

Great Britain-China Centre Framework Document

Contents

1. Purpose of the GBCC	2
2. GBCC Legal Origins of Powers and Duties	2
3. Responsibilities and Accountability.....	3
4. Planning Budgeting and Control	11
5. External Accountability	15
6. Managing Public Money	16
7. Risk Management.....	16
8. GBBC's Income	17
9. Management and Disposal of Fixed Assets.....	19
10. Delegated authorities.....	21
11. Staff Management	21
12. Reviewing the role of the GBCC	23
13. Procedures for Winding Up.....	23
14. Data Protection.....	24
Annex A – Compliance with government-wide corporate guidance and instructions	26

Framework terms for partnership agreements

This Framework Agreement has been drawn up by the Foreign, Commonwealth and Development Office (hereafter “the FCDO”) in consultation with the Great Britain-China Centre (hereafter “GBCC”) and replaces the Framework Agreement and its associated Financial Memorandum dated March 2019. This document sets out the broad framework within which the GBCC will operate. The document does not convey any legal powers or responsibilities, and despite being referred to as an agreement, is not intended to be legally binding or legally effective in any way. It is signed and dated by the FCDO and the GBCC. Copies of the document and any subsequent amendments have been made available to members of the public on GOV.UK and the GBCC website.

1. Purpose of the GBCC

- 1.1. The GBCC has been set up in order to support the strategic aims of the FCDO as the sponsor department. The Memorandum of Association and Articles of Association set out the GBCC’s aim to promote understanding and to strengthen the relationship between the peoples of the United Kingdom and China.
- 1.2. The GBCC’s overall mission is to promote understanding between Britain and China. GBCC’s strategy for 2018-2023 is to strengthen the UK-China relationship for rule of law and political dialogue.
- 1.3. The FCDO determines the GBCC’s performance framework in the light of the FCDO’s wider strategic priorities. The GBCC’s objectives and key targets shall be agreed within the GBCC’s corporate and business planning process (Section 4 Planning and Budgeting Control).

2. GBCC Legal Origins of Powers and Duties

- 2.1. The GBCC is established under the Companies Acts 1948-2006 as a company limited by guarantee without share capital. The constitution of the GBCC is set out in its Articles of Association (the “Articles”). The GBCC does not carry out its functions on behalf of the Crown.

3. Responsibilities and Accountability

3.1. The Secretary of State

3.1.1. The Secretary of State for Foreign, Commonwealth and Development Affairs, acting through ministers and officials of the FCO, is accountable to Parliament for the activities and performance of the GBCC. His/Her responsibilities include:

- approving the GBCC's strategic objectives and the policy and performance framework within which the GBCC will operate (as set out in this framework document and associated documents);
- as necessary keeping Parliament informed about the GBCC's performance;
- approving the amount of grant-in-aid/grant/other funds to be paid to the GBCC, and securing Parliamentary approval;
- carrying out responsibilities specified in the GBCC's Articles of Association including approving the appointment of the Chair, nominating a director; and
- laying of the annual report and accounts before Parliament, where required.

3.2. The Principle Accounting Officer

3.2.1. The Permanent Under Secretary, as the FCO's Principal Accounting Officer (PAO) is accountable to Parliament for the issue of any grant-in-aid to the GBCC. The Principal Accounting Officer designates the Director of the GBCC as the GBCC's Accounting Officer. The Principal Accounting Officer may withdraw the accounting officer designation from the Director of the GBCC if he/she believes that the incumbent is no longer suitable for the role. In case of such a withdrawal, the Principal Accounting Officer designates the Chair of the GBCC as the Accounting Officer until an appropriate replacement is identified by the GBCC and their designation as GBCC Accounting Officer is approved by the Principal Accounting Officer.

3.2.2. In particular the Principal Accounting Officer, on the advice of the FCDO Asia Pacific Directorate and Internal Audit Team, shall ensure that:

- the GBCC's strategic aims and objectives support the FCDO's wider strategic priorities;
- the financial and other management controls applied by the FCDO to the GBCC are appropriate and sufficient to safeguard public funds and for ensuring that the GBCC's compliance with those controls is effectively monitored ("public funds" include not only any funds granted to the GBCC by Parliament but also any other funds generated by approved activities or falling within the stewardship of the GBCC);
- the internal controls applied by the GBCC conform to the requirements of regularity, propriety and good financial management; and
- any grant-in-aid to the GBCC is within the ambit and the amount of the request for resources and that Parliamentary authority has been sought and given.

3.2.3. The responsibilities of a departmental Principle Accounting Officer are set out in more detail in Chapter 3 of *Managing Public Money* and Annex 1 to the Government's Financial Reporting Manual (both of which are sent separately to the GBCC's Accounting Officer upon his/her designation as such).

3.3 Responsibilities of the GBCC's Director as Accounting Officer

3.3.1 Unless and until the FCO's Principal Accounting Officer removes such designation (paragraph 3.2.1 above), the Director, as the senior official of the GBCC, is the GBCC's Accounting Officer. To the extent that the Principal Accounting Officer designates an individual other than the GBCC's Director as the GBCC's Accounting Officer in accordance with paragraph 3.2.1. above, this section 3.6 shall apply to such individual in their capacity as the GBCC's Accounting Officer and references to the Director shall be taken as references to that individual.

