



HM Treasury

# Accounting Officer System Statement

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December 2020

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## Principal Accounting Officer's Statement

I am the Principal Accounting Officer (PAO) for Her Majesty's Treasury, one of the UK civil service's 23 ministerial departments.

The Treasury, as the government's economic and finance ministry, has policy responsibility for maintaining control over public spending, setting the direction of the UK's economic policy, and working to achieve strong and sustainable growth<sup>1</sup>.

The Chancellor of the Exchequer has overall responsibility for the department. The Chancellor is supported by junior ministers from the House of Commons, and by a spokesperson in the House of Lords.

Each minister has specific roles and responsibilities within the department<sup>2</sup>. They 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. They look to me as PAO to manage and delegate duties to support them in the making and delivering of policy and the handling of public funds.

My responsibilities as PAO include:

- ensuring that the resources authorised by Parliament are used for the purposes intended by Parliament
- providing assurance to Parliament and the public - through the Committee of Public Accounts - that the department exercises the highest standards of probity in the management of public funds
- having personal accountability to Parliament for the economic, efficient and effective use of resources
- accounting accurately and transparently for the department's financial position and transactions
- delegating financial, and other, authority and accountability to senior colleagues.

The department works with multiple agencies and public bodies (as illustrated in the diagram on page 3) to achieve its objectives. The Accounting Officers of these bodies are responsible for the stewardship of the resources allocated to them, which is explained in their appointment letters and letters of delegated accountability.

In all cases where these bodies produce statutory annual reports and accounts, the Chief Executive or Accounting Officer signs a governance statement outlining their internal control system.

This statement describes accountability for all expenditure of public money provided through the department's Main and Supplementary Estimates<sup>3</sup>, the 'Central Funds'<sup>4</sup>, all public money

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<sup>1</sup> The Treasury's responsibilities and objectives can be found at: <https://www.gov.uk/government/organisations/hm-treasury/about>

<sup>2</sup> The roles and responsibilities of HM Treasury ministers can be found on the HM Treasury website: <https://www.gov.uk/government/organisations/hm-treasury>

<sup>3</sup> Estimates are the means of obtaining the legal authority from Parliament to consume resources and spend the cash needed by the government to finance a department's agreed spending programme. Full details of the Treasury's Main Estimate and Supplementary Estimate can be found at <https://www.gov.uk/government/collections/hmt-main-estimates> and <https://www.gov.uk/government/collections/hmt-supplementary-estimates> respectively.

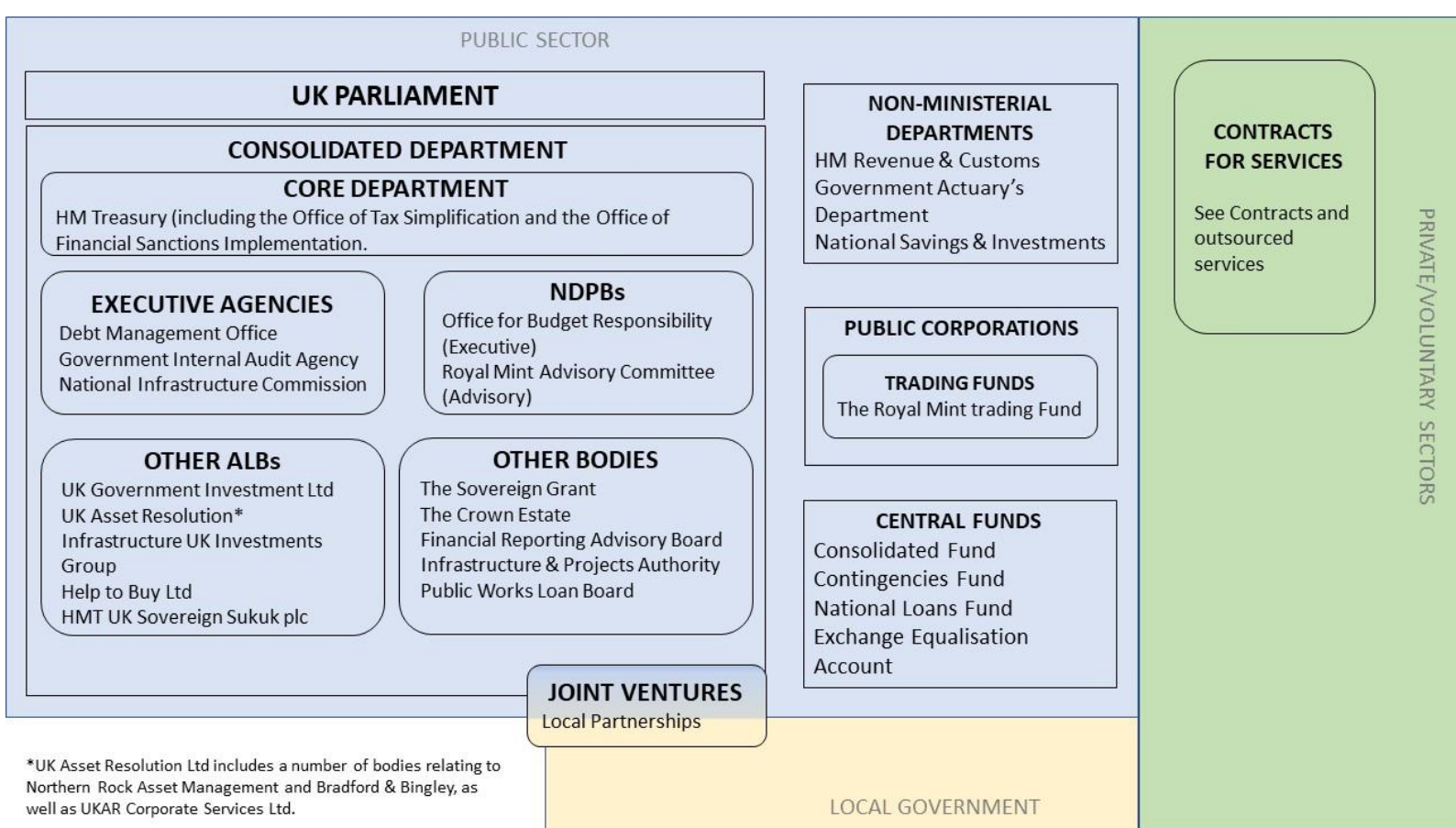
<sup>4</sup> The Central Funds are the Consolidated Fund, the National Loans Fund, the Contingencies Fund and the Exchange Equalisation Account. See page 6 for details.

