



Department for
Business, Energy
& Industrial Strategy



MET OFFICE FRAMEWORK DOCUMENT 2019

March 2019



© Crown copyright 2019

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3 or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: psi@nationalarchives.gsi.gov.uk.

Where we have identified any third-party copyright information you will need to obtain permission from the copyright holders concerned.

Any enquiries regarding this publication should be sent to us at: enquiries@beis.gov.uk

Contents

| | |
|---|-----------|
| Introduction | 4 |
| Purpose of the Met Office | 4 |
| Governance and accountability | 5 |
| Policy and Financial Framework | 14 |
| Annual report and accounts | 16 |
| Internal audit..... | 16 |
| External audit | 17 |
| Management and Financial Responsibilities..... | 18 |
| Risk management..... | 19 |
| Delegated authorities | 20 |
| Staff | 21 |
| Dispute resolution..... | 24 |
| Review of the Framework Document | 24 |
| Appendix: Compliance with public sector guidance | 25 |

Introduction

1. This Framework Document has been drawn up by the Department for Business, Energy and Industrial Strategy (BEIS) in consultation with the Meteorological Office (“the Met Office”). The Met Office is an Executive Agency of, and a Trading Fund within, BEIS.
2. This document sets out the broad framework within which the Met Office will operate. The document does not convey any legal powers or responsibilities. It replaces the Framework Document published in 2013. Copies of the document have been placed in the Libraries of both Houses of Parliament and made available to the public on the Met Office website.

Purpose of the Met Office

3. The Met Office is the UK’s National Meteorological Service. It provides a national weather and climate capability, underpinned by a unified weather and climate model. It is consistently assessed by the World Meteorological Organisation (WMO) as one of the most accurate forecasters in the world. It forms a key part of the UK’s defence and civil contingencies infrastructure. It is responsible for delivering the Public Weather Service (PWS) and National Severe Weather Warning Service (NSWWS). It also represents a critical national capability in climate research, with a central role in meeting the Government’s requirements for climate evidence and advice. In addition, the Met Office works in partnership with academia and other UK and international centres of excellence, helping to pull through and exploit world-leading environmental science to deliver economic and social value.
4. The functions of the Met Office are set out in schedule 1 of The Meteorological Trading Fund Order 1996, and were transferred from the Ministry of Defence to BIS (now BEIS) in the Transfer of Functions (Her Majesty’s Land Registry, the Meteorological Office and Ordnance Survey) Order 2011:
 - the provision of meteorological, climatological, and associated services to the Ministry of Defence (now BEIS);
 - the provision of such services to other customers; and
 - operations incidental, conducive, or otherwise ancillary to the foregoing.
5. The Public Records Act 1958 also requires the Met Office to maintain national meteorological records and archive services.
6. Activity is further defined by a variety of public sector customer agreements (such as PWS), to provide a range of services, singly or in partnership with others. These services then enable the UK to fulfil a number of domestic and international statutory obligations, from civil contingencies, flood management, air quality and cold weather payments for the elderly, through to climate change policies and international civil aviation obligations.

7. The Met Office's purpose is to work at the forefront of weather and climate science for protection, prosperity and well-being. It helps the government and its agencies, the public and industry customers achieve their goals through:
 - enabling protection of lives, infrastructure and the natural world;
 - improving well-being now and in the future; and
 - increasing prosperity enabling UK economic growth and international competitiveness.

Scotland, Wales and Northern Ireland

8. The Met Office provides weather and climate services for the whole UK, including responsibility for delivery of the PWS and NSWWS. The Met Office therefore maintains close links with the devolved administrations to ensure that the weather and climate needs of Scotland, Wales and Northern Ireland are fully understood.
9. Relationships between the Met Office and the devolved administrations come within, and are subject to, the principles and procedures enshrined in the Memorandum of Understanding between the UK Government, the Scottish Ministers, the Welsh Ministers, and the Northern Ireland Executive Committee, and wider concordats and agreements that exist between the different administrations.

International Representation

10. By virtue of its treaty obligations and membership of a number of international organisations from which the UK benefits, the Government is required to designate a national meteorological service, which is the Met Office.
11. To support its national and global forecasting capability the Met Office depends on observations made across the world by other National Meteorological Services. In this context, the Met Office is required by the Foreign and Commonwealth Office to provide senior officials to act as the Permanent UK representatives to the WMO, the European Organisation for the Exploitation of Meteorological Satellites (EUMETSAT), and the European Centre for Medium-Range Weather Forecasts (ECMWF).

Governance and accountability

Ministerial Responsibility

12. The Secretary of State for BEIS is the Minister with formal responsibility for the Met Office as Shareholder ("the Secretary of State"). Day-to-day ministerial oversight and the formal business ownership role are generally delegated to Minister of State for Universities, Science, Research and Innovation ("the Minister").

13. The Secretary of State and the Minister are answerable to Parliament for all matters relating to the Met Office and hold Ministerial policy responsibility for the Met Office and the legislation it operates under. The Minister has the right to intervene in the Met Office's operations if justified by public or parliamentary concerns.
14. The Minister has a number of responsibilities in relation to the Met Office. These include:
- appointment of the Chief Executive;
 - appointment of the Chair and Non-Executive Directors;
 - setting and reviewing top-level objectives which balance the government's shareholder, financial, and policy interests in the Met Office;
 - approving the five-year Corporate Plan for delivering the strategy;
 - defining the policy and finance framework within which the Chief Executive is to operate;
 - satisfying himself that the Board is working effectively, under delegated - authority, on his behalf to fulfil their responsibilities; and
 - answering Met Office Parliamentary Questions and correspondence that UK Ministers receive from members of the UK Parliament and devolved Parliaments/Assemblies (following usual BEIS clearance procedures).
15. The Minister will meet the Chief Executive as and when needed to discuss the Met Office's performance and outlook. The meeting will take place before the Met Office's annual report and accounts are laid in Parliament.

