



Great British Energy Framework Document

May 2026

GBE Framework Document

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Introduction and background

1. Purpose of document

- 1.1. This framework document (the “framework document”) has been agreed between the Department for Energy Security & Net Zero (the “Department”, the “Shareholder” or “DESNZ”) and Great British Energy (or “GBE”) in accordance with HM Treasury’s handbook Managing Public Money¹ (“MPM”) and has been approved by HM Treasury (“HMT”).
- 1.2. The framework document sets out the broad governance framework within which Great British Energy and the Department for Energy Security & Net Zero operate. It sets out Great British Energy’s core responsibilities, describes the governance and accountability framework that applies between the Department for Energy Security & Net Zero and Great British Energy, and sets out how the day-to-day relationship works in practice, including in relation to governance and financial matters.
- 1.3. The document does not convey any legal powers or responsibilities, but both parties agree to operate within its terms.
- 1.4. References to Great British Energy include any subsidiaries and joint ventures that are classified to the public sector and central government for national accounts purposes. If Great British Energy establishes a subsidiary or joint venture, GBE and the Department shall discuss whether a document setting out the arrangements between the subsidiary or joint venture (as applicable) and GBE should be put in place. Such subsidiaries should only be established in line with appropriate delegations.
- 1.5. Copies of the framework document and any subsequent amendments have been placed in the Libraries of both Houses of Parliament and made available to members of the public on GBE’s website and gov.uk.
- 1.6. This framework document will be reviewed within 18 months of publication or 6 months after GBE attains Public Financial Institution (PuFin) status. Future iterations should be reviewed regularly and updated at least every 3 years unless there are exceptional reasons that render this inappropriate that have been agreed with HMT and the Principal Accounting Officer of the Department.

¹https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1000670/MPM_Spring_21_with_annexes_080721.pdf

2. Mission

- 2.1. The Department for Energy Security & Net Zero and Great British Energy share the common mission of making Britain a clean energy superpower. In that context, Great British Energy is a publicly owned energy company, with a mission to accelerate clean energy and the industries that support it to ensure workers and communities reap the benefits of clean, secure, home-grown energy. To achieve this, Great British Energy and the Department for Energy Security & Net Zero will work together in recognition of each other's roles and areas of expertise, providing an effective environment for Great British Energy to achieve its objectives through the promotion of partnership and trust and ensuring that Great British Energy also supports the strategic aims and objectives of the Department and wider government as a whole, as they relate to GBE, notably those in the Statement of Strategic Priorities (SSP).

3. Classification and ownership

- 3.1. Great British Energy is a private company limited by shares, incorporated in Scotland under the Companies Act 2006 and registered at Companies House under company number SC825539. It is wholly owned by the Secretary of State for Energy Security and Net Zero.
- 3.2. Great British Energy has been indicatively classified as a central government organisation by the HMT Classifications team. Consequently, Great British Energy (under its registered name, Great British Energy Group Limited) has been designated by Order² as a body to which the provisions of the Government Resources and Accounts Act 2000 apply. The annual accounts of Great British Energy Group Limited, including any subsidiaries, will need to be consolidated into DESNZ accounts and laid before Parliament.
- 3.3. Great British Energy has been administratively classified by the Cabinet Office as an executive non-departmental public body (NDPB). DESNZ and GBE hold a shared ambition for GBE to meet the criteria to be classified as a public corporation once it can meet the 50% market participation test. Achieving Public Finance Institution (PuFin) status will be a key milestone for GBE.

² The Government Resources and Accounts Act 2000 (Estimates and Accounts) (Amendment) Order 2024 (S.I. 2024/1323).

Purpose, Aims and Duties

4. Purpose

- 4.1. The Great British Energy Act 2025 (the “Act”) accompanies the incorporation of Great British Energy as a new publicly owned and operationally independent energy company, and prescribes the content of the statement of objects in the company’s articles of association as being restricted to facilitating, encouraging and participating in:
- the production, distribution, storage and supply of clean energy
 - the reduction of greenhouse gas emissions from energy produced from fossil fuels
 - improvements in energy efficiency
 - measures for ensuring the security of the supply of energy and
 - measures for ensuring that slavery and human trafficking is not taking place in its business or supply chains,
- (including through projects involving or benefitting local communities).
- 4.2. The Act enables the Secretary of State to provide Great British Energy with the financial assistance it needs to achieve its objectives, including supporting the delivery of the clean energy superpower mission.
- 4.3. The Act requires the Secretary of State to set the company’s strategic priorities and requires the company to act in accordance with strategic plans that reflect those priorities. This will ensure that Great British Energy remains focused on supporting the government’s strategic priorities and objectives.

5. Powers and duties

- 5.1. Great British Energy has been incorporated as a limited liability company under the Companies Act 2006, from which it derives most of its powers.
- 5.2. Great British Energy’s specific statutory duties are set out in the Act, which requires that it:
- secures that its articles of association contain a statement of its objects, specified in section 3 of the Act (as reflected above at paragraph 4.1)
 - secures that its articles of association provide for it to publish and act in accordance with strategic plans which reflect the Statement of Strategic Priorities prepared for it by the Secretary of State
 - comply with directions from the Secretary of State given under section 6(1) of the Act
 - deliver to the Secretary of State as soon as reasonably practicable after its directors comply with section 441 of the Companies Act 2006, a copy of the accounts and reports required to be delivered to the registrar of companies in accordance with that section and
 - keep under review the impact of its activities on the achievement of sustainable development in the UK³.

³ In this context, sustainable development means having regard to the impact of Great British Energy’s activities on the environment, society and the economy. This includes, where relevant, consideration of

6. Objectives

- 6.1. In line with section 5 of the Act, the Secretary of State must prepare a statement of strategic priorities for GBE. This statement may be revised or replaced by the Secretary of State.
- 6.2. The SSP published on 16 September 2025⁴ outlines GBE's core objectives. These are to:
- Drive clean energy deployment across the whole of the UK, as a strategic developer, investor, and owner of clean energy projects. This includes:
 - Developing new clean energy projects and derisking the existing projects needed to deliver Clean Power 2030 and Net Zero 2050, including as a co-developer with the private and public sectors, local government, and community energy groups.
 - Investing in the clean energy supply chains needed to unlock clean energy deployment and support delivery of the Industrial Strategy.
 - Catalysing additional private sector investment through its investments to drive clean energy deployment and help deliver the Growth Mission.
 - Ensure that UK taxpayers, billpayers, communities, and the current energy workforce benefit from the clean energy transition by increasing public ownership and community involvement in the development of clean energy projects, and by supporting jobs and economic growth across the UK. This includes:
 - Creating and maintaining well-paid, high-quality jobs across the UK through GBE-supported projects.
 - Working towards being financially self-sustaining in the long-term and increasing public and community ownership of clean energy assets, so that any return can be reinvested to support the transition and for the wider public good.
 - Driving the long-term growth of the local and community energy sector across the UK.
- 6.3. As set out in 5.2 of this document, GBE must secure that its articles of association provide for it to publish and act in accordance with strategic plans which reflect the Secretary of State's statement. It must also secure that its articles of association provide for it to update those plans when the Secretary of State revises or replaces their Statement of Strategic Priorities.
- 6.4. The Department will also set out expectations related to GBE's budget and governance in its yearly delegation letter and yearly Chair's letter. The Secretary of State may also issue Ministerial directions, but these are only expected to be used rarely and in exceptional circumstances. GBE will, in turn, reflect these expectations in their own strategic and delivery documents including the strategic plans, business plans, and functional strategies.

Great British Energy's contribution to achieving targets set by, or under, Part 1 of the Climate Change Act 2008 and Sections 1 to 3 of the Environment Act 2021, and any equivalent legislation in Scotland, Wales and Northern Ireland. It also includes, where relevant, considerations of climate change adaptation.

⁴ <https://www.gov.uk/government/publications/great-british-energy-statement-of-strategic-priorities>

- 6.5. GBE and DESNZ have produced the Local Power Plan (“**LPP**”) which sets out the LPP vision, objectives, the respective roles of DESNZ and GBE, a delivery plan as well as the ask of the sector and other stakeholders to support delivery.