raised as income, and the management of shareholdings, financial investments and other publicly owned assets for which I am responsible.

It describes the system which I apply to fulfil my responsibilities as an accounting officer in accordance with Treasury guidance set out in *Managing Public Money*<sup>5</sup>, and ensure that spending is carried out with regularity and propriety, and achieves value for money.

This statement describes the accountability system which is in place at the date of this statement, and which will continue to apply until a revised statement is published.

## A diagram showing all parts of HM Treasury group



\*UK Asset Resolution Ltd includes a number of bodies relating to Northern Rock Asset Management and Bradford & Bingley, as well as UKAR Corporate Services Ltd.

## Governance and accountability

As the lead official and Accounting Officer (AO) for the department, I am accountable for the effective stewardship of its funds. I delegate responsibility for this stewardship and, to support the effectiveness of this delegation, I have put in place an operating model backed by effective

<sup>5</sup> <https://www.gov.uk/government/publications/managing-public-money>

governance processes and budget allocation arrangements, additional accounting officers for the Central Funds, risk management and audit systems, and counter fraud controls.

### Operating Model

The Treasury is led by the PAO, supported by a Second Permanent Secretary and 6 Directors General covering the policy areas of: International, Economics, Public Spending, Tax and Welfare, Financial Services, and Productivity and Growth.

The Permanent Secretaries and Directors General make up the senior management team of the department, known as the Executive Management Board (EMB). They are joined on EMB by the Directors of Finance, Operations, and Strategy, Planning and Budget. This executive team takes personal and corporate responsibility for the running of the department.

The department is divided into 14 Director-led groups. Each Director has responsibility delegated to them from the management board for the delivery of policy and management of risk within their group. They are also responsible for ensuring any policy or operational risks in their groups are understood across the department, to help actively manage the cross-cutting risks facing the Treasury.