Principal Accounting Officer

16. The Treasury has appointed the BEIS Permanent Secretary as Principal Accounting Officer (PAO). The PAO is liable to be summoned before the Public Accounts Committee (PAC) to answer any questions relating to the discharge of their responsibilities.
17. The PAO has the following responsibilities:
- allocation of Departmental resources to the Met Office, including the Public Dividend Capital and Departmental Expenditure Limits cover for any loan facility with the National Loan Fund, and contracts for weather or climate services;
 - ensuring that the Met Office's financial systems and procedures and its governance arrangements promote a high standard of financial management and propriety; and
 - ensuring that these financial systems and monitoring procedures are adequate and robust.
18. The Permanent Secretary does not have responsibility or involvement in the day to day operations of the Met Office; in this regard the Permanent Secretary delegates the oversight of this to the BEIS Met Office sponsorship team.
19. The PAO and Accounting Officer (see below) both report directly to the Minister. However, if any differences of view arise between the PAO and the Accounting Officer, it is for the PAO to decide on what should be done.

Accounting Officer/Chief Executive

20. The Chief Executive is appointed by the Minister. The Minister may remove the Chief Executive from office if they are unable or unfit to discharge their functions.
21. The Chief Executive is appointed by HM Treasury as the Accounting Officer for the Trading Fund.
22. The Accounting Officer is personally responsible for safeguarding the public funds for which they have charge; for ensuring propriety, regularity, value for money and feasibility in the handling of those public funds. They should ensure that the Met Office is run on the basis of the standards of *Managing Public Money*¹ and with any general guidance issued by relevant central Government Departments (including Treasury and the Cabinet Office), as this applies to a Trading Fund.
23. The Chief Executive leads and manages the Met Office in order to ensure delivery of its objectives and targets and, in particular, the successful implementation of an agreed Corporate Plan.
24. The Parliamentary responsibilities of the Chief Executive include:
 - signing the accounts and ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by the Secretary of State;
 - preparing and signing a Governance Statement covering corporate governance, risk management and oversight of any local responsibilities, for inclusion in the annual report and accounts;
 - ensuring that effective procedures for handling complaints about the Met Office are established and made widely known within the Met Office;
 - acting in accordance with the terms of *Managing Public Money* and other instructions and guidance issued from time to time by the Department, the Treasury and the Cabinet Office;
 - giving evidence on relevant matters at parliamentary committees. This includes the PAC; and
 - directly answering Parliamentary Questions of a general nature that seek information on all partner bodies as well as correspondence received directly from members of the UK Parliament and devolved Parliaments/Assemblies.
25. The responsibilities of the Chief Executive to the Board are to:
 - advise the Board on the discharge of the Met Office Board's responsibilities as set out in this document and in any other relevant instructions or guidance that may be issued from time to time, with support from BEIS;
 - seek approval of the five-year corporate plan, annual budget and KPIs and advising the Board on the Met Office's performance against these KPIs;
 - develop, together with the Chair and the other members of the Board, the strategy for the Met Office, for agreement with the Minister;

¹ <https://www.gov.uk/government/publications/managing-public-money>

- ensure that financial considerations are taken fully into account by the Board at all stages in reaching and executing its decisions, and that financial appraisal techniques are followed;
- report to the Board on business strategy, risk, performance against objectives, major business proposals and business decisions and to seek approval or endorsement (as appropriate) for significant decisions within the framework set out in the delegation letter from BEIS to the Chief Executive (“the Delegation Letter”); and
- take action, as set out in paragraph 3.8.6 of *Managing Public Money*, if the Board or its Chair is contemplating a course of action involving a transaction which the Chief Executive considers would infringe the requirements of propriety or regularity or does not represent prudent or economical administration, efficiency or effectiveness, is of questionable feasibility, or is unethical.

26. The responsibilities of the Chief Executive to BEIS are to:

- establish, in agreement with BEIS, the corporate plan, annual budget and KPIs in the light of the Department’s wider strategic aims and agreed priorities;
- inform the Department of progress in helping to achieve the Department’s policy objectives and demonstrate how resources are being used to achieve those objectives;
- provide timely forecasts and monitoring information on performance and finance to BEIS;
- ensuring that BEIS is notified promptly if over or underspends are likely and that corrective action is taken; and
- that any significant problems, financial or otherwise, are notified to BEIS in a timely fashion.

27. The other responsibilities of the Chief Executive are to:

- ensure the Met Office provides the UK representative for the WMO, and the councils for EUMETSAT and ECMWF.
- ensure that all expenditure the Chief Executive incurs in respect of the funded operations are to be paid out of the Trading Fund taking one year with another, and pay into the Consolidated Fund each year a dividend equal to at least the required rate of return on average capital employed, unless otherwise agreed in advance;
- achieve any further financial objectives determined by the Minister, with Treasury concurrence;
- establish and maintain general capital and other reserves in the accounts of the Trading Fund, and may pay into the Consolidated Fund any amount standing in the reserves of the trading fund that at any time appear to be surplus to the foreseeable requirements of the funded operations;
- invest, if the Chief Executive wishes, money not immediately required in such Government securities as the Treasury may approve;
- appoint the staff of Met Office on such terms and conditions as the Chief Executive thinks fit, within the constraints of any guidance issued by HM Treasury, the Cabinet Office or BEIS; and

- determine, in agreement with Treasury, the amount and timing of any payment out of the Trading Fund into the Consolidated Fund in respect of staff pensions and associated administrative expenses.