Governance and accountability

7. Governance and accountability

- 7.1. Great British Energy shall operate corporate governance arrangements that accord with good corporate governance practice and applicable regulatory requirements and expectations.
- 7.2. In particular (but without limitation), Great British Energy should (but must in cases of legal requirements):
- comply with the principles and provisions of the Financial Reporting Council's *UK Corporate Governance Code*⁵ (as amended and updated from time to time, "the Code") to the extent applicable to Great British Energy or specify and explain any non-compliance in its annual report
 - comply with the principles and provisions of the *Corporate Governance in Central Government Departments: Code of Good Practice* to the extent applicable to Great British Energy
 - comply with any obligations in statute, including the Companies Act 2006
 - comply with Managing Public Money (MPM)
 - in line with MPM, have regard to the relevant Functional Standards⁶ as appropriate and in particular those concerning Finance, Commercial, Counter Fraud and Grants and
 - comply with the code of good practice and guidance set out in Annex A of this framework document, as they apply to central government companies.
- 7.3. In line with MPM Annex 3.1, Great British Energy shall provide an account of corporate governance in its annual governance statement including the Board's assessment of its compliance with the Code with explanations of any material departures. To the extent that Great British Energy does intend to materially depart from the Code, the Department should be notified in advance.
- 7.4. Great British Energy will undertake its day-to-day business within the bounds of the resources, delegations and budget placed at its disposal by the Department, and with reference to Cabinet Office and HMT spend controls and DESNZ processes as required. Such controls will be reviewed over time as Great British Energy builds further capability and capacity and reaches key project milestones e.g. PuFin status.

⁵ <https://www.frc.org.uk/directors/corporate-governance-and-stewardship/uk-corporate-governance-code>

⁶ <https://www.gov.uk/government/collections/functional-standards>

Role of the Department as shareholder

8. The Responsible Minister

- 8.1. The Secretary of State for Energy Security and Net Zero, or, if delegated, the Minister for Energy, will account for Great British Energy on all matters concerning Great British Energy in Parliament.
- 8.2. The Secretary of State's statutory powers in respect of Great British Energy are set out in the Great British Energy Act 2025.
- 8.3. These are:
 - To designate a company as Great British Energy and revoke that designation.
 - To provide financial assistance to Great British Energy.
 - To prepare a statement of strategic priorities for Great British Energy.
 - To give specific or general directions to Great British Energy.

9. Appointment of the Chief Executive Officer

- 9.1. GBE's Board will appoint the Chief Executive Officer (CEO), and the Secretary of State will approve this appointment. The selection process must be fair and open and the request to the Secretary of State for approval of the final appointment should be accompanied by an explanation in writing as to why the appointment is recommended by the Board. The Secretary of State must also be consulted on the selection criteria for the role.

10. Appointments to the Board

- 10.1. The Secretary of State will appoint the Chair of the Board. This appointment will be undertaken in accordance with the principles of the Cabinet Office Governance Code on Public Appointments.
- 10.2. The Secretary of State will nominate two NEDs on the company's Board (the "shareholder directors"). The shareholder directors will make provisions for the appointment of an alternate for such shareholder director as required.
- 10.3. All other Non-executive Directors (NEDs) are appointed by the Board, with approval from the Secretary of State. These NEDs should be appointed in accordance with the principles of the Cabinet Office Governance Code on Public Appointments and decisions to recruit NEDs should have prior written consent of the Secretary of State.
- 10.4. In each case, the Board will give legal effect to the appointment. All NEDs will be Company Directors.

11. Other shareholder reserved matters

- 11.1. The shareholder will review and, if in agreement, give prior written approval to the following “shareholder reserved matters”:
- strategic plans – following development and updating by the Board, the shareholder will review and approve these
 - matters regarding acquisitions, changes to spending approvals, disposals, and joint ventures as set out in the delegation letter
 - such other matters that either the shareholder or the Board may deem as appropriate and proportionate, including those set out in 1.4. and 21.3.
- 11.2. Shareholder approval is also required for first-of-a-kind and business-significant documents, which shall otherwise be developed with appropriate sighting of the shareholder via the shareholder directors. These include:
- Functional strategies (e.g. investment principles and risk appetite)
 - Yearly business plan
 - Memorandums of Understanding with Other Government Departments or arm’s length bodies
- 11.3. At the reasonable request of the shareholder, the Company Directors shall:
- meet the shareholder or its representatives to discuss the affairs of Great British Energy
 - provide such information in relation to the affairs of Great British Energy as the shareholder may reasonably require for the purpose of carrying out its role as shareholder
 - The shareholder is committed to giving the Board the freedom to operate Great British Energy in line with the spirit of this framework document. Decisions on the day-to-day management of Great British Energy will be taken by the Board in accordance with their statutory, regulatory, common law and fiduciary duties.

12. The Principal Accounting Officer (PAO)

PAO’s specific accountabilities and responsibilities

- 12.1. The Principal Accounting Officer (PAO) is the Permanent Secretary of the Department.
- 12.2. The Principal Accounting Officer (PAO) of the Department designates the Chief Executive Officer as Great British Energy’s Accounting Officer (AO) and ensures that they are fully aware of their responsibilities and the training available to them. The PAO issues a letter appointing the AO, setting out their responsibilities and delegated authorities.
- 12.3. The respective responsibilities of the PAO and AO for Great British Energy are set out in Chapter 3 of MPM.
- 12.4. The PAO is accountable to Parliament for the issue of any HM Government funding to Great British Energy.

12.5. The PAO is also responsible, usually via the GBE Sponsorship team, for advising the responsible Minister on:

- an appropriate framework of objectives and targets for Great British Energy in the light of the Department's wider strategic aims and priorities
- an appropriate budget for Great British Energy in the light of the Department's overall public expenditure priorities
- how well Great British Energy is achieving its strategic objectives and whether it is delivering value for money
- the exercise of the Secretary of State's statutory responsibilities concerning Great British Energy as outlined above

12.6. The PAO via the GBE Sponsorship team is also responsible for ensuring robust arrangements that both safeguard governance and enable Great British Energy to succeed. This includes:

- **Monitoring performance and progress** to support continuous improvement and delivery of strategic objectives.
- **Providing timely interventions** where necessary, helping to resolve significant issues and maintain organisational resilience.
- **Conducting periodic risk assessments** for both the Department and Great British Energy, strengthening long-term sustainability and alignment with the wider Departmental risk framework.
- **Communicating relevant government policy** promptly, enabling GBE to plan effectively and contribute to national energy priorities.
- **Engaging constructively with the Company Board and senior executives** to address concerns transparently, secure assurances, support the exploitation of opportunities and foster collaborative solutions that drive success.

13. The role of the policy sponsorship team

13.1. The GBE Sponsorship team is the primary contact within DESNZ for Great British Energy. They are the main source of advice to the responsible Minister and PAO on the discharge of their responsibilities in respect of Great British Energy.

13.2. The GBE Sponsorship team will:

- act as a champion for GBE within government, promoting its role in accelerating clean energy and growth and ensuring its interests are represented in cross-government discussions.
- serve as a critical friend, providing constructive challenge and support to help GBE leadership achieve its objectives effectively and within agreed frameworks.
- promote effective relationships between GBE, DESNZ and other government departments, including by acting as the main point of coordination between GBE, other DESNZ teams and other government departments (OGDs) in respect of policy commissions relevant to GBE and agreeing the financial framework in which GBE will operate
- provide an oversight function of GBE's corporate governance and financial accountability foundations

- develop, alongside OGDs, the policy framework in which GBE operates including producing future Statements of Strategic Priorities
- assist GBE with unblocking issues impacting the delivery of its objectives
- encourage GBE to produce SMART objectives, conduct effective business planning and monitor its performance
- support GBE to develop its organisational capability to deliver against the agreed plans, targets and budgets, and within an appropriate risk framework
- support the effective leadership of GBE through coordinating public appointment campaigns for the Chair and NED roles
- support and supplement the activities outlined above by providing experienced shareholder directors to the Board of GBE
- advise GBE of relevant policy and guidance in a timely manner, including annual policy objectives in relation to GBE’s operating plan and objectives, and engage closely with GBE on wider policy developments and cross-Government priorities impacting the work of GBE
- monitor GBE’s progress against agreed policy objectives and provide advice to Ministers and the PAO on, for example, the assurance and agreement of strategic and business plans.