### The 14 subdivisions of the core department

The Economics Group is responsible for providing economic surveillance, delivering the evidence base to underpin macroeconomic and microeconomic policy and promoting professionalism for economics and social research in government.	The Enterprise and Growth Unit (EGU) is responsible for growth-related policy and spending. EGU works to ensure that government policy encourages private sector investment, enterprise innovation and the transition to a low-carbon economy.	The Fiscal Group is responsible for ensuring the sustainability of the public finances over the short, medium and long term. It ensures that the government's operational financing needs are met and publishes high-quality public-sector finance statistics.
The Public Spending Group works at the heart of government: controlling and reporting on public spending, improving value for money and efficiency, and working across Whitehall to improve finance and Management Information capability.	The Financial Services Group works to promote a stable and efficient financial services sector that supports growth in the UK economy and promotes good outcomes for consumers and businesses.	The Public Services Group provides oversight of major public service expenditure. Its strategic aims are to implement spending settlements and produce further savings options for the Efficiency Review.
The Ministerial and Communications Group supports Ministers and the Executive Management Board in discharging effectively their respective responsibilities. It also provides a professional external communication function for Ministers and the whole department.	The Tax, Welfare and Pensions Group is at the centre of the government's relationship with the public through its role in structuring and delivering taxes, benefits and pensions. It works closely with other government departments, including DWP and HMRC.	The International Group's strategic aim is to promote and protect the UK's interests through economic and financial policy. It achieves this through the quality of analysis and advice to ministers, the effectiveness of official relationships, and the professionalism of delivery.
The Strategy, Planning and Budget Group defines forward	The Treasury Legal Advisers Group provides advisory and	The Financial Stability Group deals with ongoing stability

strategy, work programme, the Budget and short-term priority policy projects.	other legal services across the Treasury and certain other agencies and departments.	issues and the resolution of financial interventions. This work includes resilience and resolution, state-owned financial assets and system stability and analysis.
The Economics Group provides UK economic analysis, surveillance and professionalism, as a foundation for policymaking across government. This work includes macroeconomic coordination and strategy, a government economic and social research unit, economic assessment and analytical projects.		
The Corporate Centre Group supports the Treasury both directly in its policy, correspondence and operational support, and by ensuring the department has the right resources, in the right place, at the right time. This includes Finance, HR and Information Workplace Solutions. It provides corporate systems, services and facilities to enable the Treasury to deliver its policy function effectively and efficiently and as a shared service with other organisations within the Treasury Group.		

### Budget allocation and responsibility

The department is allocated taxpayers' money through the Estimates process. I am responsible for making sure the Treasury does not overspend against its allocated budgets and that the money is spent appropriately in the delivery of ministers' priorities.

The department's Single Departmental Plan (SDP)<sup>6</sup>, approved by the Chancellor and Treasury ministers, sets out the Treasury Group's vision along with the priorities, success measures and resource allocation to deliver its strategic objectives.

This is in turn supported by action plans for each of the 14 Director-led policy groups. These are drawn up through a clear, evidence-based business planning process, and supported by governance, monitoring, audit and assurance and risk processes. Directors are supported by a team of finance business partners, who oversee overall financial management for the department.

Treasury Group bodies have their own systems of accountability which specify how each individual Accounting Officer oversees the use of resources in their organisations. This is set out in chapter

Directors and arm's length bodies report on delivery of their action plans through the Treasury's performance and risk management framework<sup>7</sup>, and report on maintaining forecasted financial positions within budget limits. Where relevant, they are responsible for ensuring their activities have been through an internal assurance process and/or Government Major Projects Portfolio Gateway process.

### Central Funds

To assist with the stewardship of public funds and to maintain the system of internal control, I have appointed additional accounting officers for two of the four Central Funds.

<sup>6</sup> <https://www.gov.uk/government/publications/hm-treasury-single-departmental-plan>

<sup>7</sup> This is available on page 74 of the [Annual Report and Accounts 2019-20](#)

The Central Funds are reported on independently of the department's Annual Report and Accounts. Each Accounting Officer produces an individual governance statement for their corresponding account.<sup>8</sup>

Name	Function	Accounting Officer
Consolidated Fund (CF)	The CF was set up in 1787 and is equivalent to the government's current account. It receives the proceeds of taxation and other government receipts and distributes monies to finance government services once the expenditure has been approved by Parliament. <sup>9</sup>	Tom Scholar, Permanent Secretary
National Loans Fund (NLF)	The NLF was established in 1968 and is in effect the government's main borrowing and lending account. Most of the NLF's borrowing needs are met indirectly through borrowing on its behalf by the Debt Management Office and National Savings and Investments. <sup>10</sup>	Tom Scholar, Permanent Secretary
Contingencies Fund	The Contingencies Fund is used to finance payments for urgent services in anticipation of parliamentary agreement and to provide funds temporarily to departments for working balances or meet other temporary cash deficiencies. All advances from the Fund must be repaid and where practical are recovered in the same financial year. <sup>11</sup>	Catherine Little, Director General Public Spending
Exchange Equalisation Account (EEA)	The EEA was established in 1932 to provide a fund that could be used, when necessary to regulate the exchange value of sterling. It holds, amongst other assets, the UK's reserves of gold and foreign currency assets and comprises the UK's official holdings of international reserves. <sup>12</sup>	Clare Lombardelli, Director General Fiscal and Economics Group

### Governance processes

The governance arrangements for the Treasury Group are designed to allow ministers and senior leaders the space and capacity to deliver policy and operational matters without compromising on the time needed to attend to governance and organisational management issues.