Met Office Board

28. The main role of the Met Office Board (“the Board”) is to support, constructively challenge and provide leadership to the Executive Board, including the Accounting Officer. It should also ensure that the Met Office is working within a framework of prudent and effective governance arrangements and controls which enable risk to be appropriately assessed and managed.
29. The Board should agree the key activities the Met Office will need to undertake to meet its strategic objectives, ensure the necessary financial and human resources are in place for it to meet these objectives, and regularly review performance in relation to agreed targets and delivering the agreed Corporate Plan. The Board should also agree the Met Office’s values and ensure its obligations to its shareholder and all its stakeholders (including customers, employees and other Government departments) are understood and met.
30. Strategy and financial matters for approval of the Board are:
- the Met Office’s long term aim and objectives;
 - the Met Office’s five-year Corporate Plan;
 - the Met Office’s annual budget and KPIs, including reviewing performance against them;
 - the Annual Report and Accounts and associated documentation;
 - dividend payments;
 - review of significant risks borne by the Met Office;
 - extension of the Met Office’s activities into new business areas;
 - cessation of the Met Office’s activities in any existing business areas;
 - significant changes in accounting policies and practices; and
 - developing other major business strategies, plans or proposals in support of the approved Corporate Plan. The Board must judge on a case by case basis whether it can approve these itself, or endorse them prior to submission to the Minister for approval.
31. Board and senior executive matters for approval of the Board are:
- major changes to the Met Office’s corporate structure;
 - major changes to the Met Office’s management and control structure;
 - major changes to the agreed division of responsibilities between the Board and the Chief Executive;
 - succession planning to the Board and the Executive Board;
 - press releases concerning matters determined by the Board;
 - terms of reference for Board subcommittees;
 - reports from the Board subcommittees;
 - rigorous annual reviews of the performance of the Board, Board committees and individual Board members;
 - overall governance arrangements for the Met Office;
 - matters of public interest which could affect the Met Office’s reputation including health and safety, environmental, communications and fraud;

- register of interests declared by members of the Board; and
- material litigation.

32. In discharging this role, the Board has received delegated authority from the Minister to approve certain categories of business decisions (set out in the most recent Delegation Letter issued to the Accounting Officer). On issues requiring direct approval by the Minister or Central Government, the Board will work with the wider Executive team in the development of recommendations, which it then scrutinises and endorses before formal advice is submitted.

The Composition of the Board

33. The size and broad composition of the Board will be agreed by the Chair in consultation with the Chief Executive and the Remuneration Committee. The Chair is to ensure that there is an appropriate balance of the necessary skills and experience, and between executives and non-executives. In line with best practice it is expected that this will be split broadly equally between Executive and Non-Executive Directors (NEDs).

34. As a minimum the Board will comprise the following:

- Non-Executive Chair;
- Chief Executive;
- Finance Director;
- Chief Scientist;
- other Executive Director(s) as required and agreed by the Chair;
- 4-6 external NEDs, appointed by Ministers to ensure that the Board has an appropriate mix of skills and experience. The role of the NEDs is to provide expert advice, guidance and challenge to the Executive team; and
- a senior BEIS official sitting as a formal NED ('the BEIS Director')

35. Meetings may also be attended by an invited attendee from the Trade Union, if they wish to nominate a representative.

36. The Board has three subcommittees, each chaired by a NED. These are the Audit and Risk Assurance Committee, the Remuneration Committee and the Security Issues Committee.

Accountabilities within the Board

37. The Chair and NEDs (apart from the BEIS Director) are appointed in a private capacity. Met Office Board members do not have the statutory responsibilities associated with Company Directors. However, the Chair and Non-Executives are expected to act in line with high standards of corporate governance to ensure that the Met Office complies, wherever possible and appropriate to its circumstances,

with *Corporate governance in central government departments: code of good practice*².

Chair of the Board

38. The Met Office Chair is normally appointed for a period of three years by the Minister. Their appointment will comply with the *Commissioner for Public Appointments Code of Practice for Ministerial Appointments to Public Bodies*³.

39. The Chair is responsible to the Minister for leading the Board and ensuring it is effective in discharging its role. The key responsibilities are:

- formulating the Board's strategy;
- ensuring the Board acts in line with the best practice set out in *Corporate governance in central government departments: code of good practice*
- ensuring that the Board, in reaching decisions, takes proper account of guidance provided by the responsible Minister or the Department;
- monitoring the delivery of the Corporate Plan and other objectives as may be agreed from time to time by the Minister;
- being satisfied that the Board works effectively in providing appropriate oversight and governance of the strategy, plans and performance of the Met Office;
- receiving from the Chief Executive and, where relevant, other Executives, reports on the performance of the Met Office to enable monitoring of performance;
- ensuring that the Board and its members are reviewed and working effectively, with annual reviews for NEDs and annual reviews of Board effectiveness, including by an independent reviewer every three years;
- advising the Minister, as appropriate via the sponsorship team, on any material issues impacting the Met Office;
- promoting the efficient and effective use of staff and other resources;
- delivering high standards of regularity and propriety;
- contributing to the development of relationships with all stakeholders; and
- acting as a source of advice and support to the Chief Executive.