3.3.2. The GBCC Accounting Officer is personally responsible for safeguarding the public funds for which he/she has charge; for ensuring propriety and regularity in the handling of those public funds; and for the day-to-day operations and management of the GBCC.

3.3.3. As GBCC Accounting Officer the Director shall, subject to the direction of the Board, exercise the following responsibilities in particular:

on planning and monitoring –

- establish, in agreement with the FCDO the GBCC's corporate and business plans in the light of the FCDO's wider strategic priorities;
- inform the FCDO of the GBCC's progress in helping to achieve the FCDO's policy objectives and in demonstrating how resources are being used to achieve those objectives;
- ensure that timely forecasts and monitoring information on performance and finance are provided to the FCDO; that the FCDO is notified promptly if overspends or under-spends are likely and that corrective action is taken; and that any significant problems, whether financial or otherwise, and whether detected by internal audit or by other means, are notified to the FCDO in a timely fashion;

on advising the Board –

- advise the Board on the discharge of its responsibilities as set out in the founding legislation and in any other relevant instructions and guidance that may be issued from time to time;
- advise the Board on the GBCC's performance compared with its aims and objectives;
- ensure that financial considerations are taken fully into account by the Board at all stages in reaching and executing its decisions, and that standard financial appraisal techniques are followed as far as this is practical;
- take action as set out in paragraphs 14-18 of the NDPB Accounting Officer Memorandum if the Board, or its Chair, is contemplating a course of action involving a transaction which the Director considers would infringe the requirements of propriety or regularity or does not represent prudent or economical administration or efficiency or effectiveness;

on managing risk and resources –

- ensure that a system of risk management is maintained to inform decisions on financial and operational planning and to assist in achieving objectives and targets;

- ensure that an effective system of programme and project management and contract management is maintained;
- ensure that all public funds made available to the GBCC are used for the purpose intended by Parliament, and that such moneys, together with the GBCC's assets, equipment and staff, are used economically, efficiently and effectively;
- ensure that adequate internal management and financial controls are maintained by the GBCC, including effective measures against fraud and theft;
- maintain a comprehensive system of internal delegated authorities which are notified to all staff, together with a system for regularly reviewing compliance with these delegations;
- ensure that effective personnel management policies are maintained;

on accounting for the GBCC's activities –

- sign the accounts and be responsible for 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 FCDO;
- sign a Statement of Accounting Officer's responsibilities, for inclusion in the annual report and accounts;
- sign a Governance Statement regarding the GBCC's system of risk management for inclusion in the annual report and accounts;
- ensure that effective procedures for handling complaints about the GBCC are established and made widely known within the GBCC;
- act in accordance with the terms of this document, *Managing Public Money* and other instructions and guidance issued from time to time by the FCDO, the Treasury and the Cabinet Office; and
- give evidence, normally with the Principal Accounting Officer of the FCDO, when summoned before the Committee of Public Accounts on the use and stewardship of public funds by the GBCC.

3.4. The sponsoring team in the FCDO

3.4.1. Within the FCDO, the China Department is the sponsoring team for the GBCC. The China Department, in consultation as necessary with the relevant departmental Accounting Officer, is the primary source of advice to the Secretary of State on the discharge of his/her responsibilities in respect of the GBCC, and the primary point of contact for the GBCC in dealing with the FCDO. The China Department shall carry out its duties under the Head of the China Department who shall have primary responsibility for overseeing the activities of the GBCC.

3.4.2. The China Department shall advise the Secretary of State on:

- an appropriate framework of objectives and targets for the GBCC in the light of the FCDO's wider strategic priorities;
- an appropriate budget for the GBCC in the light of the FCDO's overall public expenditure priorities; and
- how well the GBCC is achieving its strategic objectives and whether it is delivering value for money.

3.4.3. In support of the Principal Accounting Officer, the China Department shall:

on performance and risk management –

- monitor the GBCC's activities on a continuing basis through an adequate and timely flow of information from the GBCC on performance, budgeting, control and risk management, including early sight of the GBCC's statement on internal control;
- address in a timely manner any significant problems arising in the GBCC, whether financial or otherwise, making such interventions in the affairs of the GBCC as the FCDO judges necessary;

on communication with the GBCC –

- inform the GBCC of relevant Government policy in a timely manner; advise on the interpretation of that policy; and issue specific guidance to the GBCC as necessary; and
- bring concerns about the activities of the GBCC to the attention of the full GBCC's Board of Directors (the "Board"), and require

explanations and assurances from the Board that appropriate action has been taken.

3.5. The Chair of the GBCC

3.5.1. The Chair is appointed by the Secretary of State for Foreign, Commonwealth and Development Affairs through a process conducted in accordance with the Cabinet Office's Governance Code on Public Appointments and independently regulated by the Commissioner for Public Appointments

3.5.2. The Chair is responsible to the Secretary of State. The Chair shall aim to ensure that the GBCC's policies and actions support the wider strategic policies of the FCDO; and that the GBCC's affairs are conducted with probity. The Chair shares with other Board members the corporate responsibilities set out in paragraph 3.5.2 below, and in particular for ensuring that the GBCC fulfils the aims and objectives set by the Secretary of State.

