

# Committee on Climate Change Framework Document April 2010

HM Government  
The Scottish Government  
The Welsh Assembly Government  
Department of the Environment, Northern Ireland  
The Committee on Climate Change

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## Introduction

1.1. This framework document has been drawn up by the Department of Energy and Climate Change (DECC), the Department for Environment, Food and Rural Affairs (Defra) and the Devolved Administrations in consultation with the Committee on Climate Change (CCC). This document sets out the broad framework within which the CCC will operate and covers the following areas:

Role of the Committee on Climate Change and its Adaptation Sub-Committee;  
Governance and Accountability;  
Government and Committee Relationship: Working Practices;  
Management and Financial Responsibilities.

1.2. In this document, 'CCC' refers to the new Non-Departmental Public Body set up through the Climate Change Act 2008, and 'the Committee' refers to the chair and members of the Committee on Climate Change. The Adaptation Sub-Committee (ASC) is a sub-committee of the Committee, and is referred to as the ASC where its role is different to that of the Committee.

1.3. This document does not convey any legal powers or responsibilities. It is signed and dated by DECC, Defra, the Devolved Administrations and the CCC. Copies of the document and any subsequent amendments have been placed in the Libraries of both Houses of Parliament and the respective legislatures in the devolved administrations, and made available to members of the public on the CCC's website.

### *Devolution*

1.4. In line with the devolution settlement, the UK has five parties who may exercise functions under the Climate Change Act 2008. These are the relevant Secretary of State in the UK Government, the relevant Northern Ireland Department, The Welsh Ministers and the Scottish Ministers. Following changes in the machinery of the UK Government in October 2008, the UK Government (i.e. DECC and the Devolved Administrations) have joint responsibility for the policy framework for mitigation and the UK Government (i.e. Defra and the Devolved Administrations) for the policy framework for adaptation.

1.5 The CCC is jointly-sponsored by DECC, the Scottish Government, the Welsh Assembly Government and the Department of the Environment Northern Ireland. The ASC is jointly sponsored by Defra, the Scottish Government, the Welsh Assembly Government and the Department of the Environment Northern Ireland. The CCC is funded by DECC and the Devolved Administrations and the ASC is funded by Defra and the Devolved Administrations. The responsibilities for the CCC and the ASC under the Climate Change Act 2008 rest with the relevant Secretary of State of the UK Government, the relevant Northern Ireland Department, the Welsh Ministers and Scottish Ministers: these are referred to as the "national authorities". In terms of the practical working arrangements in this document, the terms also apply to officials acting on behalf of ministers.

1.6. This document should be read in conjunction with the Concordat between DECC, Defra and the Devolved Administrations on the Implementation of the Climate Change Act 2008 which sets out the respective roles and responsibilities of each Government department and national authority and the procedure for consultation between them.

# Role of the Committee on Climate Change

## 2. Statutory Duties

2.1. Under the Climate Change Act 2008, the Committee on Climate Change has been set up to support the strategic aims and current Public Service Agreements (or equivalents) of DECC, Defra and the Devolved Administrations.

- Its statutory duties are to provide advice:
  - On the level of the 2050 target (by 1<sup>st</sup> December 2008);
  - On the level of the carbon budgets consistent with the UK's 2020 and 2050 targets and its international obligations;
  - On the extent to which carbon budgets should be met by domestic emissions reductions versus emissions credits purchased overseas; and
  - On the respective contributions towards meeting the budgets by the sectors of the economy covered by trading schemes and the sectors not covered by trading schemes.
  - On the sectors of the economy in which there are particular opportunities for contributions to be made towards meeting the budgets through reductions in emissions
  - On the preparation of the UK Government's Climate Change Risk Assessment
  - On the implementation of the Government's Statutory Adaptation Programme for England and reserved matters
  - Before any amendment to the carbon budgets or the 2050 or 2020 targets or the baseline year;
  - Before the Government includes more greenhouse gases in those targets;
  - Before the Government determines the base year for those additional greenhouse gases;
  - Before the Government seeks to use any banking or borrowing facilities;
  - Before the Government includes emissions from international aviation or international shipping within those targets;
  - On the consequences of including emissions from international aviation and shipping with its advice on each budget;
  - Before introducing the first set of regulations on carbon accounting, and when any substantial changes are made to those regulations; and
  - Before establishing any trading schemes under the Act.
- Lay before Parliament each year (from 2009) a report setting out the Committee's views on the progress towards meeting the carbon budgets and the 2050 target. In the second year after the end of each budgetary period, the report must also set out the Committee's general views on the way in which the budget for the period was or was not met and the action taken during the period to reduce net UK carbon emissions.
- In the second year after the Government has published its Adaptation Programme for England and reserved matters the report must include the Sub-Committee's views on the Government's implementation of the Adaptation Programme, hereafter the Sub-Committee must include this assessment in its report every two years.