40. The Chair also has an obligation to ensure that:

- the work of the Board and its members are reviewed and are working effectively;
- the Board has a balance of skills appropriate to directing the Met Office's business, as set out in the *Government Code of Good Practice for Corporate Governance*;
- Board members are fully briefed on terms of appointment, duties, rights and responsibilities;
- he or she, together with the other Board members, receives appropriate training on financial management and reporting requirements and on any difference that may exist between private and public sector practice;

² <https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments>

³ <https://www.gov.uk/government/publications/code-of-practice-for-ministerial-appointments-to-public-bodies>

- the responsible Minister is advised of the Met Office's needs when Board vacancies arise;
- he or she assesses the performance of individual Board members when being considered for re-appointment;
- there is a Board Operating Framework in place setting out the role and responsibilities of the Board consistent with the Government Code of Good Practice for Corporate Governance; and
- there is a code of practice for Board members in place, consistent with the Cabinet Office Code of Conduct for Board Members of Public Bodies.

The BEIS Director

41. The BEIS Director shall be a BEIS Senior Civil Servant and will be represented by an alternate in the event that they are unable to fulfil their role. This Director will:

- liaise with the Met Office sponsorship team and provide advice to the Minister in relation to the Met Office's performance and any matters reserved to BEIS or the Minister; and
- provide advice to the Board to ensure that they have all the necessary information concerning HM Government objectives insofar as they may impact or relate to the Met Office.

42. Where the BEIS Director receives information:

- in their capacity as the BEIS Director, they shall be authorised to share this information with the sponsorship team, Minister and PAO; or
- other than in his or her capacity as the BEIS Director and where that information is subject to a duty of confidentiality, they shall not be obliged to disclose the information to the Met Office.

Individual Board members

43. Individual Non-Executive Board members shall normally be appointed for a period of 3 years by the Minister. Such appointments will comply with the *Commissioner for Public Appointments Code of Practice for Ministerial Appointments to Public Bodies*⁴.

44. Individual Board members should:

- comply at all times with the *Board members of Public Bodies: Code of conduct*⁵ 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 interest or those of connected persons or organisations; and
- comply with the Board's rules on the acceptance of gifts and hospitality, and of business appointments; and

⁴ <https://www.gov.uk/government/publications/code-of-practice-for-ministerial-appointments-to-public-bodies>

⁵ <https://www.gov.uk/government/publications/board-members-of-public-bodies-code-of-conduct>

- act in good faith and in the best interests of the Met Office.

Contact and engagement between BEIS and the Met Office

45. The Met Office sponsorship team are the Policy Sponsors accountable for the overall relationship between BEIS and the Met Office. The sponsorship team will maintain a close working relationship with their counterparts in the Met Office on both routine matters and policy issues. The Deputy Director for Public Sector Research Establishments, who heads this team, is the primary contact for the discharge of responsibilities of the Met Office. The Deputy Director and his/her team also support the PAO on his/her responsibilities toward the Met Office.
46. The role of the Met Office sponsorship team is to provide specialist advice to Ministers and officials across Government on a wide range of business ownership or sponsorship issues. This includes:
- advising Ministers on the strategic direction of the Met Office in the context of wider departmental or cross-governmental objectives;
 - agreeing a framework for strategic performance management and reviewing financial performance against plans and achievements against targets;
 - advising Ministers on their response to strategic performance information;
 - advising the Chief Executive on steering the Met Office's activities to ensure that they most effectively support the delivery of departmental objectives; and
 - ensuring that the Met Office has the delegations and authorities necessary for effective delivery and continuous improvement.
 - informing the Met office of relevant government policy and guidance in a timely manner; and
 - engaging closely with the Met Office on wider policy developments and cross-government priorities impacting on, or affected by, the work of the Met Office.
47. In addition to the Policy Sponsors, there is also a Corporate Governance sponsor within BEIS, working with the Policy Sponsors on governance-related matters in relation to the Met Office and supporting the overall partnership approach between BEIS and its group of partner organisations.
48. In addition to routine and policy lead contact between BEIS and the Met Office, meetings will take place between the Minister and the Chair and Chief Executive as required. Meetings will take place between the responsible Director General and the Chief Executive at least every six months.
49. The relationship between BEIS and the Met Office will be conducted in accordance with the Principles of the *Partnerships between Departments and ALBs: Code of Good Practice*⁶. As such, both parties will ensure they understand the strategic aims and objectives of their partners. Both partners will also commit to keeping each other informed of any significant issues and concerns.

6

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/594345/Partnerships_between_departments_and_arm_s_length_bodies-code_of_good_practice.pdf

Policy and Financial Framework

Corporate Plan

50. The Met Office will prepare a Corporate Plan that will cover strategic issues over a period of five years. The plan shall reflect the Met Office's statutory and other duties and the priorities set from time to time by the Minister. It will also take into account wider government priorities, as agreed via bilateral relationships and the Interdepartmental Met Office Strategy Group.

51. The Corporate Plan will:

- state Met Office's key financial and non-financial strategic objectives and associated key performance targets for the forward years and the strategy for achieving those objectives;
- consider alternative scenarios and an assessment of the risk factors that may significantly affect the execution of the plan but cannot be accurately forecast;
- identify key investment projects and/or programmes, new activities or other decisions that will deliver the strategy and targets;
- provide forecasts of anticipated resource needs, including staff;
- set proposed capital expenditure requirements; and
- set out a comprehensive financial analysis and projections across the five year period, including key underlying assumptions.

52. The five-year Corporate Plan will be approved by the Minister. This will be reviewed as required, but usually at least every two years and approved by the Board and, if there are significant changes, by the Minister. A version of the corporate plan may be made publicly available, although aspects of the full Corporate Plan will need to be removed to maintain commercial confidentiality for the Met Office and its partners, as the Met Office operates in a competitive environment for some of its markets.