3.5.3. The Chair has a particular leadership responsibility on the following matters:

- formulating the GBCC Board's strategy;
- ensuring that the GBCC Board, in reaching decisions, takes proper account of guidance provided by the Board sub-committees (Audit, Business Development/Fundraising and Personnel) and the FCDO;
- promoting the efficient and effective use of staff and other resources;
- encouraging high standards of propriety; and
- representing the views of the GBCC Board to the general public.

3.5.4. The Chair shall also:

- ensure that all members of the GBCC Board when taking up office, are fully briefed on the terms of their appointment and on their duties, rights and responsibilities, and receive an appropriate introduction to the work of the Centre, including on the financial management and reporting requirements of public sector bodies and on any differences which may exist between private and public sector practice;

- advise the FCDO of the needs of the GBCC when Board vacancies arise, with a view to ensuring a proper balance of professional and financial expertise;
- on request, assess the performance of individual Board members when they are being considered for re-appointment to the Board; and
- ensure that the work of the Board and its members are reviewed and working effectively every two to three years.

3.5.5. The Chair shall also ensure that a Code of Practice for Board Members (the “Code”) is in place, based on the Cabinet Office’s model Code of Practice for Board Members of Public Bodies. The Code shall commit the Chair and other Board Members to the Nolan seven principles of public life, and shall include a requirement for a comprehensive and publicly available register of Board Members’ interests.

3.5.6. Communications between the Board and the FCDO shall normally be through the Chair. The Chair shall ensure that the other Board Members are kept informed of such communications.

3.6. The GBCC’s Board

3.6.1. The Board Members are appointed for an initial 3-year period, which can be renewed twice. Vice-Chairs are also appointed for an initial 5-year term, with the possibility for a second 5-year term. Their nomination must be confirmed by a majority vote of the Board.

3.6.2. The Board (with the support of sub-committees) has corporate responsibility for ensuring that the GBCC fulfils the aims and objectives set by the FCDO and for promoting the efficient and effective use of staff and other resources by the GBCC. To this end, and in pursuit of its wider corporate responsibilities, the Board shall:

- establish the overall strategic direction of the GBCC within the policy and resources framework determined by the Secretary of State;
- ensure that the FCDO is kept informed of any changes which are likely to impact on the strategic direction of the GBCC or on the attainability of its targets, and determine the steps needed to deal with such changes;
- ensure that any statutory or administrative requirements for the use of public funds are complied with; that the Board operates within the

limits of its statutory authority and any delegated authority agreed with the FCDO, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, the Board takes into account guidance issued by the FCDO;

- ensure that the Board receives and reviews regular financial information concerning the management of the GBCC;
- is informed in a timely manner about any concerns about the activities of the GBCC; and provides positive assurance to the FCDO that appropriate action has been taken on such concerns;
- demonstrate high standards of corporate governance at all times, including by using the independent Audit, Management and Personnel Committees (paragraph 4.6.2.) to help the Board to address the key financial and other risks facing the GBCC;
- appoint a Director of the GBCC and, in consultation with the China Department, set performance objectives and remuneration terms linked to these objectives for the Director which give due weight to the proper management and use of public monies.

3.6.3. Individual Board members shall act in accordance with their wider responsibility as Members of the Board – namely to:

- comply at all times with the Code of Practice (paragraph 3.4.5. above) that is adopted by the GBCC and with the rules relating to the use of public funds and to conflicts of interest;
- not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations;
- comply with the Board's rules on the acceptance of gifts and hospitality, and of business appointments; and
- act in good faith and in the best interests of the GBCC.

3.7. The Director's role as Consolidation Officer

3.7.1. For the purposes of Whole of Government Accounts the Director of the GBCC is appointed by the Treasury as the GBCC's Consolidation Officer.

- 3.7.2. As the GBCC's Consolidation Officer, the Director shall be personally responsible for preparing the consolidation information that sets out the financial results and position of the GBCC, for arranging for its audit and for sending the information and the audit report to the Principal Consolidation Officer nominated by the Treasury.
- 3.7.3. As Consolidation Officer, the Director shall comply with the requirements of the Consolidation Officer Memorandum and shall, in particular:
- ensure that the GBCC has in place and maintains sets of accounting records that will provide the necessary information for the consolidation process; and
 - prepare the consolidation information (including the relevant accounting and disclosure requirements and all relevant consolidation adjustments) in accordance with the consolidation instructions and directions by the Treasury on the form, manner and timetable for the delivery of such information.

3.8. Delegation of duties

- 3.8.1. The Director may delegate the day-to-day administration of his/her Accounting Officer and Consolidation Officer responsibilities to other employees in the GBCC. However, the Director shall not assign absolutely to any other person any of the responsibilities set out in this document and shall remain accountable for the execution of his/her Accounting Officer and Consolidation Officer responsibilities even where day-to-day administration of the same has been delegated.

3.9. The Director's role as Principal Officer for Ombudsman cases

- 3.9.1. The Director is the Principal Officer for handling cases involving the Parliamentary Commissioner for Administration. As Principal Officer, he/she shall inform the Permanent Secretary of the FCDO of any complaints about the GBCC accepted by the Ombudsman for investigation, and about the GBCC's proposed response to any subsequent recommendations from the Parliamentary Ombudsman.