I receive assurance from the department's oversight committees: Treasury Board and the Treasury Board (Sub-Committee); the Audit and Risk Committee; the Executive Management Board (EMB) and its subcommittees; the EMB Operations Committee; and the Economic, Fiscal and Project Risk committees. The remit for each of these bodies can be found in the Governance Statement of the HM Treasury Annual Report and Accounts<sup>13</sup>.

<sup>8</sup> The Accounting Officers named are accurate at the time of writing. For an updated list see:

<https://www.gov.uk/government/publications/accounting-officers-appointed-by-hm-treasury-july-2013/list-of-accounting-officers-appointed-by-hm-treasury>

<sup>9</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/922518/CF\\_Annual\\_Accounts\\_2019-20.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/922518/CF_Annual_Accounts_2019-20.pdf)

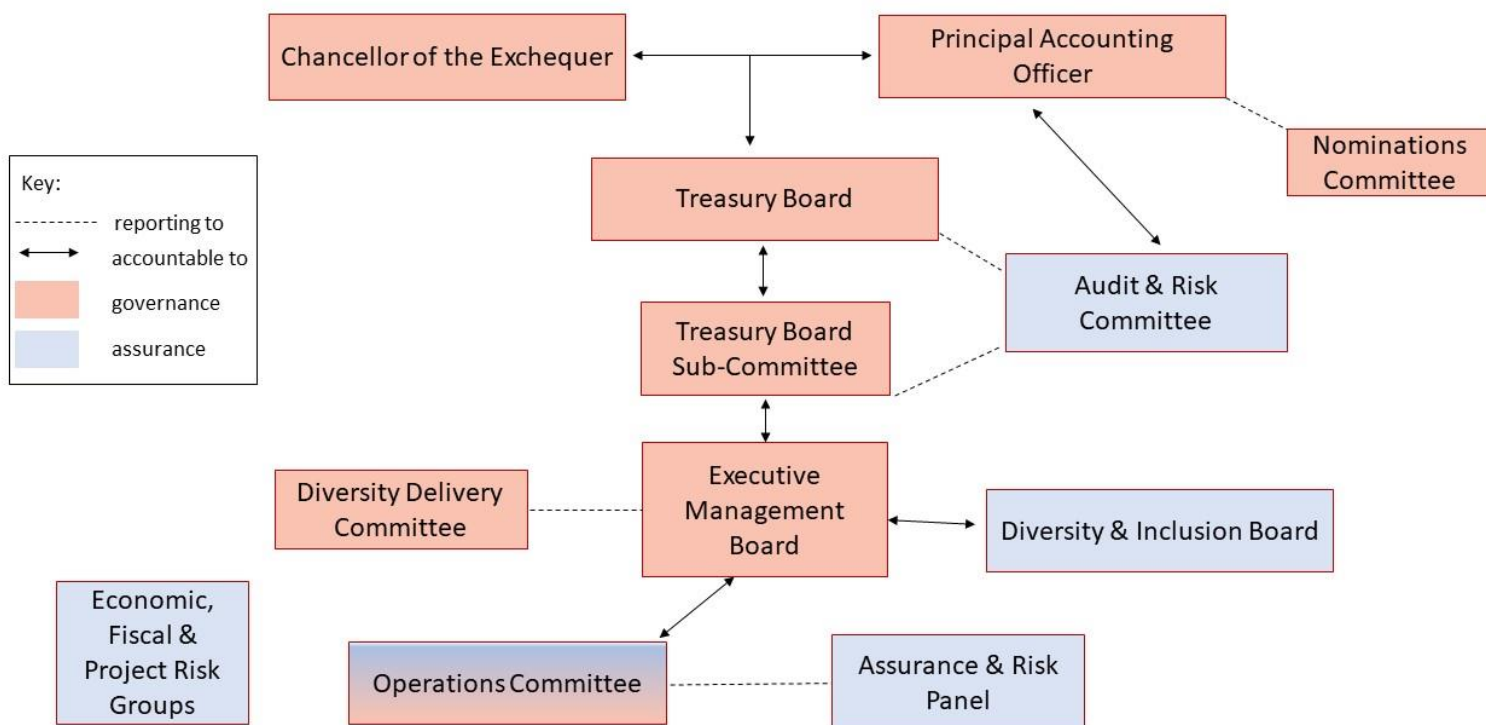
<sup>10</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/818269/NLF\\_Account\\_2018-19\\_FINAL.PDF](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/818269/NLF_Account_2018-19_FINAL.PDF)

<sup>11</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/919576/Contingencies\\_Fund\\_19-20\\_print.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/919576/Contingencies_Fund_19-20_print.pdf)

<sup>12</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/919578/EEA\\_Annual\\_Report\\_and\\_Accounts\\_2019-20\\_print.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/919578/EEA_Annual_Report_and_Accounts_2019-20_print.pdf)

<sup>13</sup> <https://www.gov.uk/government/collections/hmt-annual-report>

## Annex A – HM Treasury’s Governance Structure



Treasury Group bodies maintain their own governance structures and processes appropriate to their business and scale. These arrangements including the responsibilities of their Boards are detailed in their governance documents.

