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Dear Richard

2021/22 DELEGATION OF FINANCIAL AND COMMERCIAL RESPONSIBILITIES (AND SERVICE CHARGES FOR TREASURY SERVICES¹).

Thank you for engaging and cooperating with Treasury officials to agree delegations and responsibilities for 2021/22. This letter sets out the budget to deliver your organisation's objectives in 2021/22 and service charges for Treasury Services. Additional key issues in relation to your responsibilities as the Accounting Officer (AO) for the Office for Budget Responsibility (OBR) are also incorporated.

As the Principal Accounting Officer, I am pleased to confirm the budget as set out in Annex 1. It is your responsibility to manage within the budget allocation and to collectively meet Treasury Group corporate objectives and targets where appropriate.

As the Accounting Officer (AO) for the OBR you are responsible for ensuring that all spend is in accordance with the principles of Managing Public Money² and complies with the latest Consolidated Budgeting Guidance³.

Annex 2 sets out the charges for Treasury Services provided to your organisation.

Your delegated limit is £5,000,000. Approval above this limit will be required from the Group Finance Director (in consultation with the Sponsor Director) and the Operations Committee. As the AO you can set delegation authority limits to named

¹ Treasury Services incorporates: Treasury Group Shared Services and/or Information & Workplace Solutions and/or Treasury Commercial services.

² <https://www.gov.uk/government/publications/managing-public-money>

³ <https://www.gov.uk/government/publications/consolidated-budgeting-guidance-2020-to-2021>

individuals within your organisation subject to recording these limits and meeting the requirements of the National Audit Office (NAO). You are also the authorised signatory for third party contracts for goods and services that have an estimated contract value within the limits of your budget delegation and comply with Government Spending Controls⁴.

This budget is set for the year, however in recognition of potential refinements for new or changing priorities there is the opportunity to adjust. The Sponsor Director and Group Finance Director will meet with you at the mid-year point to review progress against budget allocations and forecasts and discuss adherence to your responsibilities - including compliance with Government Controls. This will be a formal opportunity for you to raise issues in relation to emerging spending pressures. The frequency of meetings will increase if appropriate and necessary or by request. See Annex 3.

It is important that I review the financial position of OBR on a holistic basis. Please inform the Sponsor Director and Group Finance Director of any potential and actual impact from expected changes in income, funding from other sources and expenditure.

The Sponsor Director and Group Finance Director will provide support to you and your team throughout the financial year and will report on progress to me as the Principal Accounting Officer at six monthly intervals.

A Spending Review has been announced for 2021. You will receive further information about your involvement in the process later in the year. Following the Spending Review, the business planning round will commence with the aim of setting budgets for 2022/23 by March 2022. Whilst Annex 1 provides indicative budgets for future financial years, as per legislation, the position will be reviewed as part of the Spending Review. As part of the Spending Review, we expect to review all items of your budget including the scope for general efficiency savings, the appropriate funding for office space in light of hybrid working patterns, and the additional funding provided to deal with pressures arising as a result of analysis on the consequences of COVID-19 and EU exit. We are expecting additional funding for COVID-19 and EU Exit to roll off across HMT group and a strong justification would be needed if you feel there is a case for their continuation.

⁴ <https://www.gov.uk/government/collections/cabinet-office-controls>

You will deliver your target for public sector apprenticeships which is yet to be confirmed for 2021/22. Please ensure that you have plans in place to ensure the required number of starts in 2021/22.

You will also provide gender pay gap data to Treasury Human Resources colleagues for publication on an annual basis in the 'Gender Pay Gap Report'.⁵ Your organisation is expected to ensure that its processes and systems attract, retain and support talented people from all backgrounds, and to implement a strategy to address any significant gap that arises.

Please respond to me within five (5) working days (by email) to confirm that you are content that:

- (i) the budget allocations are as agreed and correct; and
- (ii) that you have adequate arrangements in place to provide assurance for the responsibilities as set out in this delegation letter.

You will be requested to formally confirm that you have complied with the delegated authorities and responsibilities by submitting a statement of written assurance⁶ to me via the Treasury Operating Committee at the end of this financial year.

We welcome your feedback throughout the year on the relationship and services that Treasury provide to you and your team via the Arm's Length Body forum that is co-chaired by the Group Finance Director and Director Operations.

Please contact Anna Caffyn (Group Finance Director) if you have any questions about this delegation letter.

Yours,
Tom.

Tom Scholar

⁵https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/944607/20201126_Gender_Pay_Gap_report_14_December_2020.pdf

⁶ A template will be provided by Treasury Finance.