4. Planning Budgeting and Control

4.1. The Corporate Plan

4.1.1. Consistent with the timetable for public spending reviews, the GBCC shall submit annually to the FCDO a draft of the GBCC's updated corporate plan covering in detail the year ahead, and including a three-year outline. The GBCC shall have agreed with the FCDO the issues to be addressed in the plan and the timetable for its preparation.

4.1.2. The corporate plan shall reflect the GBCC's statutory duties and, within those duties, the priorities set from time to time by the FCDO. In particular, the plan shall demonstrate how the GBCC contributes to the achievement of the FCDO's strategic priorities.

4.1.3. The corporate plan shall set out:

- the GBCC's key objectives and associated key performance targets for the three forward years, and its strategy for achieving those objectives;
- a review of the GBCC's performance in the preceding financial year [together with comparable outturns for the previous [2-5] years], and an estimate of performance in the current year;
- alternatives scenarios to take account of factors which may significantly affect the execution of the plan but which cannot be accurately forecast; and
- other matters as agreed between the FCDO and the GBCC.

4.1.4. The main elements of the plan – including the key performance targets – shall be agreed between the FCDO and the GBCC in the light of the FCDO's decisions on policy and resources taken in the context of the Government's wider public expenditure plans and decisions.

4.2. The business plan

4.2.1. The first year of the corporate plan, amplified as necessary, shall form the business plan. The business plan shall be updated to include key targets and milestones for the year immediately ahead and shall be linked to budgeting information so that resources allocated to achieve specific objectives can readily be identified by the FCDO.

4.3. Publication of plans

4.3.1. Subject to any commercial and political considerations the corporate and

business plans shall be made available on the GBCC website.

4.4. Reporting performance to the FCDO

- 4.4.1. The GBCC shall operate management information and accounting systems which enable it to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in its agreed corporate and business plans.
- 4.4.2. The GBCC shall take the initiative in informing the FCDO of changes in external conditions which make the achievement of objectives more or less difficult, or which may require a change to the budget or objectives set out in the corporate or business plans.
- 4.4.3. The GBCC's performance in helping to deliver Ministers' policies, including the achievement of key objectives, shall be reported to the FCDO on a regular basis. Performance will be reviewed regularly by officials of the FCDO.
- 4.4.4. The GBCC's performance against key targets shall be reported in the GBCC's annual report and accounts [see Section 5.1 below].

Providing monitoring information to the FCDO

- 4.4.5. The GBCC shall provide the FCDO with, as a minimum, information on a regular basis which will enable the satisfactory monitoring by the FCDO of;
 - the GBCC's cash management;
 - it's draw-down of any grant-in-aid;
 - forecast outturn by resource headings; and
 - other data required for the HM Treasury Public Sector Statistics.

4.5. Budgeting procedures

- 4.5.1. Each year, in light of decisions by the FCDO on the GBCC's updated draft corporate plan, the FCDO will send to the GBCC:
 - a formal statement of the annual budgetary provision allocated by the FCDO in the light of competing priorities across the FCDO and of any forecast income approved by the FCDO; and
 - a statement of any planned change in policies affecting the GBCC.

- 4.5.2. The GBCC's approved annual business plan will take account both of its

approved funding provision (where this applies) and of any forecast receipts, and will include a budget of estimated payments and receipts together with a profile of expected expenditure and of draw-down of any FCDO funding and/or other income over the year. These elements will form part of the approved business plan for the year in question.

4.5.3. Any grant-in-aid provided by a FCDO for the year in question will be voted in the FCDO's estimate and will be subject to Parliamentary control.

4.6. Internal audit

4.6.1. The GBCC shall establish and maintain arrangements for internal audit in accordance with the Treasury's Public Sector Internal Audit Standards (PSIAS). The GBCC shall consult the FCDO to ensure that the FCO is satisfied with the arrangements made by the GBCC in this respect and that they are in accordance with Government Internal Audit Standards (GIAS) 5.2. This may include the appointment by GBCC of a Head of Internal Audit or outsourcing of this function.

4.6.2. The GBCC shall set up an independent audit committee as a sub-committee of its Board in accordance with the Cabinet Office's Guidance on Codes of Practice for Public Bodies and the Treasury's Audit Committee guidance.

4.6.3. The GBCC shall arrange for periodic quality reviews of its internal audit services in accordance with the PSIAS. The FCDO shall consider whether it can reply on these reviews to provide assurance on the quality of internal audit. However, the FCDO reserves a right of access to carry out independent reviews of internal audit in the GBCC.

4.6.4. The FCDO's Internal Audit Department shall also have a right of access to all documents prepared by the GBCC's internal auditor; including where the service is contracted out. The audit strategy, periodic audit plans and annual audit report, including the GBCC's Head of Internal Audit's opinion on risk management, control and governance shall be forwarded as soon as possible to the sponsoring team who shall consult the Head of Internal Audit as appropriate.

4.6.5. In addition, the GBCC shall forward to the FCDO an annual report on fraud and theft suffered by the GBCC; notify any unusual or major incidents as soon as possible; and notify any changes to internal audit's terms of reference, the audit committee's terms of reference or the GBCC's Fraud Policy and Fraud Response Plan.