- Advise the Secretary of State on the preparation of his reports on the risks to the UK of the current and predicted impact of climate change.
- Assess the progress made towards implementing the UK Governments objectives, proposals and policies set out in the Secretary of State's adaptation programme. This must be done at the same time as the report on carbon budgets but only every other year (unless annual adaptation reporting is required).
- Provide advice, analysis, information or other assistance to the national authorities, when requested to do so, on the national authorities' functions under the Act, on progress towards meeting the Act's objectives, on adaptation to climate change, and on climate change generally.
- Provide advice to a national authority when requested, about any limit proposed to be set by a trading scheme on the total amount of the activities to which the scheme applies.
- Provide advice to a national authority when requested, on caps on activities under trading schemes or assistance in the preparation of statistics.
- Provide a devolved administration (not the Secretary of State), when requested to do so, with advice, analysis, information or other assistance on a target, budget or similar requirement it has adopted (whether or not the target, budget or similar requirement is contained in legislation) or which has been imposed on it.

# Governance and Accountability

## **3. CCC legal origins of powers and duties**

3.1 The CCC powers and duties stem from Parts 1, 2, 3 and 4 and Schedule 1 of the Climate Change Act 2008.

## **4. Ministerial Responsibility**

4.1. The relevant Secretary of State will account for the CCC and ASC business in the UK Parliament. In the same way, the relevant Ministers in Scotland, Wales and Northern Ireland are accountable to the Scottish Parliament, the National Assembly for Wales and the Northern Ireland Assembly respectively.

## **5. Specific accountabilities and responsibilities of the national authorities' Accounting Officers**

5.1. The CCC and its ASC are jointly sponsored by the UK Government, the Scottish Government, the Welsh Assembly Government and the Northern Ireland Executive.

5.2. DECC and Defra's Accounting Officers are accountable to the UK Parliament for the issue of a grant-in-aid to the CCC and ASC respectively. The Accounting Officers (or equivalent) in each Devolved Administration are accountable to the relevant legislature for the issue of their grant-in-aid. Each Accounting Officer is also responsible for advising their responsible Minister:

- On an appropriate framework of objectives and targets for the CCC and ASC in the light of their wider strategic aims and current PSA where applicable;
- On an appropriate budget for the CCC and ASC in the light of their overall public expenditure priorities;
- How well the CCC and ASC are achieving their strategic objectives and whether they are delivering value for money.

5.3. The Accounting Officers are responsible for ensuring arrangements are in place to inform the CCC and ASC of relevant UK Government and Devolved policy in a timely manner.

5.4. DECC and Defra's Accounting Officers are also responsible for ensuring arrangements are in place to:

- Monitor the CCC and ASC's activities on a continuous basis;
- Address significant problems in the CCC and ASC, making such interventions as are judged necessary;
- Periodically carry out an assessment of the risks both to the two departments and CCC and ASC objectives and activities; and
- Bring concerns about the activities of the CCC and/or ASC to the Committee, requiring explanations and assurances that appropriate action has been taken.