Copy List

Richard Hughes:	Chairman - OBR
Steve Farrington:	Chief of Staff - OBR
Mark Dembowicz:	Head of Strategy, Operations and Communications - OBR
Clare Lombardelli:	Chief Economic Advisor - HM Treasury
Anna Caffyn:	Group Finance Director - HM Treasury
Tom Josephs:	Sponsor Director (Director Fiscal) - HM Treasury
Tim Rogers:	Commercial Director - HM Treasury
Catherine Webb:	Director Operations - HM Treasury

Annex 1

2021/22 Budget

£'000	21/22 Budget
<u>Expenditure – Admin</u>	4,380.0
Core Expenditure	2,965.0
Brexit	463.0
Welsh Office	100.0
Office Move (recurring)	352.0
One-off funding to meet short term pressures	500.0
<i>Of which recharged for HMT services</i>	<i>61.1</i>
<u>Expenditure – Programme</u>	-
<u>Expenditure – Capital</u>	-
<u>Expenditure – Annually Managed Expenditure (AME)</u>	-
Gross Expenditure Total	4,380.0
Less: Income	-
Total Budget	4,380.0

Your indicative budget for 22/23 is £3,954,000 and for 23/24 is £4,031,000. This is made up entirely of admin expenditure. As noted in the letter, these totals and their breakdown will be discussed as part of the Spending Review.

Annex 2

Service Charges for the provision of Treasury Services⁷.

1. Service Charges align with accounting principles as set out in HM Treasury's 'The Green Book', 'Managing Public Money' (Annex A6.1) and the Memorandum of Understanding agreed with HM Treasury.
2. HM Treasury will invoice on a quarterly basis, in arrears, on a full cost recovery basis for all elements of the services provided. This includes a share of the cost of HM Treasury staff required to deliver or manage the services. Please note the following exceptions:
 - (i) where the service is directly or indirectly accessed, and you are billed directly by a third-party supplier; or
 - (ii) if it would not be cost effective to calculate the charge (for a minimal service) or where the service is provided at no additional charge to HM Treasury and no fee is charged.
3. Please note that the amount billed may fluctuate as your invoice will reflect actual user numbers⁸ and service costs.
4. Most of the services are charged based on user numbers. OBR should submit a forecast of user numbers each quarter on a rolling basis to the named Finance Business Partner and the named Information & Workplace Solutions Planning & Budgeting Manager.
5. The Transforming Government Security Programme is evolving to meet protective security challenges of our times including investment in new services, skills and capabilities. As part of this the Vetting Reform Programme is working to modernise vetting. We anticipate that investment costs for the programme will be recovered through mandatory increases in ongoing vetting charges. Vetting costs which are shown separately in Table 1.

⁷ Services Charges will vary subject to user numbers.

⁸ Based on users taken on 31/03/21

Table 1: Service Charges 2021/22

	Service Description	Treasury Group delivery team	Fixed charge	Metric	Unit Charge	User Numbers @ 1 April 2021	Total (£)
1	1 Horse Guards Road (all accommodation and related costs).	Information & Workplace Solutions	-	-	-	-	-
2	IT and resource costs including staffing.	Information & Workplace Solutions	-	Tris account user	-	-	-
3	Security (including vetting)	Information & Workplace Solutions	-	Vetting clearance	-	-	£1,519
4	Treasury Group Shared Services (recruitment, onboarding, finance operations, pay and pensions, oracle system support, MI HR operations)	Treasury Group Shared Services	-	Active Oracle account users	£1,094	33	£36,107
5	Commercial	Treasury Commercial	-	-	-	-	-
6	Other – Eikon Licences	Information & Workplace Solutions	-	-	-	2	£23,503
	Total	-	-	-	-	-	£61,128

Accounting Officer Responsibilities

Managing your budget

1. As a budget holder, you are responsible for living within budget and achieving value for money in compliance with Managing Public Money.
2. Your organisation is required to submit the following Management Information to your named Treasury Finance Business Partner on the 5th working day of each month:
 - (i) budgeted and actual expenditure and full year forecasted spend captured at account code level and split between:
 - a. Resource Departmental Expenditure Limit - Administrative (RDEL Admin);
 - b. Resource Departmental Expenditure Limit - Programme (RDEL Prog);
 - c. Capital Departmental Expenditure Limit (CDEL); and
 - d. Annually Managed Expenditure (AME).
 - (ii) Government Finance Function standard⁹ requires accounting transactions to be in place by working day 5 to allow for the General Ledger to close.
 - (iii) A mid-year review will be undertaken by the Group Finance Director and Sponsor Director to review in year spending and to scrutinise forecasts. Significant deviations from year to date spend and/or full year forecasts from the budget allocation at the mid-year point must be supported by a 'recovery plan' showing how spend will be brought back in line with budgets; in exceptional cases the plan will be submitted to the Treasury Operating Committee for review. This will be followed by a quarter three check-in with your Finance Business Partner to discuss any developments or changes to your position since the mid-year review.
3. Performance against budgets this year may impact budget allocations in later years.
4. You are responsible for ensuring that policy or operational proposals which will significantly impact the Treasury Group's resources or balance sheet (novel,