4.7. Additional FCDO access to the GBCC

- 4.7.1. In addition to the right of access referred to in paragraph 4.6.3. above, the FCDO shall have a right of access to all the GBCC's records and personnel for purposes such as sponsorship audits or operational investigations.

5. External Accountability

5.1. The annual report and accounts

- 5.1.1. After the end of each financial year the GBCC shall publish an annual report of its activities together with its audited annual accounts. A draft of the report shall be submitted to the FCDO two weeks before the proposed publication date.
- 5.1.2. The report and accounts shall comply with the Treasury document *Government Financial Reporting Manual*. The accounts shall be prepared in accordance with the relevant statutes and the specific Accounts Direction issued by the FCDO.
- 5.1.3. The report and accounts shall outline the GBCC's main activities and performance during the previous financial year and set out in summary form the GBCC's forward plans. Information on performance against key financial targets shall be included in the notes to the accounts, and shall therefore be within the scope of the audit.
- 5.1.4. The report and accounts shall be laid before Parliament and made available on the Internet, in accordance with the guidance on the procedures for presenting and laying the combined annual report and accounts in line with the current House of Commons Guidance.

5.2. External audit

- 5.2.1. The GBCC's accounts are audited by the National Audit Office. The accounts of the GBCC shall be open to the inspection of the Comptroller & Auditor General ("C&AG"). The GBCC shall submit the audited accounts to the FCDO, who shall lay the accounts, together with the annual report, in the House of Commons.
- 5.2.2. Where appropriate, the FCDO may commission additional reports providing assurance about the financial systems within the GBCC. The GBCC shall facilitate the provision of such reports.

5.3. Value for Money examinations

5.3.1. The C&AG may carry out examinations into the economy, efficiency and effectiveness with which the GBCC has used its resources in discharging its functions. For the purpose of these examinations the C&AG has statutory access to documents as provided for under section 8 of the National Audit Act 1983. In addition, the GBCC shall provide, in conditions to grants and contracts, for the C&AG to exercise such access to documents held by grant recipients and contractors and sub-contractors as may be required for these examinations; and shall use its best endeavours to secure access for the C&AG to any other documents required by the C&AG which are held by other bodies.

6. Managing Public Money

6.1. Unless agreed by the FCDO and, as necessary, HM Treasury, the GBCC shall follow the principles, rules, guidance and advice in *Managing Public Money*, referring any difficulties or potential bids for exemptions to the China Department in the FCDO in the first instance. A list of guidance and instructions with which the GBCC should comply is in Annex A.

6.2. Once the budget has been approved by the FCDO, and subject to any restrictions imposed by the responsible Minister's instructions and this document, the GBCC shall have the authority to incur expenditure approved in the budget without further reference to the FCDO, on the following conditions:

- the GBCC shall comply with *Managing Public Money* regarding novel, contentious, repercussive proposals;
- inclusion of any planned and approved expenditure in the budget shall not remove the need to seek formal FCDO approval where any proposed expenditure is outside the delegated limits or is for new schemes not previously agreed;
- the GBCC shall provide the FCDO with such information about its operations, performance individual projects or other expenditure as the FCDO may reasonably require; and
- the GBCC does not make any change of policy or practice which has wider financial implications that might prove repercussive or which might significantly affect the future level of resource required.

7. Risk Management

- 7.1. The GBCC shall ensure that the risks which it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance, and shall develop a risk management strategy, in accordance with the Treasury guidance *Management of Risk: Principles and Concepts* (http://www.hm-treasury.gov.uk/orange_book.htm).
- 7.2. The GBCC shall adopt and implement policies and practices to safeguard itself against fraud and theft, in line with Treasury's guide *Managing the Risk of Fraud* (http://webarchive.nationalarchives.gov.uk/20130129110402/https://www.hmtrasury.gov.uk/d/managing_the_risk_fraud_guidance_for_managers.pdf.pdf).
- 7.3. The GBCC shall take all reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter into a contract or to give a grant or grant-in-aid.

8. GBCC's Income

8.1. Grant-in-Aid

- 8.1.1. The Grant-in-Aid provided by the FCDO for the year in question will be voted in the FCDO's supply estimate and be subject to Parliamentary control.
- 8.1.2. Grant-in-aid will normally be paid to the GBCC in quarterly instalments, on the basis of a written application from the GBCC showing evidence of need. The application shall certify that the conditions applying to the use of grant-in-aid have been observed to date and that further grant-in-aid is now required for purposes appropriate to the GBCC's functions.
- 8.1.3. The GBCC will comply with the general principle, that there is no payment in advance of need.
- 8.1.4. Cash balances accumulated during the course of the year from grant-in-aid or other Exchequer funds shall be kept at the minimum level consistent with the efficient operation of the GBCC. Grant-in-aid not drawn down by the end of the year shall lapse. However, where drawn-down of grant-in-aid is delayed to avoid excess cash balances at year-end, the FCDO will make available in the next financial year – subject to approval by Parliament of the relevant estimates provision – any such grant-in-aid which is required to meet any liabilities at year end, such as creditors.