The Treasury Group Governance and Risk Assurance team supports the Principal Accounting Officer, and provides group wide support and oversight for accountability, governance and risk assurance matters.

### Risk management

A revised risk management approach for the Treasury Group was developed in 2017-18. The Governance Statement sets out the Treasury’s internal control arrangements.

The Audit and Risk Committee (ARC) supports me and the Treasury’s additional Accounting Officers in their responsibilities for managing risk, internal control and governance in relation to the Annual Report and Accounts, the Whole of Government Accounts and the four central funds (set out in the table above).

### Audit

The Treasury’s internal audit function is supported by the Government Internal Audit Agency (GIAA) which undertakes a programme of risk-based internal audits and advisory work to provide assurance to the Permanent Secretary and the ARC.



The Head of Internal Audit provides the ARC with an annual report on the systems of governance, risk management and control operating in the department, based on work undertaken during the year. In addition, GIAA take into consideration: the outcome of the annual review of corporate governance; their knowledge of the business environment; known instances of fraud; and the work of others such as the National Audit Office.

The National Audit Office provides the department's external audit function and is responsible on behalf of Parliament for examining the economy, efficiency and effectiveness of the use of public money by the Treasury. This is achieved primarily through their independent audit of the Treasury's annual financial statements and through a programme of value for money reviews.

### **Counter fraud**

Risk of fraud extends across all the activities of the Treasury Group. Overall responsibility for fraud risk sits with me as the Principal Accounting Officer, and I am supported in this role by the Group Finance Director. Within the core department, ownership of specific fraud risks is identified at Director level, and within delivery bodies responsibility for fraud risk is delegated to individual Accounting Officers.

### **Grants to private and voluntary sector bodies**

Grants are one off payments, provided for specific purposes, and only awarded when the recipient organisation accepts the terms and conditions of payments. Treasury grants are disbursed in accordance with the standards laid down by the Cabinet Office<sup>14</sup>.

The Treasury has committed LIBOR funds since 2012 to support Armed Forces and Emergency Services charities. With all the funds now committed, the grant funding scheme is closed, and applications are no longer being accepted; however, the distribution of funds will continue until 2021. The Ministry of Defence, along with other departments, disburses these funds on behalf of the Treasury<sup>15</sup>.

The Tampon Tax Fund benefits charities that support women and girls, particularly those affected by violence and domestic abuse<sup>16</sup>. The Fund will continue until it is possible for the government to apply a zero rate of VAT on women's sanitary products. Until that time the government applies the lowest rate of tax possible to the products and this money is invested in the Fund. The Department for Culture, Media and Sport disburses these funds on behalf of the Treasury.

## **Arm's Length Bodies**

The Treasury works with its arm's length bodies to deliver services, regulation and advice. This section sets out the different types of bodies and the department's relationships with them.

In conducting business within the Treasury Group, the department applies the principles and standards set out in the Cabinet Office's *Partnerships with arm's length bodies: code of good practice*<sup>17</sup>.

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<sup>14</sup> <https://www.gov.uk/government/publications/grants-standards>

<sup>15</sup> <https://www.gov.uk/government/publications/libor-funding-applications>

<sup>16</sup> <https://www.gov.uk/government/publications/tampon-tax-fund-application-form-2020-2021-funding-round/tampon-tax-faqs>

<sup>17</sup> <https://www.gov.uk/government/publications/partnerships-with-arms-length-bodies-code-of-good-practice>

As PAO, I am responsible for appointing the Accounting Officer (AO) of each Treasury Group ALB. Each AO takes personal responsibility for ensuring that the resources under their remit are managed in accordance with the standards and policies set out in *Managing Public Money* and I expect them to support me in fulfilling my responsibilities.

While as PAO I am ultimately accountable to Parliament for the Treasury Group, I have appointed a Sponsor Director from within the department for each ALB. This is usually a Treasury Director with responsibility for the relevant policy area. The Sponsor Director has responsibility for the relationship and for monitoring the delivery of their ALB's priorities, with the aim that the relationship should be open and transparent, based on a mutual understanding of risk.