⁹https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/867043/6.5731_GF_Government_Functional_Standard_Finance_V6.pdf

contentious or repercussive items) are **signed off by the Group Finance Director and Sponsor Director before submitting advice to the Permanent Secretary or to Treasury Ministers.**

5. There are rules and restrictions regarding switches between expenditure categories:
 - (i) switches from (a) Resource into Capital and vice versa (b) Admin into Programme and vice versa may require approval from the Group Finance Director, other senior Officials and potentially Ministers. Your Finance Business Partner must be consulted prior to switches being proposed; and
 - (ii) any switches can only be approved through the parliamentary Estimates process at the start of the financial year and at Supplementary Estimates (November/December).

Special Payments

6. OBR must comply with MPM¹⁰ (Annexes 4.10 - 4.14) guidance in relation to special payments (including special severance payments), overpayments, losses and write offs, gifts, remedy payments and consolatory payments (£500+). Approval from the Group Finance Director is required prior to seeking approval from the relevant Treasury Spending team and prior to making an offer of a special payment.
7. All payments regardless of value require Group Finance Director and Spending team approval if they are deemed novel, contentious or potentially repercussive.

Commercial & Procurement

8. HM Treasury Group (HMTG) commercial activity is subject to a legal framework which requires free and open competition and value for money, in line with internationally and nationally agreed obligations and regulations, as well as with wider policy objectives.
9. There is a need for senior officials with budgetary authority across the Group to ensure that sound commercial management arrangements are in place and that fair and objective procurement of goods and services takes place within their area.

¹⁰https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/742188/Managing_Public_Money_MPM_2018.pdf

10. The following rules are applied to achieve the best commercial outcomes for HMT Group which optimise value for money and minimise risk. Any exceptions are subject to advice from the central HMT Commercial team at commercial@hmtreasury.gov.uk and should be supported by a persuasive business case.

Procurement Rules

11. Subject to the value and category of the procurement different procurement routes are required:

- i) **Value of procurement greater than £10,000 (exc. VAT):** Crown Commercial Service (CCS) remain the preferred option for all procurement activity in this category (including contract extensions). Any exceptions should be agreed with HMT Commercial prior to commencing.
- ii) **Value of procurement greater than £2,500 and less than £10,000 (exc. VAT):** A minimum of three quotations should be sought and a value for money assessment undertaken prior to selecting a supplier.

12. You must follow your own internal policies for spend approval and contract signature as well as ensuring that you are compliant with Government Spend Controls.

13. You must maintain effective oversight of the following activity and should engage with HMT Commercial for guidance if required prior to undertaking any of the following:

- i) Procuring goods and services with an estimated contract value above £10,000 (exc. VAT).
- ii) Varying an existing contract either by term, value or scope
- iii) If you wish to award a contract with a value over £10,000 without competition (Direct Award/Single Tender). **This should only be done in exceptional circumstances and will require prior legal approval.**
- iv) For any pro-bono, zero charge or trial contracts
- v) If the services procured must commence before a contract has been signed and awarded. **This should only be done in exceptional circumstances.**

14. Where there is an operational emergency, and CCS are unable to support the procurement process in the necessary timeframe, OBR may source external procurement support. **This should only be done in exceptional circumstances.**

Government Spend Controls

15. Spend in the following categories are subject to Government Spend Controls¹¹ and may require prior approval from the Cabinet Office. The HMT Commercial Team can help coordinate those approvals, which must be secured prior to proceeding to procurement.

- Consultancy and professional services (including legal)
- Property & FM
- Digital and technology
- Advertising, marketing and communications
- Learning and development
- External recruitment

Central Contracts

16. You must use centrally established and managed corporate contracts where possible where they already exist. These are designed to achieve the best VFM and include favourable terms & conditions. Central contracts exist for the following categories: Temporary Staff & Agency Workers; Travel; Venue Hire; Booking Meetings & Events; Taxis; Car Hire; Stationery; Office Supplies; Print Services; Payment Card Solutions (GPC Cards).

17. You must first satisfy yourself that interim staff coming to work for your organisation for a temporary period will be meeting their tax and national insurance commitments. To do this, you must formally assess whether appointees are within scope of the Intermediaries (IR35) Regulations.