5.5. The Liaison Group (established as an official level working group representing the five national authorities who may exercise functions under the Climate Change Act) shall be kept informed of the results of the monitoring and risk assessments, and of the

progress of any concerns raised with the CCC and its ASC and any interventions taken as a result.

5.6. The CCC Sponsorship team in DECC is the primary contact for the CCC. This is the main source of advice to the responsible UK Government minister(s) on the discharge of his or her responsibilities in respect of the CCC. The Sponsorship and Delivery Team also supports DECC's Accounting Officer on his or her responsibilities towards the CCC and will provide secretariat support to the CCC's Sponsor Group (see section 8 below).

5.7. For Defra, a similar role is undertaken by the Adapting to Climate Change Programme for the Secretary of State for Environment, Rural Affairs and Food. Within the Devolved Administrations, a similar role is played for Scottish Ministers by the Climate Change and Water Industry Directorate, for the Welsh Assembly Government by Department for Environment, Sustainability and Housing and the Department of the Environment in Northern Ireland (or equivalents).

## **6. Responsibilities of the Chief Executive as CCC Accounting Officer**

### *General*

6.1. The Sponsoring Accounting Officers have designated the Chief Executive as the CCC and its ASC's Accounting Officer.

6.2. The Chief Executive is therefore, personally responsible for safeguarding the public funds for which he or she has charge; for ensuring propriety and regularity in the handling of those public funds; and for the day-to-day operations and management of the CCC and ASC.

6.3. In addition, the Chief Executive should ensure that the CCC and its ASC 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 to *Managing Public Money* (Annex 1).

### *Responsibilities for accounting to Parliament*

6.4. The accountabilities 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 of Energy and Climate Change or Ministers in the Devolved Administrations;
- Signing a Statement of Accounting Officer's responsibilities, for inclusion in the annual report and accounts;
- Signing a Statement on Internal Control regarding the system of internal control, for inclusion in the annual report and accounts;
- Ensuring that effective procedures for handling complaints about the CCC and ASC are established and made widely known within the CCC and ASC;
- Acting in accordance with the terms of this document, *Managing Public Money*, and other instructions and guidance issued from time to time by DECC, Defra, the Treasury

and the Cabinet Office and by the other national authorities;

- Giving evidence, normally with DECC's and/or Defra Accounting Officer when summoned before the Public Accounts Committee on the CCC's stewardship of public funds.

#### *Responsibilities to DECC, Defra and the Devolved Administrations*

6.5. Particular responsibilities to DECC, Defra and the Devolved Administrations include:

- Establishing, in agreement with the sponsor group, the CCC's and ASC's business plans in the light of the national authorities' wider strategic aims and PSA(s);
- Informing the sponsoring bodies of progress in helping to achieve the national authorities' policy objectives 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 national authorities; that DECC and/or Defra are 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 DECC and/or Defra in a timely fashion;
- Ensuring that the responsible ministers are kept informed of any changes which are likely to impact on the strategic direction of the CCC or ASC or likely to impact on the attainability of its targets (where applicable), and determining the steps needed to deal with such changes.

#### *Responsibilities to the CCC*

6.6. The Chief Executive is responsible for:

- Advising on the discharge of the CCC and ASC's responsibilities as set out in this document, in the founding legislation and in any

other relevant instructions and guidance that may be issued from time to time;

- Advising on the CCC and ASC's performance compared with its aim(s) and objectives;
- Ensuring that financial considerations are taken fully into account by the CCC and ASC at all stages in reaching and executing its decisions and that financial appraisal techniques are followed;
- Taking action as set out in paragraphs 3.7.1 of Managing Public Money if the CCC or ASC's members, or their chairs, are contemplating a course of action involving a transaction which the chief executive considers would infringe the requirements of propriety or regularity or does not represent prudence of economical administration, efficiency or effectiveness, questionable feasibility, or is unethical.