These public bodies act as arms of their home department and are directly accountable to the department and to ministers. Their Chief Executive is appointed by me as PAO and acts as AO for the agency. Each agency is led by a management board chaired by either the Chief Executive or lead Non-Executive Board Member and which includes other Non-Executive Directors and the agency's senior team. A senior Treasury representative may also sit on this board as a formal member or regular attendee. Each agency reports on their own financial performance, governance structures and system of internal control in their own annual report.

### Executive agencies

The Treasury has 3 executive agencies:

Name	Function	Accounting Officer	Sponsor Director
UK Debt Management Office (DMO) <sup>18</sup>	DMO's responsibilities include debt and cash management for the UK Government, the operational aspects of lending to local authorities via the Public Works Loan Board (PWLB) lending facility and exercising the statutory functions of the Commissioners for the Reduction of the National Debt. The administration of the Government Stock Registers has been outsourced to a private sector partner, with Computershare Investor Services Plc awarded a 10-year contract in February 2014.	Sir Robert Stheeman, Chief Executive	Tom Josephs, Director Fiscal
Government Internal Audit Agency (GIAA) <sup>19</sup>	GIAA provides internal audit services to government departments and advises on cross-government risks. The Treasury's December 2013 Financial Management Review recommended a move to a single integrated internal audit function for government. Launched on 1 April 2015, this agency provides assurance to Accounting Officers that financial management practices meet the required standards.	Elizabeth Honer, Chief Executive,	Vicky Rock, Director Public Spending

<sup>18</sup> <http://www.dmo.gov.uk/>

<sup>19</sup> <https://www.gov.uk/government/organisations/government-internal-audit-agency>

National Infrastructure Commission (NIC) <sup>20</sup>	NIC provides expert impartial advice to the government on infrastructure, shapes and develops the national infrastructure assessment, delivers specific infrastructure related studies and gathers views on future infrastructure needs and solutions. NIC has a Chair and 7 Non-Executive Commissioners.	James Heath, Chief Executive	Phil Duffy, Director General Enterprise & Growth Unit
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### Non-departmental public bodies (NDPBs)

NDPBs are neither a government department nor part of one, but instead work within a strategic policy framework set by ministers. An NDPB may be Executive or Advisory and the Treasury has one of each:

Name	Function	Accounting Officer	Senior Reporting Officer
Office for Budget Responsibility ( <b>Executive</b> , OBR) <sup>21</sup>	OBR provides independent and authoritative analysis of the UK's public finances. As with all Executive NDPBs, the OBR was created through legislation <sup>22</sup> , which specified its purpose, functions, powers and financing. The OBR has an independent Board and executive management team, and the Chairman has been designated as the AO. The OBR operates with statutory independence and is not under day-to-day ministerial control. Nevertheless, Treasury ministers are ultimately accountable to Parliament for the OBR.	Richard Hughes, Chairman,	Tom Josephs, Director Fiscal
Royal Mint Advisory Committee on the design of Coins, Seals and Medals ( <b>Advisory</b> , RMAC) <sup>23</sup>	RMAC was established in 1922 by King George V to raise the standard of numismatic art. It is responsible for recommendations on all new designs for UK coins and official medals. RMAC receives minimal funds from the Treasury, limited to any expenses of the members and costs occurred in the commissioning of designs. It has no direct employees but is supported by Mint staff from the Royal Mint Museum.	Anne Jessopp, Chief Executive,	Tom Josephs, Director Fiscal

### Offices of the Treasury

These offices are part of the core department.

<sup>20</sup> <https://www.nic.org.uk/>

<sup>21</sup> <http://budgetresponsibility.org.uk/>

<sup>22</sup> The Budget Responsibility and National Audit Act sets out the overarching duty of the OBR to examine and report on the sustainability of the public finances.

<sup>23</sup> <http://www.royalmint.com/aboutus/advisory%20committee>

Name	Function	Accounting Officer
Office of Tax Simplification (OTS) <sup>24</sup> .	OTS provides the government with independent advice on simplifying the tax system. It makes recommendations but does not implement changes – which are a matter for government and Parliament.	Beth Russell, Director General Tax and Welfare, HMT
Office of Financial Sanctions Implementation (OFSI) <sup>25</sup>	OFSI works to ensure that financial sanctions are properly understood, implemented and enforced in the UK.	Tom Scholar, Permanent Secretary

### Non-ministerial departments

The department has a close working relationship with 2 non-ministerial departments: The Government Actuary's Department (GAD)<sup>26</sup>, and National Savings & Investments (NS&I).<sup>27</sup>

These bodies are established as departments in their own right, with separate legal identities, but cover matters for which direct political oversight is judged unnecessary or inappropriate, such as undertaking regulatory or inspection functions. They are funded directly by their own Estimate and are directly accountable to Parliament, rather than to Ministers.