Transition

13.3. The GBE Sponsorship team will also provide support and advice to GBE during its set-up phase to enable it to fulfil its functions. During a ‘transition period’, in which DESNZ will transfer workstreams to GBE, GBE will become increasingly autonomous from DESNZ as it matures its organisational capability and capacity.

14. Resolution of disputes between Great British Energy and Department as shareholder

14.1. Any disputes between DESNZ, as the shareholder and sponsor department, and GBE will be resolved in as timely a manner as possible. The Department and GBE will seek to resolve any disputes through an informal process in the first instance. If this is not possible, then a formal process, overseen by the senior sponsor (Director of Clean Energy Investment), will be used to resolve the issue. Failing this, the senior sponsor will ask the relevant policy Director General to oversee the dispute. They may then choose to ask the Permanent Secretary to nominate a non-executive member of the Department’s Board to review the dispute, mediate with both sides and reach an outcome, in consultation with the Secretary of State.

15. Freedom of Information requests

15.1. Where a request for information is received by either party under the Freedom of Information Act 2000, the Data Protection Act 2018, or the Environmental Information Regulations 2004, the party receiving the request will consult with the other party prior to any disclosure of information that may affect the other party’s responsibilities.

- 15.2. Where Great British Energy is a data controller under the Data Protection Act 2018, it must register with the Information Commissioner's Office. GBE must process personal data in compliance with its obligations under this Act.
- 15.3. Great British Energy will assist the Department with providing accurate responses to requests from Parliament, e.g. Parliamentary Questions or requests from Select Committees, within the timeframes set. The Department will ensure it provides Great British Energy with as much notice as possible of such requests.

16. Reporting on legal risk and litigation

- 16.1. Great British Energy shall advise the Department of the existence of any active litigation and any threatened or reasonably anticipated litigation as soon as reasonably practicable. The Department and GBE acknowledge the importance of ensuring that legal risks are communicated appropriately to the Department in a timely manner.
- 16.2. In respect of each substantial piece of litigation involving Great British Energy, the Department and GBE will agree a litigation protocol which will include specific provisions to ensure appropriate and timely reporting on the status of the litigation and the retention of legal privilege in any legally privileged documents or information transmitted to the Department to facilitate this. Until such time as a protocol is agreed, the Department and GBE will ensure that:
- material developments in the litigation are communicated to the Department in an appropriate and timely manner
 - legally privileged documents and information are clearly marked as such and are shared in a manner which aims to retain legal privilege
 - individual employees handling the legally privileged documents and information are familiar with principles to which they must adhere to protect legal privilege
 - circulation of legally privileged information within government occurs only as necessary and in a manner which aims to retain legal privilege.

GBE governance structure

17. The Chief Executive Officer

Responsibilities of GBE's Chief Executive Officer as accounting officer

17.1. The Chief Executive Officer as AO 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; and, as Chief Executive Officer, the day-to-day operations and management of GBE. In addition, they should ensure that GBE as a whole is run on the basis of the standards, in terms of governance, decision-making and financial management that are set out in Box 3.1 of MPM. These responsibilities include the below and those that are set in the AO appointment letter issued by the PAO of the Department.

Responsibilities for accounting to Parliament and the public

17.2. The AO's responsibilities to Parliament and the public 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 GBE are established and made widely known within GBE
- acting in accordance with the terms of MPM and other instructions and guidance issued from time to time by the Department, and/or the Cabinet Office
- ensuring that as part of the above compliance they are familiar with and act in accordance with:
 - their fiduciary duties under the Companies Act 2006
 - any other governing legislation
 - this framework document
 - any delegation letter issued to GBE
 - any elements of any settlement letter issued to the Department that is relevant to the operation of GBE
 - any separate settlement letter that is issued to GBE from the Department
- ensuring they have appropriate internal mechanisms for monitoring governance and external reporting regarding non-compliance
- giving evidence, normally with the PAO, when summoned before the Public Accounts Committee (PAC) on GBE's stewardship of public funds

Responsibilities to DESNZ

17.3. The AO's responsibilities to DESNZ include:

- establishing, in agreement with the Department, GBE's strategic plans in the light of the Department's wider strategic aims and agreed priorities, including those set out in the Statement of Strategic Priorities
- informing the Department of progress in delivering GBE's objectives in helping to achieve the Department's policy objectives as they relate to GBE, notably those in

the SSP, and in demonstrating how resources are being used to achieve those objectives

- ensuring that monthly forecasts and monitoring information on performance and finance are provided to the Department; that the Department is notified promptly if over or under spends are likely and that corrective action is taken; and that any significant problems whether financial or otherwise, and whether detected by internal audit or by other means, are notified to the Department in a timely fashion as well as ensuring GBE responds to mid-year and end of year requests on GBE's forecasts and financial and non-financial performance.

Responsibilities to the Board

17.4. The Chief Executive Officer, as AO, is responsible for:

- advising the Board on the discharge of their responsibilities as set out in this framework document, in the Great British Energy Act 2025 and in any other relevant instructions and guidance that may be issued from time to time
- advising the Board on GBE's performance compared with its aims and objectives
- ensuring 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.

Managing conflicts

17.5. The Chief Executive Officer should follow the advice and direction of the Board, except in very exceptional circumstances with a clear cut and transparent rationale for not doing so. In this event, the CEO should follow the steps listed in 17.7.

17.6. In the CEO's capacity as AO, they must take care that their personal legal responsibilities do not conflict with their duties as a board member. In particular, the AO should vote against any proposal which appears to cause such a conflict; it is not sufficient to abstain.

17.7. If the Chair or Board of GBE is minded to instruct its AO to carry out a course inconsistent with their duties as AO (for example, which the AO 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), then the AO should make their reservations clear, preferably in writing. If the Board is still minded to proceed, GBE's AO should then:

- ask the PAO of the Department to consider intervening to resolve the difference of view, preferably in writing
- if the Board's decision stands, seek its written direction to carry it out, asking the Department to inform HMT
- proceed to implement without delay
- follow the routine in paragraph 3.6.6 of MPM

18. The Board

Composition of the Board

18.1. GBE will have a board of directors in line with good standards of corporate governance and as set out in guidance at Annex A. The role of the Board shall be to run GBE, and to deliver the objectives, in accordance with the purposes as set out above, their statutory, regulatory and common law duties and their responsibilities

under this framework document. Detailed responsibilities of the Board shall be set out in the Board terms of reference. Remuneration of the Board will be disclosed in line with the guidance in *Government Financial Reporting Manual (FReM)*⁷.

- 18.2. The Board will consist of a Chair, together with the Chief Executive Officer and a number of executive and non-executive members that have a balance of skills and experience appropriate to directing GBE's business. There should be members who have experience of such matters as GBE's Chair and DESNZ agree are necessary. This will include an executive and voting board member who is an appropriately qualified finance director as described in Annex 4.1 of MPM. The Board should include a majority of independent non-executive members to ensure that executive members are supported and constructively challenged in their role.
- 18.3. GBE and DESNZ should discuss the appointment of a Senior Independent Director (SID) to the Board from the current non-executive directors, in accordance with the UK Corporate Governance Code. This appointment should be agreed with the Secretary of State.
- 18.4. In the event that the Chair is unable to chair a Board meeting, in the first instance the Senior Independent Director (if in post) shall act as Chair. If the Senior Independent Director is unable to chair the meeting or the Senior Independent Director Role is vacant, any other Non-Executive Director may assume the role of Chair.
- 18.5. All appointments to the Board should have regard to the principle that appointments should reflect the diversity of the society in which we live, and appointments should be made taking account of the need to appoint Boards which include a balance of skills and backgrounds.