## **7. The Committee**

7.1. In addition to its statutory duties in the Climate Change Act, the CCC should ensure that effective arrangements are in place to provide assurance on risk management, governance and internal control for CCC. The CCC must set up an Audit-Committee for this purpose, which should be chaired by a Committee member of the CCC and have



representation from DECC and the Chief Executive of the CCC. The Audit-Committee is expected to assure the national authorities, Sponsor Group, the CCC itself and other interested parties of the effectiveness of the internal control and risk management systems.

7.2. The Committee is specifically responsible for:

- Establishing and taking forward the strategic aims and objectives of the CCC and its ASC are consistent with its overall strategic direction and within the policy and resources framework determined by the national authorities;
- Appointing, a Chief Executive with approval by Secretary of State of Energy and Climate, Defra and Devolved Ministers' and, in consultation with the national authorities, set performance objectives and remuneration terms linked to these objectives for the Chief Executive which give due weight to the proper management and use and utilisation of public resources.
- Ensuring that any statutory or administrative requirements for the use of public funds are complied with; that the Committee operates within the limits of its statutory authority and any delegated authority agreed with the national authorities, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, the Committee takes into account guidance issued by the national authorities; and
- Demonstrating high standards of corporate governance at all times, including by using the audit committee to help the CCC and ASC to address key financial and other risks.

*The Chairs of the CCC and ASCs' personal responsibilities*

7.3. The Chairs are responsible to the Secretaries of State and Ministers in the Devolved Administrations. Communications between the CCC and ASC and the responsible ministers should normally be through the Chair. He or she is responsible for ensuring that policies and actions support the responsible ministers', and where relevant other ministers', wider strategic policies and that the CCC and ASC's affairs are conducted with probity. Where appropriate, these policies and actions should be clearly communicated and disseminated throughout the CCC and ASC.

7.4. In addition to the Chairs' statutory duties they will be responsible for:

- Ensuring that the responsible ministers are kept informed of any changes which are likely to impact on the strategic direction of the CCC and ASC or on the attainability of its targets/aims and determining the steps needed to deal with such changes;
- Ensuring that the Committee receives and reviews regular financial information concerning the management of the CCC and ASC; is informed in a timely manner about any concerns about the activities of the CCC and ASC; and provides positive assurance to the national authorities that appropriate action has been taken on such concerns; and
- Demonstrating high standards of corporate governance at all times, including by using the sub-committee to help the CCC and ASC to address key financial and other risks.

7.5. In addition, the Chairs have the following leadership responsibilities:

- Formulating the CCC and ASC's strategy;
- Ensuring that the Committee, in reaching decisions, takes proper account of guidance provided by the Secretaries of State and Ministers in the Devolved Administrations;
- Promoting the efficient and effective use of staff and other resources;
- Delivering high standards of regularity and propriety; and
- Representing the views of the CCC and ASC to the general public.

7.6. The Chairs also have an obligation to ensure that:

- The work of their Committees and members are reviewed and the Committees are working effectively;
- The Committees have a balance of skills appropriate to directing the CCC and ASC's business, as set out in paragraph 1(3) of Schedule 1 to the Climate Change Act and the Government Code of Good Practice on Corporate Governance;
- Members are fully briefed on terms of appointment, duties, rights and responsibilities;
- He or she, together with the other Committee members, receive appropriate training on financial management and reporting requirements and on any differences that may exist between private and public sector practice;
- The national authorities are advised of Committee needs when vacancies arise;
- He or she assesses the performance of individual members when being considered for re-appointment;
- There is a code of practice for members in place consistent with the Cabinet Office model Code.

#### *Individual Committee members' responsibilities*

7.7. Individual members of both the CCC and the ASC should:

- Comply at all times with the Code of Practice and with the rules relating to the use of public funds and to conflicts of interest;
- Not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations;
- Comply with the rules on the acceptance of gifts and hospitality, and of business appointments;
- Act in good faith and in the best interests of the CCC and ASC.