8.3. Receipts from sale of goods or services

- 8.3.1. Receipts from the sale of good and services within the same financial year (including certain licences where there is a significant degree of services to the

individual applicant), rent of land, and dividends within the same financial year are classified as negative public expenditure in national accounts and are therefore normally offset against the Departmental Expenditure Limit (DEL) (i.e. they provide additional DEL spending power).

8.3.2. If there is any doubt about the correct classification of a receipt the GBCC shall consult the FCDO, who will consult the Treasury as necessary.

8.4. Fines, taxes and other receipts

8.4.1. Most fines and most taxes (including levies and some licences) are not negative public expenditure and do not provide additional DEL spending power. Such receipts shall either be surrendered to the FCDO or, if retained, shall either reduce the need for grant-in-aid or, if used to finance additional expenditure by the GBCC, shall require additional DEL cover from the FCDO.

8.5. Interest earned

8.5.1. Any interest earned by the GBCC on its assets shall be given the same budgeting treatment as the assets.

8.5.2. If the receipts are used to finance additional expenditure by the GBCC, FCDO will need to approve the DEL cover in order for GBCC to spend in that year.

8.6. Unforecast changes in in-year income

8.6.1. If the negative DEL income realised or expected to be realised in-year is less than estimated, the GBCC shall, unless otherwise agreed with the FCDO, ensure a corresponding reduction in its gross expenditure so that the authorised provision is not exceeded.

8.6.2. If the negative DEL income realised or expected to be realised in the year is more than estimated, the Board may apply to the FCDO to retain the excess income for specified additional expenditure within the current financial year without an offsetting reduction to grant-in-aid. The FCDO shall – consider such applications, taking account of competing demands for resources. If an application is refused any grant-in-aid shall be commensurately reduced or the excess receipts shall be required to be surrendered to the FCDO. (These arrangements are subject to the provisions set out in paragraph 9.2 under the heading *Disposal of assets*).

8.7. Build-up and draw-down of deposits

8.7.1. The GBCC shall comply with the rules that any DEL expenditure financed by the draw-down of deposits counts within DEL and that the build-up of deposits may represent a saving to DEL (if the related receipts are negative DEL in the relevant budgets).

8.7.2. The GBCC shall ensure that it has the necessary DEL provision for any expenditure financed by draw-down of deposits.

8.8. Proceeds from disposal of assets

8.8.1. Disposals of land and buildings are dealt with in paragraph 9.2.

8.9. Gifts and bequests received

8.9.1. The GBCC is free to retain any gifts, bequests or similar donations. These shall be treated as receipts.

8.9.2. Before proceeding in this way the GBCC shall consider if there are any associated costs in doing so or any conflicts of interests arising. The GBCC shall keep a record of any such gifts, bequests and donations and of their estimated value and whether they are disposed of or retained.

8.10. Borrowing

8.10.1. The GBCC shall observe the rules set out in Section 5.9 of *Managing Public Money* when undertaking borrowing of any kind. The GBCC shall seek the approval of the FCDO to ensure that it has any necessary authority and budgetary cover for any borrowing or the expenditure financed by such borrowing. Medium or long-term private sector or foreign borrowing is subject to the value for money test in *Managing Public Money*.

8.11. Reserves

8.11.1. No grant or grant-in-aid shall be paid into any reserve held by the GBCC. Funds in any reserve may be a factor for consideration when grant-in-aid is determined.

9. Management and Disposal of Fixed Assets

9.1. Register of assets

9.1.1. The GBCC shall maintain an accurate and up-to-date register of its fixed assets.

9.2. Disposal of assets

9.2.1. The GBCC shall dispose of assets which are surplus to its requirements. Assets shall be sold for best price, taking into account any costs of sale. High value assets shall be sold by auction or competitive tender unless otherwise agreed by the FCDO.

9.2.2. The GBCC may normally retain receipts derived from the sale of assets provided that:

- (i) The FCDO and the Treasury are content for the GBCC to retain these receipts;
- (ii) they are used to finance other capital spending;
- (iii) the FCDO receives prior notification of individual sales; and
- (iv) total sales in any financial year do not exceed a specified limit, which limit shall be specified from time to time by the FCDO and in the absence of such specification shall be 3% of the GBCC's grant-in-aid.

9.2.3. If, notwithstanding the above, the GBCC disposes of assets which have been purchased, improved or developed with Exchequer funds and the receipts amount to more than £1 million, or where the disposal has unusual features of which Parliament should be aware, Parliamentary approval shall be secured for the receipts to be reinvested. The receipts shall therefore be surrendered to the FCO, which shall then submit an Estimate seeking approval for the receipts to be appropriated in aid by the FCDO and for a corresponding increase in the GBCC's grant-in-aid. If the proposed new investment exceeds the GBCC's relevant delegated authority the FCDO's approval will be needed. If the proposed new investment is novel or contentious the Treasury's approval will be also needed.

9.2.4. If the criteria in paragraph 9.2.2. are not met, any receipts shall be dealt with in line with the rules on surplus in-year receipts (paragraph 8.6.2. above).

9.3. Recovery of grant-financed assets

9.3.1. Where the GBCC has financed expenditure on capital assets by a third party, the GBCC shall make appropriate arrangements to ensure that any such assets are not disposed of by the third party without the GBCC's prior consent.