Committees of the Board

- 18.6. The Board may set up such committees as necessary for it to fulfil its functions. As is detailed below at a minimum this should include an Audit and Risk Committee chaired by an independent and appropriately qualified non-executive member of the Board. GBE will also set up a Remuneration and Nominations Committee and an Investment Committee.
- 18.7. While the Board may make use of committees to assist its consideration of appointments, succession, audit, risk and remuneration, it retains responsibility for and endorses final decisions in all of these areas. The Chair should ensure that sufficient time is allowed at the Board for committees to report on the nature and content of discussion, on recommendations, and on actions to be taken.
- 18.8. Where there is disagreement between the relevant committee and the Board, adequate time should be made available for discussion of the issue with a view to resolving the disagreement. Where any such disagreement cannot be resolved, the committee concerned should have the right to report the issue to the GBE Sponsorship team, PAO and responsible Minister. They may also seek to ensure the disagreement or concern is reflected as part of the report on its activities in the annual report.

⁷ <https://www.gov.uk/government/collections/government-financial-reporting-manual-frem>

18.9. The Chair should ensure board committees are properly structured with appropriate terms of reference. The terms of each committee should set out its responsibilities and the authority delegated to it by the Board. The Chair should ensure that committee membership is periodically refreshed and that individual independent non-executive directors are not over-burdened when deciding the chairs and membership of committees.

Duties of the Board

18.10. The Board is specifically responsible for:

- establishing and taking forward the strategic aims and objectives of GBE consistent with its overall strategic direction and within the policy and resources framework determined by the Secretary of State
- providing effective leadership of GBE within a framework of prudent and effective controls which enables risk to be assessed and managed
- ensuring the financial and human resources are in place for GBE to meet its objectives
- reviewing management performance
- ensuring that the Board receives and reviews regular financial and management information concerning the management of GBE
- ensuring that it is kept informed of any changes which are likely to impact on the strategic direction of GBE's Board or on the attainability of its targets, and determining the steps needed to deal with such changes and where appropriate bringing such matters to the attention of the responsible Minister and PAO via the executive team, GBE sponsorship team or directly
- ensuring 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 Department, 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 Department
- ensuring that as part of the above compliance they are familiar with:
 - this framework document
 - any delegation letter issued to body
 - any elements of any settlement letter issued to the Department that is relevant to the operation of GBE
 - any separate settlement letter that is issued to GBE from the Department
 - that they have appropriate internal mechanisms for the monitoring, governance and external reporting regarding any conditions arising from the above documents and ensure that the Chief Executive Officer and GBE as a whole act in accordance with their obligations under the above documents
- demonstrating high standards of corporate governance at all times, including by using the independently chaired Audit and Risk Committee to help the Board to address key financial and other risks
- setting performance objectives and remuneration terms, in consultation with the Department, linked to these objectives for the Chief Executive Officer which give due weight to the proper management and use of public resources
- putting in place mechanisms for independent appraisal and annual evaluation of the performance of the Chair by the independent non-executives, or the SID if one is in post, taking into account the views of relevant stakeholders. The outcome of that evaluation should be made available to the responsible

Minister

- determining all such other things which the Board considers ancillary or conducive to the attainment or fulfilment by GBE of its objectives

18.11. The Board should ensure that effective arrangements are in place to provide assurance on risk management, governance and internal control.

18.12. The Board should make a strategic choice about the style, shape and quality of risk management and should lead the assessment and management of opportunity and risk. The Board should ensure that effective arrangements are in place to provide assurance over the design and operation of risk management, governance and internal control in line with *Management of Risk – Principles and Concepts* (The Orange Book)⁸. The Board must set up an Audit and Risk Assurance Committee chaired by an independent and appropriately qualified non-executive member to provide independent advice and ensure that the Department's Audit and Risk Assurance Committee are provided with routine assurances with escalation of any significant limitations or concerns. The Board is expected to assure itself of the adequacy and effectiveness of the risk management framework and the operation of internal control.

19. The Chair's role and responsibilities

19.1. The Chair is responsible for leading the Board in the delivery of its responsibilities. Such responsibility should be exercised in the light of their duties and responsibilities as set out in their appointment letter, the priorities in the Chair's letter issued to them by the Secretary of State (usually updated annually), the legislative framework governing GBE, this document and the documents and guidance referred to within this document.

19.2. Communications between GBE's Board and the responsible minister should normally be through the Chair.

19.3. The Chair is bound by the *Code of Conduct for Board Members of Public Bodies*⁹ and the *Nolan Principles of Public Life*¹⁰.

19.4. In addition, the Chair is responsible for:

- Ensuring, including by monitoring and engaging with appropriate governance arrangements, that GBE's affairs are conducted with probity
- ensuring that policies and actions support the responsible Minister's wider strategic policies and where appropriate, these policies and actions should be clearly communicated and disseminated throughout GBE

19.5. The Chair has the following leadership responsibilities:

- formulating the Board's strategy
- ensuring that the Board, in reaching decisions, takes proper account of guidance provided by the Department

⁸ <https://www.gov.uk/government/publications/orange-book>

⁹ <https://www.gov.uk/government/publications/code-of-conduct-for-board-members-of-public-bodies>

¹⁰ <https://www.gov.uk/government/publications/the-7-principles-of-public-life>

- promoting the efficient and effective use of staff and other resources
- delivering high standards of regularity and propriety
- representing the views of the board to the general public

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

- the work of the Board and its members are reviewed, and the Board and its members are working effectively, including by way of ongoing assessment of the performance of individual board members with a formal annual evaluation and more in-depth assessments of the performance of individual board members when being considered for re-appointment
- in conducting assessments that the view of relevant stakeholders including employees and the GBE Sponsorship team are sought and considered
- the Board has a balance of skills appropriate to directing GBE's business, and that all directors including the Chair and Chief Executive Officer continually update their skills, knowledge and familiarity with GBE to fulfil their role both on the Board and committees. This will include but not be limited to skills and training in relation to financial management and reporting requirements, risk management and the requirements of board membership within the public sector
- Board members are fully briefed on terms of appointment, duties, rights and responsibilities
- they, together with the other Board members, receive appropriate training on financial management and reporting requirements and on any differences that may exist between private and public sector practice
- the responsible Minister is advised of GBE's needs when Board vacancies arise
- 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*¹¹
- 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*¹²

19.7. The Chair should work with the Chief Executive Officer to ensure that there is a senior individual in GBE dedicated to providing oversight on ethical supply chains in line with GBE's Objects.

19.8. The shareholder shall retain responsibility for conducting overall evaluation and review of the Chair's performance. Such evaluation and review shall take into account appraisal of the Chair's performance as co-ordinated by the Senior Independent Director, or the independent non-executives in the absence of a SID, in accordance with the UK Corporate Governance Code.

19.9. The Chair shall have a vital role in supporting the development and maturity of GBE's Board over its initial years of operation.

¹¹ <https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments-2017>

¹² <https://www.gov.uk/government/publications/code-of-conduct-for-board-members-of-public-bodies>

20. Individual Board members' responsibilities

20.1. Individual Board members should:

- comply at all times with the *Code of Conduct for Board Members of Public Bodies*, which covers conduct in the role and includes the *Nolan Principles of Public Life* as well as rules relating to the use of public funds and to conflicts of interest
- demonstrate adherence to the *12 Principles of Governance for all Public Body Non-Executive Directors*¹³ as appropriate and 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 their obligations as Company Directors under the Companies Act 2006
- comply with the Board's rules on the acceptance of gifts and hospitality, and of business appointments
- act in good faith and in the best interests of GBE
- undertake appropriate onboarding and ensure they are familiar with any applicable guidance on the role of public sector non-executive directors and Boards that may be issued from time to time by the Cabinet Office, HMT or wider government
- take responsibility for ensuring they have the necessary skills, knowledge, and information to discharge their duties effectively, and promptly flag to the Chair if they require additional support, training, or clarification to fulfil their role

¹³ <https://www.gov.uk/government/publications/public-bodies-non-executive-director-principles/12-principles-of-governance-for-all-public-body-neds>

Management and financial responsibilities and controls

21. Delegated authorities

- 21.1. GBE's delegated authorities are set out in the delegation letter. This delegation letter may be updated and superseded by later versions which may be issued by the Department in agreement with HMT.
- 21.2. In line with MPM Annex 2.2 these delegations will be reviewed on an annual basis.
- 21.3. Unless explicit derogation is provided, GBE shall obtain the Department's and where appropriate, via the Department, HMT's prior written approval before:
- entering into any undertaking to incur any expenditure that falls outside the delegations, or which is not provided for in GBE's annual budget as approved by the Department
 - incurring expenditure for any purpose that is or might be considered novel or contentious, or which has or could have significant future cost implications
 - making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by the Department
 - making any change of policy or practice which has wider financial implications that might prove repercussive or which might significantly affect the future level of resources required
 - undertaking any expenditure in commercial insurance policies
 - carrying out policies that go against the principles, rules, guidance and advice in MPM
 - it, or any of its subsidiaries, incorporate or establish an undertaking. This includes undertakings or special purpose vehicles intended to facilitate a particular investment with one or many co-investors and which therefore need to be assessed from a national accounts classification perspective.

