NDA Site Licence company – managed by NDA

Name	Category
Low Carbon Contracts Company Ltd	Other Public Body not yet administratively classified
Low Pay Commission	NDPB
NW VCLF HF LLP	Other non-ALB
Magnox Limited	Part of NDA – Site Licence Company
Medical Research Council	Part of UKRI
Meteorological Office	Executive Agency
Midlands Engine Investments Limited	Other non-ALB
National Nuclear Laboratories Ltd	Public Corporation
National Physical Laboratory	Public Corporation
NDA Archives Limited	Part of NDA Group
NDA Properties Limited	Part of NDA Group
Northern Powerhouse Investments Limited	Other non-ALB
Nuclear Decommissioning Authority (NDA)	NDPB
Nuclear Liabilities Financing Assurance Board	Expert Committee
Nuclear Liabilities Fund Limited	Central Government but not ALB
	Other non-ALB
Office for Product Safety and Standards	Office of the Department
Office of Gas and Electricity Markets	Non-Ministerial Department
Office of Manpower Economics	Office of the Department
Office of the Regulator of Community Interest Companies	Statutory Office Holder
Pacific Nuclear Transport Limited	Public Corporation
Oil and Gas Authority	NDPB
Ordnance Survey	Public Corporation
Post Office Ltd	Public Corporation
Postal Services Holding Company Limited	Other non-ALB
Pubs Code Adjudicator	Statutory Office holder
Radioactive Waste Management Limited	Part of NDA Group
Regulatory Horizons Committee	Expert Committee
Regulatory Policy Committee	NDPB
Research Sites Restoration Limited	Part of NDA Group
Rutherford Indemnity Limited	Part of International Nuclear Services (Public Corporation)
Sellafield Limited	Part of NDA Group
Small Business Commissioner	NDPB

Name	Category
South Tees Site Company Limited	Central Government but not ALB
STFC Innovations Limited	Part of UKRI
The Copyright Tribunal	NDPB
The Financial Reporting Council Limited	Other Public Body not yet administratively classified
The NESTA Trust	Other non-ALB
<i>The Science and Technology Facilities Council (STFC)</i>	<i>Part of UKRI- (Dissolved in 30 March 2020)</i>
The Start-Up Loans Company	Part of BBB
UK Climate Investments Apollo Limited	Part of UKCI (UK Climate Investments LLP)
UK Climate Investments H1 Limited	Part of UKCI
UK Climate Investments Indigo Limited	Part of UKCI
UK Climate Investments Lakeside Limited	Part of UKCI
UK Climate Investments LLP (UKCI)	Other non-ALB
UK Climate Investments VC Limited	Part of UKCI
UK Green Infrastructure Platform Limited	Other non-ALB
UK Shared Business Services Limited	Other Public Body not yet administratively classified
UK Space Agency	Executive Agency
United Kingdom Atomic Energy Authority (UKAEA)	NDPB
United Kingdom Research and Innovation (UKRI)	NDPB
Urenco Limited	Associate

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