### Other ALBs

The following bodies are Treasury ALBs which employ staff:

Name	Function	Accounting Officer	Senior Reporting Officer
UK Government Investments Ltd (UKGI)	UKGI began operating on 1 April 2016 as a government company and is wholly owned by HMT. It is responsible for managing the government's financial interest in a range of state-owned businesses.	Justin Manson, Interim Chief Executive	Phil Duffy, Director General Enterprise & Growth Unit
UK Asset Resolution (UKAR)	UKAR is the holding company established in October 2010 to manage the closed mortgage books of Bradford and Bingley and Northern Rock Asset Management. In October 2013, UKAR Corporate Services Ltd (UKARcs, a subsidiary company) became responsible for the administration of the government's Help to Buy mortgage guarantee scheme on behalf of the Treasury.	Ian Hares, Chief Executive	Lowri Khan, Director Financial Stability

### Other bodies consolidated into the Treasury's Accounts

<sup>24</sup> <https://www.gov.uk/government/organisations/office-of-tax-simplification>

<sup>25</sup> <https://www.gov.uk/government/organisations/office-of-financial-sanctions-implementation>

<sup>26</sup> <https://www.gov.uk/government/organisations/government-actuaries-department>

<sup>27</sup> <https://www.nsandi.com/>

The following bodies are consolidated to form Treasury Group and annual accounts and are included for accounting and financial reporting purposes.

Name	Function	Accounting Officer	Senior Reporting Officer
Infrastructure Finance Unit Limited plc (IFUL), IUK Investment Holdings Ltd and IUK Investments Ltd	The IUK Investments group, comprising IUK Investments Holdings Ltd and its subsidiary IUK Investments Ltd, was established in March 2013. These 3 companies and their subsidiaries are 100% Treasury owned companies. The shareholdings are managed by the Cabinet Office's Infrastructure Projects Authority (IPA) on behalf of the department. The companies are responsible for the Treasury's infrastructure guarantees and Private Finance 2 (PF2) project investments.	Charles Roxburgh. The company's directors are directors of the Infrastructure Project Authority (IPA).	
Help to Buy (HMT) Ltd	Formed in September 2013 to operate the Help to Buy mortgage scheme on behalf of the Treasury. The company managed the receipts and retention of commercial fees and the payment of associated expenses and claims made under the Help to Buy scheme.	Anna Caffyn, Finance Director	
HMT UK Sovereign Sukuk plc	Formed in May 2014 to facilitate the issue of UK sovereign Sukuk - the Islamic equivalent of a bond. £200 million of Sukuk, maturing on 22 July 2019, were sold to investors on 25 June 2014.	Mario Pisani, Deputy Director Fiscal	
Royal Mint Ltd.	A government-owned company which produces coins for the UK. It is managed through a trading fund structure.	Anne Jessopp, Chief Executive	Phil Duffy, Director General Enterprise & Growth Unit
The Sovereign Grant <sup>28</sup>	The contribution to the running of the Royal Household is designated as an ALB. The Treasury is responsible for the upkeep of the Sovereign Grant payments which support HM The Queen in her official duties.	Sir Michael Stevens KCVO, Keeper of the Privy Purse	Will Garton, Director Public Services

### Other public bodies

These bodies have a relationship with HM Treasury group but they are not consolidated into its accounts.

Name	Function	Accounting Officer	Senior Reporting Officer
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<sup>28</sup> <https://www.gov.uk/government/collections/sovereign-grant-accounts>

The Crown Estate	A Board of commissioners who are entirely independent of the Treasury. The Crown Estate is an independent commercial business.	Dan Labbad, Chief Executive	David Fairbrother, Deputy Director Treasury Office of Accounts
Financial Reporting Advisory Board (FRAB)	FRAB works to ensure that government meets the best possible standards of financial reporting. In 2000 the Government Resources and Accounts Act set out that the Treasury shall consult a group of appropriate people to advise on financial reporting and standards. This role is fulfilled by FRAB as an independent body. Financially, it is not distinguished from core treasury.		Vicky Rock, Director Public Spending
Infrastructure and Projects Authority (IPA)	The IPA is the Project Delivery functional centre for the government. The IPA has dual reporting lines into HMT and the Cabinet Office. It provides advice on infrastructure and major projects. It also manages IFUL, IUK Investments Holdings Ltd and IUK Investments, and government PF2 equity holdings.	Nick Smallwood, Chief Executive	Phil Duffy, Director General Enterprise & Growth Unit
Public Works Loan Board (PWLB)	The functions of the PWLB are carried out by the DMO. They lend money from the National Loans Fund to Local Authorities and to collect the repayments.	Sir Robert Stheeman	