Annual Budget and KPIs

53. A range of performance targets will be monitored by the Executive Board and by the Board. The Annual Budget and KPIs will be reviewed and set each year by the Board in line with the agreed five-year corporate plan and in agreement with BEIS. This will cover the same topics as the corporate plan but for the coming year, amplified if required. Performance measures will be designed to deliver the Met Office's strategic objectives. The relevance of these measures will be reviewed regularly and new measures introduced as appropriate to reflect the changing business and government environment. These measures will be cascaded through the Met Office as appropriate.

54. The Minister will be informed of the Annual Budget and KPIs.

Business Model

55. The Met Office's business model and accounting system distinguishes between two types of customer: government bodies requiring services which cannot sensibly be competed; and services provided on a commercial, usually competed, basis to customers both inside and outside government. This distinction helps the Met Office demonstrate its compliance with competition law in relation to possible cross-subsidy.
56. The main customers for non-competed services to central government are the Public Weather Service Customer Group, MoD, BEIS and Defra. In these cases, prices are to be set at a level consistent with Treasury guidance on the cost of capital for inter-departmental services. The Met Office is to maintain Customer Supplier Agreements with all relevant customers which clearly define the outputs and associated costs, and where possible provide incentives for cost-reduction and/or service-enhancement.
57. In contrast, profit margins for business which is either competed or capable of being competed are to be dictated by market conditions. This applies to competed services to Government departments.
58. Met Office revenue will come from payments made by customers for its services and by other exploitation of its assets, data and intellectual property. All sums received by the Met Office will be paid into, and all expenditure incurred will be paid out, of the Trading Fund.

Public Weather Service Customer Group (PWSCG)

59. The Met Office is responsible for the delivery of the PWS. The PWSCG acts as the formal customer for this service. Under an independent chair, this group comprises public sector users and other independent members. Its role is to define and monitor delivery of the PWS services. The PWSCG is responsible for funding the underpinning operational capability at the Met Office, and the research and development needed to improve the utility of its forecasts over time. On satisfactory delivery of the required services, the PWSCG authorises appropriate payments to the Met Office from a ring-fenced budget held by BEIS.
60. The Met Office also attends the Interdepartmental Met Office Strategy Group which brings Government Departments and the Devolved Administrations together to review Government's overall strategic priorities for the Met Office and the delivery of these priorities and to balance any competing priorities.

Annual report and accounts

61. The Met Office will prepare an Annual Report together with its audited accounts after the end of each financial year.
62. The Chief Executive, as Accounting Officer, will sign the statement of accounts for each financial year, which are to be transmitted to the Comptroller and Auditor General within an agreed timetable for audit and certification. The Chief Executive must also send an annual report and audited accounts to the Minister.
63. The Annual Report should:
- outline main activities and performance during the previous financial year and summarise forward plans;
 - meet the accounting principles and disclosure requirements which are relevant to Trading Funds in the Treasury's Financial Reporting Manual; and
 - cover any corporate, subsidiary or joint ventures under its control.
64. The audited accounts will be laid before both Houses of Parliament and will be published, including, but not limited to, on the Met Office's website. A draft of the report should be submitted to BEIS before the proposed publication date.

Retained Earnings

65. As soon as possible after the end of the financial year, the Met Office will calculate its net operating surplus/deficit after deduction of interest charges. This surplus may be retained in the business or paid as dividends in proportions to be approved by BEIS.
66. The Met Office may reinvest retained earnings in the business in line with the Corporate Plan, subject to the delegations within the Delegations Letter issued to the Chief Executive periodically by BEIS.

Internal audit

67. The Met Office shall:
- establish and maintain arrangements for internal audit in accordance with the Treasury's Public Sector Internal Audit Standards⁷;
 - ensure the Chair of the Audit and Risk Committee and the Chief Executive are satisfied with the competence and qualifications of the Head of Internal Audit;

⁷ <https://www.gov.uk/government/publications/public-sector-internal-audit-standards>

- set up an audit committee of its board in accordance with the *Code of Good Practice for Corporate Governance* and the *Audit and Risk Assurance Committee Handbook*⁸;
- ensure the BEIS Met Office sponsorship team, through membership of the Audit and Risk Committee, receives copies of the audit strategy, periodic audit plans and internal audit reports as soon as possible after they are approved within the Met Office;
- keep records of, and prepare and forward to BEIS, an annual report on fraud and theft suffered by the Met Office; and
- notify BEIS of any unusual or major incidents as soon as possible.

68. The internal audit service has a right of access to all documents, including where the service is contracted out.

External audit

69. In accordance with section 4(5)(b) of the Government Trading Funds Act 1973, the Comptroller and Auditor General (C&AG) is the external auditor.

70. In the event that the Met Office has set up and controls subsidiary companies, they will ensure that C&AG is appointed auditor of those subsidiaries that it controls and/or whose accounts are consolidated into its own accounts

71. The C&AG:

- will consult BEIS and the Met Office on whom – the National Audit Office (NAO) or a commercial auditor – shall undertake the audit(s) on his behalf, though the final decision rests with the C&AG;
- has a statutory right of access to relevant documents, including by virtue of section 25(8) of the Government Resources and Accounts Act 2000, held by another party in receipt of payments or grants from the Met Office;
- will share with the sponsor department information identified during the audit process and the audit report (together with any other outputs) at the end of the audit, in particular on issues impacting on BEIS's responsibilities in relation to financial systems within the Met Office; and
- will, where asked, provide departments and other relevant bodies with Regulatory Compliance Reports and other similar reports which departments may request at the commencement of the audit and which are compatible with the independent auditor's role.