#### *The ASC Chair's responsibilities:*

7.8. The Chair of the Adaptation Sub-Committee is also responsible for ensuring that:

- The CCC Chair receives regular updates on the ASC's work;
- The ASC, in reaching decisions, takes proper account of directions and guidance provided by the Secretary of State and Ministers in the Devolved Administrations;
- Sub-committee members are fully briefed on terms of appointment, duties, rights and responsibilities;
- He or she, together with the other sub-committee 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 and the CCC Chair is advised of sub-committee needs when vacancies arise;
- He or she assesses the performance of individual members when being considered for re-appointment.

## **8. Function of the CCC Sponsor Group**

8.1. The CCC's Sponsor Group will consist of senior representatives of the Department of Energy and Climate Change, Defra, Communities and Local Government, HM Treasury, Department for Transport, Business Innovation and Skills, the Devolved Administrations, the CCC and the ASC. The Group will be chaired by DECC. The group will meet twice yearly (or at other intervals by request) and will:

- Agree with the CCC and ASC the issues to be addressed in the business plan (including any requests for advice, analysis, information or other assistance made under section 37 of the Climate Change Act) and the timetable for its preparation;
- Agree with the CCC and ASC the main elements of the business plan – including the key performance targets – in the light of decisions on policy and resources taken in the context of the national authorities wider public expenditure plans and decisions;
- Inform the CCC and ASC of its indicative budgets for the following year and planning figures for the following two years;
- Review the CCC and ASC's performance and outturn for the previous financial year.

## **9. Annual report and accounts**

9.1. The CCC must publish an annual report of its activities together with its audited accounts after the end of each financial year. The CCC shall provide the national authorities with its finalised (audited) accounts before the start of the Parliamentary summer recess each year.

9.2. The annual report must:

- Cover any corporate, subsidiary or joint ventures under its control;
- Comply with the Treasury's Executive Non-departmental Public Bodies: Government Financial Reporting Manual (FRoM);
- Outline main activities and performance during the previous financial year and set out in summary form forward plans;
- Funding formula and level of grant-in-aid from the national authorities.

9.3. Information on performance against key financial targets is within the scope of the audit and should be included in the notes to the accounts. The report and accounts shall be laid by the responsible Ministers in Parliament and the devolved legislatures and made available on the CCC's website. A draft of the report should be submitted to the Sponsor Group members two weeks before the proposed publication date. The accounts should be prepared in accordance with the relevant statutes and specific accounts direction issued by the sponsoring Department.

## **10. Internal Audit**

10.1. The CCC shall:

- Establish and maintain arrangements for internal audit in accordance with the Treasury's Government Internal Audit Standards (GIAS);
- Nominate a person (not associated with the CCC), as the Head of Internal Audit to the Committee;
- Forward the audit strategy, periodic audit plans and annual audit report, including the Chief Executive's opinion on risk management, control and governance as soon as possible to the sponsor department; and
- Keep records of, and prepare and forward to the national authorities an annual report on fraud and theft suffered by the CCC and notify the national authorities of any unusual or major incidents as soon as possible.

10.2. DECC's and Defra's internal audit service has a right of access to all documents prepared by the CCC internal auditor, including where the service is contracted out.

## **11. External Audit**

11.1. The Comptroller & Auditor General (C&AG) audits the CCC's annual accounts and, together with his report, these are laid before the UK Parliament by the Secretary of State and before the other legislatures by the relevant Ministers.

11.2. The C&AG:

- Will consult DECC and the CCC on whom – the NAO or a commercial auditor – shall undertake the audit(s) on his behalf, though the final decision rests with the C&AG;
- Has a statutory right of access to relevant documents, including by virtue of section 25(8) of the Government Resources and Accounts Act 2000, held by another national authority in receipt of payments or grants from the CCC;
- Will share with the national authorities 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 DECC's responsibilities in relation to financial systems within the CCC;
- Will, where asked, provide DECC, Defra and the Devolved Administrations with Regulatory Compliance Reports and other similar reports which DECC, Defra and the Devolved Administrations may request at the commencement of the audit and which are compatible with the independent auditor's role.