22. Spending authority

- 22.1. Once the budget has been approved by the Department, and subject to any restrictions imposed by the Secretary of State's instructions, this document, HMT settlement or Departmental issued delegation letters, GBE shall have authority to incur expenditure approved in the budget without further reference to the Department, on the following conditions:
- GBE shall comply with the delegations set out in the delegation letter. These delegations shall not be altered without the prior agreement of the Department and as agreed by HMT and Cabinet Office as appropriate
 - GBE shall comply with MPM regarding novel, contentious or repercussive proposals
 - inclusion of any planned and approved expenditure in the budget shall not remove the need to seek formal Departmental approval where any proposed

expenditure is outside the delegated limits or deviates significantly from activities and expenditure anticipated in the business and/or strategic plan

- GBE will adhere to the controls set out in the *Financial Transaction Control Framework*

23. Banking and managing cash

- 23.1. GBE must maximise the use of publicly procured banking services (accounts with central government commercial banks managed centrally by Government Banking).
- 23.2. GBE should only hold money outside Government Banking Service accounts where a good business case can be made for doing so and HMT consent is required for each account to be established. Only commercial banks which are members of relevant UK clearing bodies may be considered for this purpose.
- 23.3. Commercial Accounts where approved should be operated in line with the principles as set out in MPM.
- 23.4. The AO is responsible for ensuring GBE has a banking policy as set out in MPM and ensuring that policy is complied with.
- 23.5. GBE must comply with relevant DESNZ cash management and regular reporting and forecasting requirements including providing updates within reasonable timescales for any material deviations from submitted monthly and quarterly forecasts.

24. Borrowing

- 24.1. GBE shall not incur commercial borrowing (or any analogous obligations) without explicit consent from the Secretary of State and HMT.

25. Insurance

- 25.1. As outlined in Annex 4.4 of *Managing Public Money*, central government organisations should not generally take out commercial insurance because it is better value for money for the taxpayer to cover its own risks.
- 25.2. Where GBE considers there is a need for commercial insurance, this must be evaluated in line with the requirements of MPM (4.4 and Annex 4.4). This evaluation should be undertaken in consultation with the Department and with formal approval sought from HMT when necessary.

26. Commercial and Procurement

- 26.1. GBE shall ensure that its procurement policies are aligned with and comply with any relevant UK or other international procurement rules including the Procurement Act 2023.

- 26.2. GBE shall establish its procurement policies and document these in a *Procurement Policy and Procedures Manual*.
- 26.3. In procurement cases where GBE is likely to exceed its delegated authority limit, procurement strategy approval for the specific planned purchase must be sought from the GBE Sponsorship team as well as the DESNZ Commercial Assurance Board where applicable.
- 26.4. Goods, services, and works should be acquired by competition. Proposals to let single-tender or restricted contracts shall be limited and exceptional. Approval to do so should follow the DESNZ Commercial delegated authority limits, until a Commercial Director, or equivalent, is in post within GBE and the DESNZ Commercial Director has also given approval.
- 26.5. Procurement by GBE of works, equipment, goods, and services shall be based on, a full option appraisal and value for money (VfM), i.e. the optimum combination and whole life costs and quality (fitness for purpose).
- 26.6. GBE shall:
- engage fully with Department and government wide procurement initiatives that seek to achieve VfM from collaborative projects
 - comply with all relevant Procurement Policy Notes issued by Cabinet Office
 - co-operate fully with initiatives to improve the availability of procurement data to facilitate the achievement of VfM
- 26.7. GBE shall comply with the Commercial Standards¹⁴. These standards apply to the planning, delivery, and management of government commercial activity regardless of commercial approach used and form part of a suite of functional standards that set expectations for management within government.
- 26.8. GBE shall develop its own function of professionals who will undertake procurement activity as well as contract management. They shall be overseen by an individual who holds accountability for GBE's procurement activity.

27. Risk management

- 27.1. GBE shall ensure that the risks that it faces, both as an organisation generally and as an investor, are dealt with in an appropriate manner and implement policies and practices to safeguard itself against fraud and theft. It should ensure that a member of the Board has formal lead for this area and this member of the Board should assure that GBE takes all reasonable steps to appraise the financial standing of any firm or other body with which GBE intends to enter into a contract.
- 27.2. GBE will work with the Department to develop a risk management framework and appetite (the "Risk Management Framework") to address the risks relevant to the activities and exposures of the company, including risks associated with making and divesting investments, the assessment and mitigation of those risks, and GBE's associated structures, controls, processes and procedures. This will be drafted in

¹⁴ <https://www.gov.uk/government/publications/commercial-operating-standards-for-government>

accordance with the HMT guidance *Management of Risk: Principles and Concept* (the Orange Book).

- 27.3. The Risk Management Framework shall be subject to review and approval by the Department on an annual basis and shall also be reviewed by the Board and internal and external auditors on an annual basis. The Board may also review the Risk Management Framework as necessary to take into account any changes that it deems relevant, including the activities of GBE, the investment environment, and regulatory guidelines and requirements.
- 27.4. GBE shall inform and consult with the Department in respect of any changes to the Risk Management Framework that the Board considers to be material. Any such updates or amendments to the Risk Management Framework, whether arising out of the annual review process or otherwise, will be subject to discussion with the Department.
- 27.5. Where necessary, GBE should escalate significant risks to the Department that impact the delivery of their objectives for inclusion in the Department's risk register. If GBE are unsure of whether a risk should be escalated, they should contact the GBE Sponsorship Team within DESNZ.

28. Counter fraud and theft

- 28.1. GBE should adopt and implement policies and practices to safeguard itself against fraud and theft.
- 28.2. GBE should act in line with guidance as issued by the Counter Fraud Function and in compliance with the procedures and considerations as set in MPM Annex 4.9 and the Counter Fraud Functional Standard¹⁵. It should also take all reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter a contract or to provide grant or grant-in-aid.
- 28.3. GBE should keep records of and prepare and forward to the Department an annual report on fraud and theft suffered by GBE and notify the Department of any unusual or major incidents as soon as possible. GBE should also report detected loss from fraud, bribery, corruption and error, alongside associated recoveries and prevented losses, to the counter fraud centre of expertise in line with the agreed government definitions as set out in Counter Fraud Functional Standard.

29. Staff

- 29.1. At drafting, GBE do not have a workforce pay case approved which would determine some key overarching terms and conditions for staff. In the interim, GBE is supported primarily by staff employed via DESNZ. A majority are appointed on a temporary basis, either through secondments, loans from Other Government Departments or internal loans within DESNZ. Formal transfer of any staff in scope under the Transfer of Undertakings (Protections of Employment) Regulations 2006 will begin once a workforce pay case has been approved.

¹⁵ <https://www.gov.uk/government/publications/government-functional-standard-govs-013-counter-fraud>

- 29.2. All civil servants employed by DESNZ that are supporting GBE on any basis will operate under the *Civil Service Code* and its principles of honesty, integrity, impartiality and objectivity.
- 29.3. Guidelines on the potential for conflicts of interest and information boundaries between DESNZ and GBE have been developed and shared with DESNZ employees and DESNZ employees who are temporarily acting as GBE staff.
- 29.4. A significant proportion of GBE's staff will be employed in Aberdeen.
- 29.5. GBE shall have regard to the travel and subsistence (T&S) cost, value for money implications and the expectations of the public when recruiting staff who are required to attend its headquarters, or other offices, as part of any hybrid work arrangement, and/or regular or ad-hoc business requirement. GBE shall take proactive steps to manage T&S such that outlay remains proportionate to the organisation size and budget and is publicly defensible. Use of T&S shall be reviewed at least annually by GBE's Finance Director and breaches of the T&S policy should be reported to the Department.