72. The Department has the right of access to all Met Office records and personnel for any purpose including for example sponsorship audits and operational investigations.

⁸

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/512760/PU1934_Audit_committee_handbook.pdf

Management and Financial Responsibilities

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

73. The Met Office is to conduct its affairs within: the approved Corporate Plan; the 1996 Meteorological Office Trading Fund Order and subsequent 2011 Transfer Order; and the 1973 Government Trading Funds Act. It is also bound by policies and standards which are general across government and by some which are more specific to Trading Funds.
74. Unless agreed by the Department and, as necessary, HM Treasury, the Met Office shall follow the principles, rules, guidance and advice in Managing Public Money, referring any difficulties or potential bids for exceptions to the Met Office sponsorship team in BEIS in the first instance. A list of guidance and instructions with which the Met Office should comply is in the Appendix. Any changes to the financial structure of the Trading Fund will be discussed and agreed with HM Treasury.
75. The Met Office will follow Cabinet Office guidance given to all government departments, Executive Agencies and Trading Funds. However specific exemptions may be sought, where appropriate, to allow effective delivery of the Met Office Corporate Plan.
76. The Met Office has Crown status and as such material produced by its employees is subject to Crown copyright protection under Section 163 of the Copyright, Designs and Patents Act 1988. The Chief Executive of the Met Office has a Delegation of Authority from the Keeper of Public Records to license the re-use of material the Met Office originates.

Capital Structure

77. The net assets of the Met Office Trading Fund at vesting day, 1 April 1996, were financed by a combination of loans and Public Dividend Capital and are unchanged following the transfer from MoD into BIS and BEIS. With the concurrence of BEIS and the Chief Secretary to the Treasury, the Met Office has established and maintained general capital and other reserves.
78. The Met Office should, with the BEIS sponsorship team, periodically review its capital structure and funding requirements as part of the general business planning process.

Loan Funding

79. The sole provider of loans to the Met Office is BEIS. BEIS will set the terms on advice from HM Treasury. All loans are subject to the presentation of a timely and

compelling business case built around the high-level business objectives set out in the Corporate Plan. Business cases will be subject to scrutiny by BEIS.

80. For the purposes of this framework document, the definition of loans excludes the normal operation of routine banking arrangements which may give rise to unplanned short-term liabilities. These may include, but are not limited to, BACS payment facilities, daylight facilities, bank guarantees and indemnities, daily settlement limits and foreign exchange transactions.

Assets

81. The Met Office will retain, maintain and renew only the assets it needs for its business and will dispose of any surplus land, buildings, plant and equipment to achieve economy in its operations. Any proposals to alter significantly the assets held by the Met Office will be considered during the business planning process and endorsed by the Met Office Board. Appraisals for all major investments will be undertaken in accordance with HM Treasury guidance.

82. The assets appropriated to the Trading Fund are shown in the Meteorological Office Trading Fund Order. Changes in these assets or their valuations are indicated in the Annual Report and Accounts and in the Met Office Corporate Plan. Ownership of the assets appropriated to the Met Office remains vested in the BEIS Secretary of State.

Capital Investment

83. The Met Office five-year capital investment programme is approved by the Met Office Board. The five-year profile is set out in the Corporate Plan. Approval of the investment programme authorises assumptions on which the Met Office is entitled to plan. Decisions on individual investments in the programme require specific approval under the framework described in this document.

Subordinate Companies and Joint Ventures

84. The Met Office Board must satisfy itself as to the rigour and overall effectiveness of the governance arrangements for any companies administered by the Met Office on behalf of the Secretary of State for BEIS and any Joint Ventures or other enterprises in which the Met Office has a formal financial interest. Initiation of any new business enterprise will require approval from BEIS.

Risk management

85. The Met Office shall ensure that the risks that it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance, and maintain a risk management strategy in accordance

with Treasury guidance (The Orange Book)⁹. It should adopt and implement policies and practices to safeguard itself against fraud and theft, in line with the Treasury's guidance on tackling fraud. The Met Office 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.

86. The Board and the Audit and Risk Assurance Committee will review the risk management strategy. In particular, they will assess the adequacy of the internal controls operating within all key processes in relation to risk identification, assessment, response and monitoring.
87. The Met Office will ensure processes are in place to ensure it is cognisant of risks that it is exposed to and which it exposes others to, and that these risks are captured, escalated and communicated speedily and effectively. The Met Office will establish processes to monitor and report to BEIS, according to a schedule agreed with the sponsorship Team. This will include major projects identified and agreed with BEIS and major risks, including operational, financial and reputational risks.
88. As part of its approach to risk management and information assurance, the Met Office should ensure the robustness of its cyber security to protect itself against data breaches, service disruption, loss and reputational damage.

Delegated authorities

89. The Met Office's delegated authorities are set out in the Delegation Letter sent from BEIS to the Chief Executive of the Met Office and updated periodically. This sets out the circumstances in which the Chief Executive is required to seek approval, either from the Met Office Board or BEIS (which may in turn require HM Treasury approval). The Met Office shall obtain prior written approval from BEIS before:
- entering into any undertaking to incur expenditure outside of delegations set out in the Delegation Letter;
 - incurring expenditure for anything that is or might be considered novel or contentious, or which could have significant future cost implications;
 - making a change of policy or practice which has wider financial implications or could be repercussive or significantly affect future levels of resources required; or
 - carrying out policies against the principles, rules, guidance, and advice in *Managing Public Money*.
90. The Met Office will operate the following reviews:

9

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220647/orange_book.pdf

- a forward look pipeline up to 18 months in advance for all expenditure captured within Cabinet Office spending controls and submitted to BEIS quarterly;
- an annual BEIS review or more frequent where requested (to include the BEIS sponsorship team) of all cases approved under the Cabinet Office commercial control and subject to the Standards and Assurance “self-assure” process; reviewing cases above BEIS thresholds;
- inclusion in the Met Office Board’s financial report of a rolling 12-month review of all expected cases of expenditure that require Board approval.