11.3. The C&AG may carry out examinations into the economy, efficiency and effectiveness with which the CCC and ASC have used their resources in discharging their functions. For the purpose of these examinations the C&AG has statutory access to documents as provided for under section 8 of the National Audit Act 1983. In addition, the CCC and ASC shall provide, in conditions to grants and contracts, for the C&AG to exercise such access to documents 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.

## **12. Right of Access**

12.1. DECC, Defra and the Devolved Administrations have the right of access to all CCC and ASC records and personnel for any purpose including, for example, sponsorship audits and operational investigations.

# Government and Committee Relationship: Working Practices

## 13. Sharing of information between Government and the Committee

13.1. To establish the credibility of the carbon budgeting framework, it is important that analysts in the UK Government and Devolved Administrations have a shared understanding of the assumptions on which the Committee will base its advice, while at the same time maintaining the analytical independence of the Committee. This should also avoid unnecessary duplication in analysis. A Memorandum of Understanding on Economic Modelling and sharing of analysis and research between relevant UK Government Departments, Devolved Administrations and the CCC was signed on 1<sup>st</sup> May 2009.

13.2. A key working group (in addition to the Liaison Group and Sponsor Group), comprising the Committee's secretariat and officials from the UK Government and Devolved Administrations have been set up to facilitate the sharing of information, through:

- A sub-group of analysts formed from the UK Government's Inter-departmental Analysts Group (IAG) and the Devolved Administrations;

13.3. This group will meet as required, rather than according to a fixed schedule.

## 14. Committee's role on policy

14.1. The Committee's primary role is to provide advice to Government on the level of carbon budgets and report to Parliament on progress towards them.

14.2. The Secretary of State of Energy and Climate Change in consultation with the Devolved Administrations is responsible for making decisions (both on the level of the carbon budgets and the policies needed to ensure the UK remains within them), taking proper account of the Committee's advice.

14.3. The Committee's general presumption should be that its advice (including that under Section 38, does not include detailed recommendations or proposals on specific policies, which could be required to meet the carbon budgets, except when requested.

14.4. The national authorities are responsible for ensuring arrangements are in place to inform the Committee of relevant UK Government and Devolved policy in a timely manner.

## 15. Modeling & data

15.1. The CCC and ASC will be able to utilise and commission runs of a number of key Government models. The models which the CCC will have access to/use of (with varying degrees), will be:

- Poyry Energy Consulting Carbon Price Model (DECC)
- UK Air Passenger Demand & CO<sub>2</sub> Forecasting Framework (DfT)
- UK Energy Model (DECC)
- Environmental CGE Model (HMRC/HMT)

- Global Damage cost, macroeconomic cost and burden sharing modelling (CCE/CESA)
- Non-CO2 GHG Modelling (CESA)
- Agricultural abatement (Defra)
- National Transport Model (DfT); ;
- Fuel Poverty Model (DECC);
- UK MACC Models (DECC)
- UK macroeconomic modelling, e.g. MARKAL-Macro (DECC)
- Global Carbon Finance Model (OCC); and,
- Energy Use in Industry (ENUSIM) model (DECC).

15.2. The CCC and ASC will be required to give advance notice to the relevant party when commissioning a run of a model – this may vary according to the model itself and the information sought. Arrangements for commissioning work (e.g. length of advance notice) are to be agreed by the CCC and/or ASC and the relevant parties for each individual model.

15.3. Where it is thought appropriate and agreed between the relevant parties, separate Terms of Reference for each model will set out the working practices (including access privileges) which all relevant parties will have to adhere to.

15.4. The CCC and ASC will also seek to obtain licences for (relevant) Government departments and Devolved Administrations for any model that it develops independently. Where it is thought appropriate and agreed between relevant parties, separate Terms of Reference (in line with the principles for sharing information set in the Memorandum of Understanding) will set out the working practices for relevant Government departments' and Devolved Administrations' use of CCC analysis and models.

## **16. Procedures for arriving at conclusions**

16.1. The CCC and ASC should agree on the mechanisms by which they are to reach their view. Members should be clear on whether or not they are expected to reach a consensus on particular issues.