Broad responsibilities for staff

- 29.6. Within the arrangements approved by the responsible Minister and HMT, GBE will have responsibility for the recruitment, retention and motivation of its staff. The broad responsibilities toward its staff are to ensure that:
- the rules for recruitment and management of staff create an inclusive culture in which diversity is fully valued; appointment and advancement is based on merit; there is no discrimination against employees with protected characteristics under the Equality Act 2010
 - 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 GBE'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 GBE's objectives
 - they are supported with putting in place worker representation through a representative trade union or unions
 - proper consultation with staff takes place on key issues affecting them
 - adequate grievance and disciplinary procedures are in place
 - whistle-blowing procedures consistent with the Public Interest Disclosure Act are in place
 - a code of conduct for staff is in place that takes account of the requirements in *Volume 1 of the Directory of Civil Service Guidance*

Staff costs

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

Pay and conditions of service

- 29.8. GBE has developed pay cases for its workforce. Once agreed, GBE's staff are subject to levels of remuneration and terms and conditions of service (including

pensions) within the general pay structure approved by the Department and HMT. GBE has no delegated power to amend these terms and conditions.

29.9. Staff terms and conditions should be set out in an Employee Handbook, which should be provided to the Department together with subsequent amendments.

29.10. GBE shall abide by public sector pay controls, including the relevant approvals process dependent on the organisations classification as detailed in the *Senior Pay Guidance*¹⁶ and the *Public Sector Pay and Terms Guidance*¹⁷, unless express derogations are granted through the pay case. GBE will ensure it has rigorous controls in place to ensure all pay arrangements requiring Secretary of State and/or HMT approval are secured in advance of roles being advertised or, if existing employees, being offered to an employee.

29.11. In the interim period ahead of GBE's pay case being agreed and implemented, if Civil Service terms and conditions of service apply to the rates of pay and non-pay allowances paid to GBE staff, and to any other party entitled to payment in respect of travel expenses or other allowances, payment shall be made by GBE in accordance with the *Civil Service Management Code* and the annual *Civil Service Pay Remit Guidance*, except where prior approval has been given by the Department to vary such rates.

29.12. The travel expenses of Board members shall be tied to the rates allowed to senior staff of GBE. Reasonable actual costs shall be reimbursed.

30. Pensions, redundancy and compensation

30.1. Compensation scheme rules and pension scheme rules should reflect legislative and HMT guidance requirements regarding exit payments.

30.2. Conditions surrounding GBE staff pensions, redundancy and compensation is to be developed and agreed with HMT via DESNZ.

¹⁶ <https://www.gov.uk/government/publications/senior-civil-service-pay-and-reward>

¹⁷ <https://www.gov.uk/government/publications/public-sector-pay-and-terms-guidance-note>

Business plans, financial framework, financial reporting and management information

31. Strategic plans

- 31.1. Pursuant to the Great British Energy Act 2025, the Secretary of State has prepared a Statement of Strategic Priorities for Great British Energy.
- 31.2. GBE will, in turn, be responsible for producing, publishing and acting in accordance with strategic plans which must reflect the SSP, within the deadline set in the SSP.
- 31.3. GBE shall agree with the Secretary of State the issues to be addressed in the strategic plan, or associated documentation, and the timetable for its preparation, but, as a minimum, it shall include:
- a description of how the strategic priorities set in the SSP will be followed in the current period and for the future including clear descriptions of risks and opportunities
 - a description of how GBE intends to engage informally or formally with stakeholders in its day-to-day operations, including through memorandums of understanding and advisory panels
 - a set of Key Performance Indicators (“KPIs”), agreed by the Department, to allow the Board including the Shareholder Directors and the Senior Sponsor to track performance against the plan. These KPIs should measure GBE’s delivery against the SSP and strategic plan, their corporate health and the impact of their work, including benefits to the nation.
 - Other matters as agreed between the Department and GBE, including a degree of financial planning (and related narrative on assumptions) to cover the entire period
- 31.4. Where those elements listed above are not appropriate for general publication (for example for reasons of commercial sensitivity) GBE may provide them to DESNZ for approval without inclusion in the general strategic plan document.
- 31.5. Strategic plans should be shared with the Department in draft with adequate time for input and are subject to Secretary of State approval.
- 31.6. The strategic plan will be kept under review by the Board, and any amendments must be approved by the Shareholder. Updated strategic plans must also be prepared in response to the issuing of a revised or replacement SSP.

32. Business and delivery plans

- 32.1. GBE shall prepare annual business and/or delivery plans including financial information presented on an estimates basis and split out using relevant budgeting

categories as set out in the consolidated budgeting guidance and *Managing Public Money*.

32.2. GBE shall agree with the Department the issues to be addressed in the business plan and the timetable for its preparation.

32.3. The business plan shall reflect GBE's statutory and/or other duties, and, within those duties, the priorities set from time to time by the responsible Minister (including decisions taken on policy and resources in the light of wider public expenditure decisions). The plan will outline how GBE will deliver on its strategic plan for that upcoming year, as well as the SSP more broadly.

32.4. The business plan should be shared with the Department in draft with adequate time for input and are (in its first instance) subject to Secretary of State approval. Subsequent plans will not be approved by the Department, but the Department will assess GBE's performance against the delivery of the plan at Quarterly Shareholder Meetings.

32.5. The following key matters should be included in the plans:

- Cross functional objectives and associated key performance indicators for the forward year, and the strategy and delivery proposal for achieving those objectives. This should include divisional delivery plans and a robust use of targets and performance tracking which will link to compensation of senior staff
- key financial and non-financial performance targets
- initially, a review of performance in the preceding financial year, together with comparable outturns for the previous 2 years, and an estimate of performance in the current year
- other matters as agreed between the Department and GBE, including a degree of financial planning (and related narrative on assumptions) to cover the entire period Business plans for any subsidiaries of GBE

32.6. Subject to any commercial considerations, a digest of the plan(s) should be published by GBE on its website and separately be made available to staff.

33. GBE's investment activity

33.1. GBE shall make investments within the terms of a Financial Framework to be agreed between GBE, DESNZ and HMT. The Financial Framework will set out a series of principles and processes governing the company's access to and deployment of public funds.

33.2. The Financial Framework will set out the financial controls which will be applied to GBE, to manage its financial transactions. This may include (but is not limited to) controls and processes relating to the following areas:

- Business planning and forecasting
- Risk management and reporting (in relation to both individual investment and portfolio-level risk)
- Further details regarding the company's required approach to assuring and executing individual transactions
- Investment performance and returns reporting

34. Budgeting procedures

- 34.1. Each year, in the light of decisions by the Department on the updated draft corporate plan, the Department will send to GBE:
- a formal statement of the annual budgetary provision allocated by the Department in the light of competing priorities across the Department and of any forecast income approved by the Department
 - a statement of any planned change in policies affecting GBE
- 34.2. The approved annual business plan will take account both of approved funding provision and any forecast receipts. It will include a budget of estimated payments and receipts together with a profile of expected expenditure and of draw-down of any Departmental funding and/or other income over the year. These elements form part of the approved business plan for the year in question.
- 34.3. The Department reserves the right to adjust, either by increasing or decreasing, GBE's budget at any time in relation to wider Departmental affordability considerations. The Department will aim to give GBE sufficient time to consider the impact of any adjustments and make appropriate recommendations.