Staff

Broad responsibilities for staff

91. Within the arrangements approved by the responsible Minister, the Met Office has responsibility for the recruitment, retention and motivation of its staff. The broad responsibilities towards its staff are to ensure that:

- the rules for recruitment and management of staff create an inclusive culture in which diversity is fully valued; appointment and advancement is based on merit; there is no discrimination on grounds of gender, marital status, sexual orientation, race, colour, ethnic or national origin, religion, disability, community background or age;
- the level and structure of its staffing, including 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 Met Office 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 Met Office’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; and
- a code of conduct for staff is in place based on the Cabinet Office’s *Model Code*¹⁰.

Pay and conditions of service

92. Met Office staff are mostly civil servants employed on terms and conditions consistent with the rules and principles set out in the *Civil Service Management Code*¹¹ and the provisions of the Civil Service Pension Scheme.

¹⁰

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/80082/PublicBodiesGuide2006_5_public_body_staffv2_0.pdf

¹¹ <https://www.gov.uk/government/publications/civil-servants-terms-and-conditions>

93. The Chief Executive is also a civil servant and, within this framework, is responsible for the appointment of staff and for determining their tenure and other conditions of appointment. The Chief Executive is responsible for the personnel review arrangements and the pay and grading of all staff. This includes the ability to make promotions, to deal with inefficiency, disciplinary and grievance matters and for determining pay and grading as well as operating a performance related pay scheme. In carrying out these responsibilities, the Chief Executive will seek the approval of the Cabinet Office or Treasury as appropriate. Senior appointments and pay levels will be endorsed by the Remuneration Committee.
94. The Met Office's staff below SCS level are subject to levels of remuneration and terms and conditions of service (including pensions) within the constraints of the agreed pay remit. For the Senior Civil Service, the Chief Executive's responsibility is exercised within the broad framework set out by the Cabinet Office, but excludes those matters where responsibility remains with the Cabinet Office.
95. Where civil service terms and conditions of service apply to the rates of pay and non-pay allowances paid to 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 except where prior approval has been given by the Department to vary such rates.
96. Staff terms and conditions should be set out in an Employee Handbook (which may be comprised of documents available electronically to all employees) and should be available to BEIS.
97. There will be full consultation with staff and their representatives, including the recognised Trade Union, on any changes that affect terms and conditions of appointment with a view to reaching agreement on matters related to pay and conditions.
98. The travel expenses of Board members shall be tied to the rates allowed to staff of the Met Office. Reasonable actual costs shall be reimbursed.

Conduct and Discipline

99. The Chief Executive will have full powers in matters relating to the conduct and discipline of all employees, except as BEIS may direct. The full range of disciplinary sanctions will be at the Chief Executive's disposal, including dismissal, loss of pay and posting. A system of grievance and appeals procedures will be available to staff, including the right of appeal to the Chief Executive and to the Civil Service Appeals Board.

Pensions, redundancy and compensation

100. Met Office staff shall normally be eligible for a pension provided by the Civil Service Pension Scheme arrangements. The Met Office will comply with the provisions in the Pensions Act 2008 and other relevant legislation, and automatically enrol eligible employees into a pension arrangement.

101. Any proposal by the Met Office to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the prior approval of BEIS, and any exit payments must be made in line with the Civil Service Compensation Scheme. Proposals on severance must comply with the rules in chapter 4 of *Managing Public Money*.

Dispute resolution

102. In the event that the Chief Executive believes that a decision taken by the Chair or the Met Office Board will cause a conflict with his responsibilities as statutory office holder or Accounting Officer, the Chief Executive will seek to remedy this in discussion first with the Chair and/or Board and then through the Permanent Secretary in BEIS and Treasury. If it proves impossible to resolve the conflict, the Chief Executive will invite the Minister to issue an Accounting Officer Direction.
103. Disputes between BEIS and the Met Office will in the first instance be discussed between the relevant parties to reach a resolution, with the Framework Document used as a reference point. If this fails, then queries should be escalated to the relevant Directors in the Met Office and BEIS. A resolution should be agreed upon in a timely manner and to minimise as far as possible disruption to on-going projects or operations. If it proves impossible, then it will be escalated to the Chief Executive of the Met Office and the Director General or Permanent Secretary in BEIS, and ultimately for the Minister to arbitrate.

Review of the Framework Document

Review arrangements

104. This framework document will be reviewed at intervals of not more than three years, or when it is necessary to do so, and particularly if changes are sought by the Board in the light of experience of the Met Office's operation or changes in circumstances.

Publication

105. Copies of this framework document and any subsequent revisions will be published and placed in the libraries of the Houses of Parliament. An electronic version is available on gov.uk.

Signed by Alex Chisholm



On behalf of the Secretary of State for Business, Energy and Industrial Strategy.

Signed by Penelope Endersby



On behalf of the Met Office.