Commercial Pipeline

18. You are responsible for ensuring that an up-to-date commercial pipeline is maintained, and all planned spend with a third party is recorded; a contract (including variations and extensions) should only be signed if there is a corresponding pipeline entry.

19. Your commercial pipeline should be maintained in line with the standard government template and should be shared with the HMT Commercial Team on a quarterly basis and on an ad-hoc basis as requested.

¹¹ <https://www.gov.uk/government/publications/cabinet-office-controls-version-5/cabinet-office-controls-policy-version-5>

Contract Management

20. Appropriate rigour should be applied to this part of the procurement lifecycle to ensure contracts deliver the value that was originally intended. You are accountable for the effective contract management and delivery of procured services. This includes; ensuring all contracts have named contract managers who are appropriately accredited (or working towards) under the GCO's Contract Management Capability Programme and are actively managing the contracts, including tracking and reporting KPIs and SLAs on any Gold level contracts within your portfolio.
21. At the business case stage, contracts must be tiered (Gold/Silver/Bronze) in accordance with the HMT Commercial Team's guidance and contract management plans produced and maintained in line with prevailing guidance as appropriate for the tier level.
22. Details of live contracts (including KPIs where applicable) should be shared with the HMT Commercial Team when requested.

Contract Publication

23. All contracts with a value of over £10k are legally required to be published on Contracts Finder once awarded.

Prompt Payment Policy

24. The government commitment is to pay 90% of undisputed and valid invoices from Small and Medium Enterprises (SMEs) within 5 days and 100% of all undisputed and valid invoices to be paid within 30 days. Government departments are required to publish their performance (including its ALBs) against these payment targets on a quarterly basis on gov.uk¹² This is therefore a collective responsibility and your organisation must ensure it processes invoices in a timely and efficient manner.

Risk and assurance

25. You are responsible for ensuring an effective risk management system is in place to address risks to delivery of the OBR objectives.
26. You will report at six monthly intervals to your Sponsor Director in identifying, assessing, managing and escalating operational risks and in providing an

¹² <https://www.gov.uk/guidance/prompt-payment-policy>

assurance that an effective risk management system is in place and operating to a common standard, including cyber security.

Propriety & Ethics

27. You have an obligation to disclose conflicts or potential/perceived conflicts of interest and take all reasonable steps to prevent conflicts of interest giving rise to material or perceived risks.
28. You must not abuse your position by making use of privileged information for personal advantage or to help others to personally gain.
29. When considering whether to accept offers of gifts or hospitality, you must be confident that it involves no reasonable suspicion that personal judgment, impartiality or integrity has been compromised.
30. You must ensure you put in place internal arrangements to assess, and apply appropriate mitigations where needed, any form of full, part-time or fee paid employment falling within the scope of the Business Appointment Rules (BARs)¹³ for any of your staff leaving Crown Service. While these rules are drafted and labelled for the attention of Civil Servants, your organisation must comply with the spirit of these rules whatever the status of employees. As with all serious propriety matters, if you have a concern in this area, please make the Permanent Secretary's office aware, who will advise.
31. The Treasury may ask for information from you as part of the oversight of the Audit and Risk Committee of BARs appointments, to ensure mitigations are discussed and in place for leavers in line with Government practice.

Counter fraud responsibilities

32. You have a responsibility for managing fraud within your organisation by acting in accordance with the Civil Service Code¹⁴, Managing Public Money and the Government Counter Fraud Functional Standard¹⁵ ensuring:
 - (i) accountabilities and responsibilities for managing fraud, bribery and corruption risk are defined across all levels of the organisation;
 - (ii) employees have the skills, awareness and capability to protect the organisation against fraud, bribery and corruption;

¹³<https://www.gov.uk/government/publications/governments-business-appointment-rules-for-civil-servants>

¹⁴ <https://www.gov.uk/government/publications/civil-service-code/the-civil-service-code>

¹⁵https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/894811/Counter_Fraud_Functional_Standard.pdf

- (iii) controls are in place to mitigate fraud, bribery and corruption risks and are regularly reviewed to meet evolving threats;
- (iv) a counter fraud, bribery and corruption strategy is in place and approved by the organisation's board or executive risk committee; and
- (v) risk assessments are undertaken for new projects or areas of spend. Appropriate funding should be set aside for fraud and compliance activities from the outset.

33. You should promote a counter-fraud culture within your organisation. This includes highlighting to staff members the appropriate process to report concerns about actual, attempted or suspected fraud in line with whistleblowing legislation (Public Interest Disclosure Act 1998).