35. Funding, Grant-in-aid and any ring-fenced grants

- 35.1. Any funding provided by the Department for the year in question will be voted in the Department's Supply Estimate and be subject to Parliamentary control.
- 35.2. Funding may be provided by means of equity, loans or grant-in-aid depending on intended use of funding and funding agreement from which drawdown is being requested.
- 35.3. In the event that the Department provides GBE separate grants for specific, ring-fenced purposes, the Department will issue the grant as and when GBE needs it on the basis of a written request. GBE will provide evidence that the grant was used for the purposes authorised by the Department. GBE shall not have uncommitted grant funds in hand, nor carry grant funds over to another financial year without Departmental and HMT approval.
- 35.4. Funding will normally be paid in monthly instalments on the basis of written applications showing evidence of need. GBE will comply with the general principle, that there is no payment in advance of need. Cash balances accumulated during the course of the year from grant-in-aid or other Exchequer funds shall be kept to a minimum level consistent with the efficient operation of GBE. Funding not drawn down by the end of the financial year shall lapse. Subject to approval by Parliament of the relevant Estimates provision, where funding is delayed, to avoid excess cash balances at the year-end, the Department will make available in the next financial year any such funding that is required to meet any liabilities at the year end, such as creditors.

35.5. GBE will follow the Cabinet Office's Grant Functional Standards¹⁸ for the Grant delivery, with deviations justified in any business case. When necessary, GBE will be responsible for making subsidy control assessments for their activities.

36. Annual report and accounts

36.1. GBE's Board must publish an annual report of its activities together with its audited accounts after the end of each financial year. A draft of the report should be submitted to the Department two weeks before the proposed publication date. The accounts should be prepared in accordance with the relevant statutes in particular the Companies Act 2006, and specific accounts direction issued by the Department as well as HMT's *Financial Reporting Manual* (FRM).

36.2. GBE, a designated body for the purposes of the Government Resources and Accounting Act 2000, shall provide the Department financial information required to allow its accounts to be consolidated within those of the Department within a timely manner. This will need to be done before GBE accounts are finalised and any late audit adjustments will be rolled over into the following year's consolidated Departmental Accounts.

36.3. GBE's first accounts made up to 31 March 2026 are due for filing with Companies House by 10 July 2026.

36.4. The annual report must:

- cover any corporate, subsidiary or joint ventures under its control
- comply with the FRM and in particular have regard to the illustrative statements for an NDPB¹⁹
- outline main activities during the previous financial year and set out in summary form forward plans and report performance against objectives set out in strategic and corporate plans
- include information on performance against key financial targets (subject to the auditor's consistency opinion). The report and accounts shall be laid before Parliament and made available on GBE's website, in accordance with the guidance in the FRM
- include how GBE have addressed any relevant requirements set out in the Public Sector Equality Duty
- include the remuneration of directors, in accordance with the guidance set out in the FRM

36.5. GBE's annual report is expected to include a number of matters, including:

- a report of its activities in relation to sustainable development
- a report of its activities in partnership with other public sector bodies
- an impact and performance framework, with a full definition of additionality, in line with the expectations set in the SSP

36.6. If GBE wishes to publish a document additional to its annual report and accounts that contains supplementary material including summary financial statements, these should comply with the requirements of sections 426 and 426A of the Companies Act 2006. The summary data must not be published in advance of the

¹⁸ <https://www.gov.uk/government/publications/grants-standards>

¹⁹ <https://www.gov.uk/government/publications/government-financial-reporting-manual-2020-21>.

full annual report and accounts being laid before Parliament as to do so would be a breach of parliamentary privilege.

36.7. If, due to exceptional circumstances, there is a conflict between the requirements of the Companies Act and the FReM, the Companies Act takes precedence. GBE should discuss the situation in the first instance with the Department and HMT.

36.8. Sections 381 to 384 of the Companies Act 2006 define the qualifying criteria for the small companies' regime. If GBE meets these criteria, it can apply the small companies' regime only if approved by the Secretary of State.

37. Reporting performance to the Department

37.1. GBE shall operate management, information and accounting systems that enable it to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in its business plans, delivery plans and company objectives.

37.2. GBE shall inform the Department of any changes that make the achievement of its objectives more or less difficult. It shall report financial and non-financial performance, including performance in helping to deliver ministers' policies, and the achievement of key objectives regularly in quarterly meetings with the Department and in yearly reviews. GBE will also provide the Department with information relating to its performance and impact on an ad hoc basis to support the Department in budget planning and to complete cross-government commissions.

37.3. In Quarterly Shareholder Meetings, the Department and GBE will discuss GBE's performance. The Department will assess GBE on measures including, but not limited to:

- Progress against their Strategic and Annual Business Plans
- Spend against profiles
- Non-ledger transactions (e.g. future commitments)
- Latest workforce recruitment figures against plan
- Latest procurement figures against profile - value of contracts to date
- Organisational health and culture

37.4. Performance measures, including financial and non-financial measures, will be discussed and agreed by GBE and the Department, including those based on the milestones in the Business plans.

37.5. At a minimum, GBE will be required to provide, on a monthly basis, via the Department's Enterprise Performance Management (EPM) tool:

- Spend to date at each reporting period against relevant budgets allocated
- Full year forecast at each reporting period against relevant full year budgets allocated

Monitoring and Evaluation

- 37.6. In order to effectively measure performance, GBE must undertake proportionate and robust monitoring and evaluation (M&E) of its activities to assess its delivery and impact, in accordance with HMT's Magenta Book.
- 37.7. A M&E framework must be developed by GBE that sets out the overall approach to M&E at portfolio and activity level. This should be reviewed and approved by DESNZ as Shareholder.
- 37.8. At a minimum, this should cover how GBE will robustly assess:
- the overall impact and value-for-money of its activities
 - the approach taken to ensure timely monitoring and reporting of investments and grants, including to inform and assure Ministers of delivery progress.
- 37.9. Subsequent M&E plans and reports should be provided to DESNZ to inform planned review(s) of GBE; and should be published to ensure transparency of GBE's performance and impact.

Engagement

- 37.10. The responsible Minister will meet the Chair and Chief Executive Officer at least once a year and the PAO will meet the Chief Executive Officer at least once a year. Further engagement between the Department and GBE is detailed below.

Engagement	Purpose
Ministerial Meetings	Regular ministerial engagement between GBE CEO and Minister of State for Energy
Shareholder and CEO meetings	High level strategic with updates on corporate set-up and operation
Finance Meetings	The Department will monitor GBE's financial performance and management
Sponsorship Meeting	Senior forum for GBE CEO, Senior Sponsor and GBE Sponsorship Team to discuss risk and issue management and work alignment

- 37.11. Any briefings or submissions from GBE to Ministers must be sent via the GBE Sponsorship team. Equally, the GBE Sponsorship team must be sighted on all briefings and submissions to Ministers relating to GBE from any team within the Department. This ensures a joined-up approach and that Ministers receive consistent, accurate advice that reflects the Department's collective position.

38. Information Sharing

Information requests

- 38.1. This section is subject to the Shareholder ensuring commercially sensitive information is kept confidential and does not require sharing of information that would be prohibited by law. Any requests for information sharing, by either party, will take due consideration of market sensitivities and third-party propriety.

- 38.2. The Department has the right of access to all company and personnel records for any purpose including, for example, shareholder audits and operational investigations.
- 38.3. GBE shall provide the Department with such information about its operations, performance, individual projects or other expenditure as the Department may require.
- 38.4. The Secretary of State can also receive information about GBE via the shareholder directors, as long as this does not breach any duties of confidentiality.
- 38.5. The Department and HMT may request the sharing of data held by GBE in such a manner as set out in central guidance except insofar as it is prohibited by law. Information sharing should be undertaken with due regard to maintaining the confidence of GBE's commercial partners and suppliers, ensuring appropriate separation from Government. This may include requiring the appointment of a senior official to be responsible for the data sharing relationship.
- 38.6. As a minimum, GBE shall provide the Department with information monthly that will enable the Department satisfactorily to monitor:
- GBE's cash management
 - its draw-down of grant-in-aid
 - forecast outturn by resource headings
 - other data required for the Online System for Central Accounting and Reporting (OSCAR)
 - data as required in respect of its compliance with any Cabinet Office Controls pipelines or required in order to meet any condition as set out in any settlement letter

Data sharing agreement

- 38.7. DESNZ and GBE will develop a data sharing agreement in due course. In the interim, where there is uncertainty, or information is received which might contradict the guidance below, the GBE Sponsorship team within DESNZ should be engaged in the first instance.
- 38.8. Information sharing between DESNZ and GBE is important and necessary, but care is required to ensure that the standards of the Civil Service Code (particularly, to "not disclose official information without authority") are upheld and to limit any risk of the Department providing an unauthorised subsidy to GBE.