9.3.2. The GBCC shall therefore ensure that such conditions are sufficient to secure the repayment of the Exchequer's due share of the proceeds of the sale, in order that funds may be surrendered to the FCDO.

9.3.3. The GBCC shall ensure that if the assets created by grants made by the GBCC cease to be used by the recipient of the grant for the intended purpose, a proper proportion of the value of the asset shall be repaid to the GBCC for surrender to the FCDO. The amounts recoverable under the procedures in paragraphs 9.2.2.-9.2.4. above shall be calculated by reference to the best possible value of the asset and in proportion to the Exchequer's original investment(s) in the asset.

10. Delegated authorities

10.1. The GBCC shall obtain the consent of the GBCC Board and the FCDO's prior written approval before:

- entering into any undertaking to incur any expenditure which falls outside the GBCC's delegations or which is not provided for in the GBCC's annual budget as approved by the FCDO;
- incurring any expenditure for any purpose which is or might be considered novel or contentious, or which has or could have significant future cost implications, including on staff benefits;
- making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by the FCDO;
- lending money, charging any asset or security, giving any guarantee or indemnities or letters of comfort, or incurring any other contingent liability (as defined in Annex 5.4. of *Managing Public Money*), whether or not in a legally binding form; and
- making any change of policy or practice which has wider financial implications (e.g., because it might prove repercussive among other public sector bodies) or which might significantly affect the future level of resources required.

10.2. In exercising these delegations the GBCC must abide by the regulations set out in Annex A where they are relevant.

11. Staff Management

11.1. General

11.1.1. Within the arrangements approved by the FCDO the GBCC shall have responsibility for the recruitment, retention and motivation of its staff. To this end the GBCC shall ensure that:

- its rules for the recruitment and management of staff create an inclusive culture in which diversity is fully valued; where appointment and advancement is based on merit; and where 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 gradings and numbers of staff, is appropriate to its functions and the requirements of efficiency, effectiveness and economy;
- the performance of its staff at all levels is satisfactory appraised and the GBCC's 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 GBCC's objectives;
- proper consultation with staff takes place on key issues affecting them;
- adequate grievance and disciplinary procedures are in place;
- whistleblowing 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 document *Model Code for Staff of Executive Non-Departmental Public Bodies*.

11.2. Staff costs

11.2.1. Subject to its delegated levels of authority the GBCC shall ensure that the creation of any additional posts does not incur forward commitments which will exceed its ability to pay for them.

11.3. Pay and conditions of service

11.3.1. The staff of the GBCC, whether on permanent or temporary contract, shall be subject to levels of remuneration and terms and conditions of service (including superannuation) within the general pay structure approved by the

FCDO and the Treasury.

11.3.2. Civil Service terms and conditions of service apply to the rates of pay and non-pay allowances paid to the GBCC's staff and to any other party entitled to payment in respect of travelling 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 FCDO to vary such rates.

11.3.3. The reimbursement of travel expenses of Board Members shall be agreed on a cost basis with the Director.

11.3.4. The GBCC shall comply with the EU directive on contract workers "Fixed Term Employees Regulations (Prevention of Less Favourable Treatment)".

11.4. Pensions; redundancy/compensation

11.4.1. The GBCC's staff shall normally be eligible for a workplace pension provided by *Standard Life*.

11.4.2. Staff may opt out of the work place pension scheme provided by the GBCC by writing to the Finance Manager and confirming their intention to opt out. They may re-join the scheme once in a twelve-month period. Any proposal by the GBCC to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the approval of the FCDO. Proposals on severance payments must comply with DAO(GEN) 04/02.

12. Reviewing the role of the GBCC

12.1. The GBCC shall be reviewed in accordance with the Cabinet Office guidance on review programmes.

13. Procedures for Winding Up

13.1. The FCDO shall put in place arrangements to ensure the orderly winding up of the GBCC. In particular, it should ensure that the assets and liabilities of the GBCC are passed to any successor or organisation and accounted for properly. (In the event that there is no successor organisation, the assets and liabilities should revert to the FCO). To this end, the FCDO shall:

- ensure that procedures are in place in the GBCC to gain independent assurance on key transactions, financial commitments, cash flows and

other information needed to handle the wind-up effectively and to maintain the momentum of work inherited by any residual body;

- specify the basis for the valuation and accounting treatment of the GBCC's assets and liabilities;
- ensure that arrangements are in place to prepare closing accounts and pass to the C&AG for external audit, and that, for non-Crown bodies, funds are in place to pay for such audits. It shall be for the C&AG to lay the final accounts in Parliament, together with his report on the accounts;
- arrange for the most appropriate person to sign the closing accounts. In the event that another arms-length body (ALB) takes on the role, responsibilities, assets and liabilities, the succeeding ALB Accounting Officer should sign the closing accounts. In the event that the FCDO inherits the role, responsibilities, assets and liabilities, the FCDO's Accounting Officer should sign.

13.2. The GBCC shall provide the FCDO with full details of all agreements where the GBCC or its successors have a right to share in the financial gains of developers. It should also pass to the FCDO details of any other forms of clawback due to the GBCC.