### Upcoming changes to ALBs

At the time of writing (December 2020) there are planned upcoming changes to ALBs which includes two additional bodies which will be consolidated into the group from 2020/21- Covid Corporate Financing Facility (CCFF) and Reclaim Fund Ltd. (RFL). UKAR will be retained in a significantly reduced capacity once their remaining assets are removed from the public balance sheet. The classification of FSCS is under review by the ONS.

### Joint Ventures and Trading Funds

The Treasury holds an equal equity stake in one joint venture. In August 2010, the Treasury took on Partnerships UK plc's interest in Local Partnerships<sup>29</sup>, a joint venture formed in 2009 with the Local Government Association. Local Partnerships helps the public sector deliver at a local level, supporting the delivery of investment in local infrastructure and services. A Members Agreement and Articles of Association set out the terms of the joint venture and the governance of the organisation.

The Treasury is also responsible for The Royal Mint Trading Fund<sup>30</sup>, and the Chancellor of the Exchequer holds the position of Master of the Mint. It is the holding company, established in

<sup>29</sup> <http://localpartnerships.org.uk/>

<sup>30</sup> <https://www.gov.uk/government/collections/royal-mint-trading-fund-annual-report-and-accounts>

1975, for The Royal Mint Limited and the Royal Mint Museum. These bodies hold the primary responsibilities of providing UK coinage and to preserve, protect and enhance the heritage assets of the UK Mint.

## Contracts and outsourced services

In common with other government departments, the Treasury Group enters contracts with third party suppliers of both services and equipment in the normal course of its business. Most of these relate to the running of the Group, for example IT and telephony contracts, however several relate to the delivery of the Treasury's objectives. The most significant of these include:

- **1 Horse Guards Road accommodation**  
In May 2000, the Treasury entered a 35-year PFI contract with Exchequer Partnerships in respect of the department's building at 1 Horse Guard Road. To meet its own objective of reducing expenditure, the department has reduced its footprint within the building and now counts the Cabinet Office, Northern Ireland Office, and UK Export Finance amongst its tenants.
- **Online System for Centralised Accounting and Reporting (OSCAR)**  
The OSCAR IT platform runs the cross-government processes for managing public sector spending including data collection, analysis, reporting and publications. In addition, it underpins the production of Whole Government Accounts, and the Main and Supplementary Estimates. Without it, the government finance function cannot meet its obligations and so it is an operationally critical system.
- **UK Debt Management Office Trading Systems**  
The DMO's principal objective is to carry out the government's debt management policy, and in doing so uses a range of trading systems to deliver the associated debt and cash management requirements. These business operations must be fully supported by resilient, efficient and secure systems and processes.

- Pool Re/Pool Re (Nuclear).  
Pool Re and Pool Re (Nuclear) are mutual reinsurance companies, owned by insurers. They provide terrorism cover for damage to industrial and commercial properties or nuclear facilities and consequential business disruption in Great Britain. The Treasury holds contingent liability for the risk that the losses incurred by Pool Re or Pool Re (Nuclear) exceed their available resources. In return for taking on this risk, the Treasury receives a share of annual premiums and a profit share. **Pool re will be consolidated from the next financial year (2021-22)**
- Royal Mint Coin Contract  
Under the terms of the UK Coinage Contract, the Treasury has committed to pay the Royal Mint for the metal and manufacturing costs of supplying new UK circulating coinage to meet the demand from banks and other distributors. Coins which have been produced and paid for by the department but have not yet been issued are stored by the Mint and recognised as inventory in the Treasury's accounts.

The Executive Management Board Operations Committee is responsible for considering major investment proposals on behalf of the PAO. All projects considered are assessed on their value, complexity, risk and contentiousness. For particularly expensive or contentious projects, the OpCo will recommend the EMB considers the business case. Investment decisions below certain limits are delegated to the Group Finance Director.

One of the ways the Treasury assures value for money in contracting is to invite suppliers to compete for departmental business not only where the law requires it but also wherever feasible. In addition, value for money will be sought using Framework Agreements (i.e. pre-existing agreements between government departments and one or more suppliers for types of goods or services); buying common goods and services through the Crown Commercial Service; and using e-Catalogues.

Tom Scholar  
Principal Accounting Officer  
December 2020