Appendix 1: Compliance with public sector guidance

The Met Office shall comply with the following general legislation, guidance documents and instructions:

Corporate Governance

- This Framework Document;
- Corporate Governance Code for Central Government Departments (relevant to Arm's Length Bodies) and supporting guidance, www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments-2017
- Code of conduct for Board members of Public Bodies, www.gov.uk/government/publications/board-members-of-public-bodies-code-of-conduct
- Code of practice for partnerships between Departments and Arm's Length Bodies, www.gov.uk/government/publications/partnerships-with-arms-length-bodies-code-of-good-practice

Financial Management and Reporting

- Managing Public Money (MPM), www.gov.uk/government/publications/managing-public-money
- Fees and Charges Guide, Chapter 6 of Managing Public Money, www.gov.uk/government/publications/managing-public-money
- Departmental Banking: A Manual for Government Departments, annex 5.6 of Managing Public Money, www.gov.uk/government/publications/managing-public-money
- Government Financial Reporting Manual (FReM) – updated annually, www.gov.uk/government/collections/government-financial-reporting-manual-frem
- Relevant Dear Accounting Officer (DAO) letters, www.gov.uk/government/collections/dao-letters
- Regularity, Propriety and Value for Money, www.gov.uk/government/publications/accounting-officers-appointed-by-hm-treasury-july-2013;

- Other relevant guidance and instructions issued by the Treasury in respect of Whole of Government Accounts,

<https://www.gov.uk/government/collections/whole-of-government-accounts>

- The most recent letter setting out the Delegated Authority of the Accounting Officer, issued by BEIS.

Management of Risk

- Management of Risk, www.gov.uk/government/publications/orange-book and www.gov.uk/government/publications/management-of-risk-in-government-framework
- Public Sector Internal Audit Standards, www.gov.uk/government/publications/public-sector-internal-audit-standards
- Guidance on audit, risk assurance and fraud (see links at bottom of webpage), www.gov.uk/government/publications/accounting-officers-appointed-by-hm-treasury-july-2013
- HM Treasury approval processes for Major Projects above delegated limits, www.gov.uk/government/publications/treasury-approvals-process-for-programmes-and-projects
- The Government cyber-security strategy and cyber security guidance, www.gov.uk/government/publications/national-cyber-security-strategy-2016-to-2021 and www.gov.uk/government/collections/cyber-security-guidance-for-business

Commercial Management

- Government procurement policy and Cabinet Office spending controls will normally apply unless exemptions have been formally agreed.
- Procurement Policy Notes, www.gov.uk/government/collections/procurement-policy-notes
- Cabinet Office spending controls, www.gov.uk/government/publications/cabinet-office-controls;
- Transparency in supply chains - a practical guide, www.gov.uk/government/publications/transparency-in-supply-chains-a-practical-guide

Public Appointments

- The following are relevant where public bodies participate in public appointments processes.

- Guidance from the Commissioner for Public Appointments, <https://publicappointmentscommissioner.independent.gov.uk/>
- Governance Code on Public Appointments, www.gov.uk/government/publications/governance-code-for-public-appointments
- Procurement Policy Note 08/15 – Tax Arrangements of Public Appointees, www.gov.uk/government/publications/procurement-policy-note-0815-tax-arrangements-of-appointees

Staff and Remuneration

- HM Treasury guidance on senior pay and reward, www.gov.uk/government/publications/senior-civil-service-pay-and-reward
- Civil Service pay guidance (updated annually), www.gov.uk/government/collections/civil-service-pay-guidance
- Public sector pay and terms, www.gov.uk/government/publications/public-sector-pay-and-terms-guidance-note
- Whistleblowing Guidance and Code of Practice, www.gov.uk/government/publications/whistleblowing-guidance-and-code-of-practice-for-employers
- The Equalities Act 2010, www.gov.uk/guidance/equality-act-2010-guidance

General

- Freedom of Information Act guidance and instructions, www.legislation.gov.uk/ukpga/2000/36/contents and <https://ico.org.uk/for-organisations/guide-to-freedom-of-information/>
- The Parliamentary and Health Service Ombudsman’s Principles of Good Administration, <https://www.ombudsman.org.uk/about-us/our-principles>
- Other relevant instructions and guidance issued by the central Departments (Cabinet Office and HM Treasury);
- Specific instructions and guidance issued to Partner Organisations by BEIS;
- Recommendations made by the Public Accounts Committee, or by other Parliamentary authority, that have been accepted by the Government and are relevant to the Met Office.

The Met Office should also be mindful of the following wider public policy priorities and initiatives which are relevant and/or helpful to public bodies in the BEIS Group:

- Guidance from the Public Bodies team in Cabinet Office, www.gov.uk/government/publications/public-bodies-information-and-guidance

- The Civil Service diversity and inclusion strategy (outlines the ambition, to which Arm's Length Bodies can contribute), www.gov.uk/government/publications/a-brilliant-civil-service-becoming-the-uks-most-inclusive-employer
- The Government response to the Taylor review on modern working practices (published by BEIS), www.gov.uk/government/publications/government-response-to-the-taylor-review-of-modern-working-practices
- Guidance produced by the Infrastructure and Projects Authority (IPA) on management of major projects, www.gov.uk/government/organisations/infrastructure-and-projects-authority
- The Government Digital Service, www.gov.uk/government/organisations/government-digital-service
- The Government Fraud, Error, Debt and Grant Efficiency function, www.gov.uk/government/collections/fraud-error-debt-and-grants-function and www.gov.uk/government/publications/grants-standards
- Code of Practice for Official Statistics www.statisticsauthority.gov.uk/code-of-practice/
- Production of Accounting Officer System Statements (AOSS are produced by departments with input from Partner Organisations) www.gov.uk/government/publications/accounting-officer-system-statements

This publication is available from: www.gov.uk/government/publications/met-office-framework-2019

If you need a version of this document in a more accessible format, please email enquiries@beis.gov.uk. Please tell us what format you need. It will help us if you say what assistive technology you use.