13.3. For the avoidance of doubt, the FCDO and GBCC acknowledge and agree that GBCC is not expected to plan or provide for the costs associated with GBCC's winding-up. GBCC should take all care to ensure such costs are kept to a minimum. In the event that GBCC is wound-up, GBCC should take all reasonable care to ensure such costs are kept to a minimum. The GBCC will provide such assistance as FCDO may reasonably request in an orderly winding up, including measures to control risk during the process.

14. Data Protection

14.1. When processing personal data GBCC, whose Data Protection Officer ("DPO") is the FCDO will be the controller of that data for the purposes of the General Data Protection Regulation (Regulation (EU) 2016/679) ("GDPR") as supplemented by the Data Protection Act 2018 (as revised and superseded from time to time) ("DPA 2018").

14.2. In this regard the GBCC will abide by all applicable Data Protection Legislation which for these purposes means the GDPR, DPA 2018 and any other applicable laws relating to data privacy.

14.3. In particular, the GBCC will ensure that it -

- (a) complies with the data protection principles and rights of data subjects as set out in the GDPR;
- (b) ensures that its personnel have had appropriate data protection training and only process personal data (as defined by the GDPR) in accordance the applicable Data Protection Legislation;
- (c) takes all reasonable steps to ensure the reliability and integrity of any personnel who have access to personal data;
- (d) takes appropriate steps to ensure that the data are kept secure and in particular protected against a personal data breach (as defined by Article 4(12) of the GDPR) taking account of the nature of the data to be protected, the harm that might result, the state of technological development and the cost of implementing any such measures;
- (e) ensures that personal data are not transferred outside the EEA save in accordance with Chapter V of the GDPR;
- (f) notifies the DPO in the event of a personal data breach as soon as they become aware and provide the DPO with all reasonable assistance in connection with the investigation and resolution of such event;
- (g) notifies the DPO immediately if it receives a request from a data subject seeking to exercise their rights under the Data Protection Legislation, (including but not limited to the right of access to personal data, to rectify, block or erase personal data and to complain about the handling of their personal data under the Data Protection Legislation) and shall provide the DPO with all reasonable assistance in connection with such request;
- (h) notifies the DPO immediately if it receives any complaint or communication from the Information Commissioner or any other regulatory authority in connection with the processing of personal data by it and co-operate with the DPO to resolve such complaint;
- (i) notifies the DPO if it receives a request from any third party for disclosure of personal data where compliance with such request is required or purported to be required by law;
- (j) allows audits of its data processing by the FCDO or the FCDO's designated auditor;

(k) maintains complete and accurate records to demonstrate its compliance with all relevant Data Protection Legislation; and

(l) takes account of any guidance issued by the Information Commissioner's Office.

(b) For the purposes of the Data Protection Legislation, Eleanor Stewart, FCDO, is the designated Data Protection Officer for the GBCC.

Annex A – Compliance with government-wide corporate guidance and instructions

GBCC complies with the following general guidance documents and instructions:

- This Framework Document;
- The government financial reporting manual (FReM):
<https://www.gov.uk/government/collections/government-financial-reportingmanual-frem>
- Managing Public Money (MPM), including Chapter 6: Fees, Charges and Levies;
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/742188/Managing_Public_Money_MPM_2018.pdf
- Relevant “Dear Accounting Officer” letters:
<https://www.gov.uk/government/collections/dao-letters>;
- Appropriate adaptations of sections of Corporate Governance in Central Government Departments: Code of Good Practice:
<https://www.gov.uk/government/publications/corporate-governance-code-forcentral-government-departments>;
- Code of Conduct for Board members of Public Bodies:
<https://www.gov.uk/government/publications/board-members-of-public-bodiescode-of-conduct>
- The 7 principles of public life:
<https://www.gov.uk/government/publications/the-7-principles-of-public-life/the7-principles-of-public-life--2>

- Public Sector Internal Audit Standards
<https://www.gov.uk/government/publications/public-sector-internal-auditstandards>;
- Management of Risk - Principles and Concepts:
<https://www.gov.uk/government/publications/orange-book>;
- HM Treasury Guidance on Tackling Fraud:
https://webarchive.nationalarchives.gov.uk/20120906143131/http://www.hmtreasury.gov.uk/d/managing_the_risk_fraud_guide_for_managers.pdf
- Regularity, Propriety and Value for Money:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/212460/Regularity_Propriety_and_Value_for_Money.pdf
- The Parliamentary and Health Service Ombudsman's Principles of Good Administration
<http://www.ombudsman.org.uk/improving-publicservice/ombudsmansprinciples>;
- Relevant Freedom of Information Act guidance and instructions (Ministry of Justice);
- Departmental Banking: A Manual for Government Departments, annex 5.6 of Managing Public Money;
- Other relevant instructions and instructions issued by the Treasury in respect of Whole of Government Accounts;
- Other relevant instructions and guidance issued by the central Departments;
- Specific instructions and guidance issued by FCDO; and
- Recommendations made by the Public Accounts Committee, or by other Parliamentary authority, that have been accepted by the Government and relevant to the ALB.

Philip Barton

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For and on behalf of the
Secretary of State for
Foreign, Commonwealth
and Development Affairs

Dated

3/02/21

[Signature]

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For and on behalf of
The Great Britain-China Centre

Dated

15.02.2021