Audit

39. Internal audit

39.1. GBE shall:

- establish and maintain arrangements for internal audit
- ensure that any arrangements for internal audit are in accordance with the Public Sector Internal Audit Standards (PSIAS)²⁰ as adopted by HMT
- ensure the Department is satisfied with the competence and qualifications of the Head of Internal Audit and the requirements for approving appointments in accordance with PSIAS
- set up an audit committee of its Board in accordance with *Corporate Governance in Central Government Departments: Code of Good Practice* and the *Audit and Risk Assurance Committee Handbook*²¹, or be represented on the Department's audit committee
- forward the audit strategy, periodic audit plans and annual audit report, including GBE Head of Internal Audit opinion on risk management, control and governance as soon as possible to the Department
- keep records of and prepare and forward to the Department an annual report on fraud and theft suffered by GBE and notify the Department of any unusual or major incidents as soon as possible
- share with the 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 the Department's responsibilities in relation to financial systems within GBE

40. External audit

40.1. The Comptroller & Auditor General (C&AG) passes the audited accounts to the Secretary of State who will lay the accounts together with the C&AG's report before Parliament.

40.2. In the event that GBE has set up and controls subsidiary companies, GBE will, in the light of the provisions in the Companies Act 2006, ensure that the C&AG has the option to be appointed auditor of those company subsidiaries that it controls and/or whose accounts are consolidated within its own accounts. GBE shall discuss with the Department the procedures for appointing the C&AG as auditor of the companies.

40.3. The C&AG:

- will consult the Department and GBE on whom – the NAO or a commercial auditor – shall undertake the audit(s) on their behalf, though the final decision rests with the C&AG

²⁰ <https://www.gov.uk/government/publications/public-sector-internal-audit-standards>

²¹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/512760/PU1934_Audit_committee_handbook.pdf

- 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 GBE
 - will share with the 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 the Department's responsibilities in relation to financial systems within GBE
 - will consider requests from departments and other relevant bodies to provide regulatory compliance reports and other similar reports at the commencement of the audit. Consistent with the C&AG's independent status, the provision of such reports is entirely at the C&AG's discretion
- 40.4. The C&AG may carry out examinations into the economy, efficiency and effectiveness with which GBE 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, GBE 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.

Reviews and winding up arrangements

41. Reviews of Great British Energy's effectiveness

- 41.1. In accordance with section 7 of the Great British Energy Act 2025, GBE's effectiveness will be reviewed not less than every five years, with the first undertaken within five years of Royal Assent.
- 41.2. The Secretary of State shall appoint an independent person to undertake this review, with a scope anticipated to cover the effectiveness of GBE. This review will ensure that GBE is carrying out its operational activities and projects in accordance with the objects set in Section 3 of the Great British Energy Act 2025 and in alignment with the objectives set by the Secretary of State in the Statement of Strategic Priorities.
- 41.3. GBE will provide the independent person appointed under section 7(1) of the Great British Energy Act 2025 with information as required for that review, in line with any information sharing agreements between DESNZ and GBE.

42. Review of company's status

- 42.1. GBE will be reviewed every 24 months in keeping with government policy and best practice.

43. Arrangements in the event that the company is wound up

- 43.1. The Department shall put in place arrangements to ensure the orderly winding up of GBE. In particular, it should ensure that the assets and liabilities of the company are passed to any successor organisation and accounted for properly. In the event that there is no successor organisation, the assets and liabilities should revert to the Department. To this end, the Department shall:
 - have regard to Cabinet Office guidance on winding up of ALBs²²
 - ensure that procedures are in place in GBE to gain independent assurance on key transactions, financial commitments, cash flows and other information needed to handle the wind-up effectively and to maintain the momentum of work inherited by any residuary body; specify the basis for the valuation and accounting treatment of GBE'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, funds are in place to pay for such audits. It shall be for the C&AG to lay the final accounts in Parliament, together with their report on the accounts

²²https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/690952/Public_Bodies_-_a_guide_for_departments_-_chapter_10.pdf

- arrange for the most appropriate person to sign the closing accounts. In the event that another entity takes on the role, responsibilities, assets and liabilities, the succeeding entity AO should sign the closing accounts. In the event that the Department inherits the role, responsibilities, assets and liabilities, the Department's AO should sign.

43.2. GBE shall provide the Department with full details of all agreements where GBE or its successors have a right to share in the financial gains of developers. It should also pass to the Department details of any other forms of claw-back due to GBE.

Annex A: Guidance

Great British Energy shall comply, where legally required to do so, with the following guidance, documents and instructions. Where these do not reflect legal requirements, GBE should still aim to comply with them, as agreed between DESNZ and GBE, to ensure strong corporate and financial governance is in place.

Corporate governance

- This framework document
- Corporate Governance Code for Central Government Departments (relevant to Arm's Length Bodies) and supporting guidance: <https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments-2017>
- Code of conduct for Board members of Public Bodies: <https://www.gov.uk/government/publications/code-of-conduct-for-board-members-of-public-bodies>
- Arm's Length Body Sponsorship Code of Good Practice: [Arm's length body sponsorship code of good practice - GOV.UK](#)

Financial management and reporting

- Managing Public Money (MPM): <https://www.gov.uk/government/publications/managing-public-money>
- Government Financial Reporting Manual (FReM): www.gov.uk/government/collections/government-financial-reporting-manual-frem
- Relevant Dear Accounting Officer (DAO) letters: www.gov.uk/government/collections/dao-letters
- Relevant guidance and instructions issued by HMT 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 authorities, issued by the Department.

Management of risk

- Management of Risk: www.gov.uk/government/publications/orange-book and <https://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
- HMT approval processes for Major Projects above delegated limits:
<https://www.gov.uk/government/publications/treasury-approvals-process-for-programmes-and-projects>
- The Government cyber-security strategy and cyber security guidance:
<https://www.gov.uk/government/publications/national-cyber-strategy-2022/national-cyber-security-strategy-2022> and
<https://www.gov.uk/government/collections/cyber-security-guidance-for-business>

Commercial management

- Procurement Policy Notes:
<https://www.gov.uk/government/collections/procurement-policy-notes>
- Cabinet Office spending controls:
<https://www.gov.uk/government/collections/cabinet-office-controls>
- Transparency in supply chains - a practical guide:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1040283/Transparency_in_Supply_Chains_A_Practical_Guide_2017_final.pdf

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
- Guidance for Tax Assurance Process for board members: [Guidance for tax assurance process of public sector appointees - GOV.UK](#)

Staff and remuneration

- HMT 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: <https://www.gov.uk/government/publications/public-sector-pay-and-terms-guidance-note>
- Whistleblowing Guidance and Code of Practice: <https://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>
- Cabinet Office Rules on lobbying for Non-Departmental Bodies [Rules on lobbying for Non-Departmental Public Bodies](#)
- Other relevant instructions and guidance issued by the central Departments (Cabinet Office and HMT)
- Recommendations made by the Public Accounts Committee, or by other Parliamentary authority, that have been accepted by the Government and are relevant to Great British Energy.
- Guidance from the Public Bodies team in Cabinet Office: [Public bodies - GOV.UK](#)
- The Civil Service diversity and inclusion strategy (outlines the ambition, to which Arm's Length Bodies can contribute): <https://www.gov.uk/government/publications/civil-service-diversity-and-inclusion-strategy-2022-to-2025>
- Guidance produced by the National Infrastructure and Service Transformation Authority on management of major projects: [National Infrastructure and Service Transformation Authority - GOV.UK](#)
- 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: <https://code.statisticsauthority.gov.uk/#:~:text=The%20Code%20of%20Practice%20>

[for%20Statistics%20sets%20the,produced%20by%20people%20and%20organisation%20that%20are%20trustworthy.](#)

- Accounting Officer System Statements (AOSS are produced by departments with input from ALBs): www.gov.uk/government/publications/accounting-officer-system-statements

Accessibility

This document can be downloaded from:

<https://www.gov.uk/government/publications/department-for-energy-security-and-net-zero-framework-documents>

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