## **17. Submission and publication of advice and documents**

17.1. The CCC's and ASC's advice should be submitted in writing and should be written in plain English in terms which can be understood by a layperson. It should explain the reasoning on which the advice is based and the assumptions underlying the advice.

17.2. The Climate Change Act requires the CCC to publish its advice:

- On the level of the 2050 target – section 32(5);
- On the level of the carbon budgets, and the reasons for that advice – section 33(6);
- Any other advice on whether to amend the 2020 or 2050 targets (sections 2(3) and 6(3));
- On amending the level of carbon budgets (section 22(3));
- On inclusion of other greenhouse gases and the base years for those gases (section 24 and 25);
- On inclusion of international aviation and shipping emissions in our targets

- (section 30(2));
- On the preparation of the relevant Secretary of State's impact report (section 56(4));
- And the minutes of its meetings (paragraph 19, Schedule 1).

17.3. The Committee should decide upon a format for their minutes, which should be written in plain English. Where attribution of remarks to individuals might harm the freedom of discussion, the Committee may decide that the minutes should be written in unattributable form. The Committee will nevertheless be subject to the Freedom of Information Act.

## **18. Communication with the media**

18.1. The CCC and ASC should decide on who should represent them to the media. The Committees should establish rules of conduct on whether confidential / personal briefings given by members to interested parties are permitted. Such rules of conduct need not affect a member's freedom to represent his or her field of expertise in a personal capacity. The Committees' rules however should generally oblige members to make clear when they are not speaking in their capacity as members of either committee.



## Management and Financial Responsibilities

### **19. Managing Public Money and other Government-wide Corporate Guidance and Instructions**

19.1. Unless agreed by the national authorities and, as necessary, HM Treasury, the CCC including its ASC shall follow the principles, rules, guidance and advice in *Managing Public Money*, referring any difficulties or potential bids for exceptions to the CCC Sponsorship Team in DECC in the first instance. A list of guidance and instructions with which the CCC and ASC should comply is in Annexes 1-4.

19.2. Once the budget has been approved by the Sponsor Group, the CCC shall have authority to incur expenditure approved in the budget (for both the CCC and ASC) without further reference to the sponsor Department, on the following conditions:

- The CCC and ASC shall comply with the delegations set out in Annex 2. These delegations shall not be altered without the prior agreement of the sponsor Department;
- The CCC and ASC shall comply with *Managing Public Money* regarding novel, contentious or repercussive proposals;
- Inclusion of any planned and approved expenditure in the budget shall not remove the need to seek formal approval from the national authorities where any proposed expenditure is outside the delegated limits or is for new schemes not previously agreed;
- The CCC and ASC shall provide the national authorities with such information about its operations, performance individual projects or other expenditure as the national authorities may reasonably require.

### **20. Corporate governance**

#### *Appointments - the Chair and members*

20.1. The CCC Chair and ASC Chair and members of both committees are appointed for a period of 5 years by the responsible ministers acting jointly. Such appointments will comply with the Code of Practice of the Office of the Commissioner on Public Appointments.

#### *Board appointments – the chief executive*

20.2. The chief executive is appointed by the CCC Chair with the agreement of the Secretary of State of Energy and Climate Change, Defra and Devolved Ministers.

## *Composition of the Committee*

20.3. In line with the Government's Code of Practice on Corporate Governance, the CCC Board will consist of a chair, together with 5-8, executive members that have a balance of skills and experience appropriate to directing the CCC's business. The ASC Board will consist of a Chair (who is also a member of the CCC Board), together with not less than 5 executive members undertaking the same role in directing the ASC's business.

20.4. The Climate Change Act requires that, when making appointments to the CCC Board, the national authorities have regard to the desirability of securing the Committee as a whole has experience and knowledge of:

- Business competitiveness;
- Climate change policy at national and international level, and in particular its social impacts;
- Climate science, and other branches of environmental science;
- Differences in circumstances between England, Wales, Scotland and Northern Ireland and the capacity of national authorities to take action in relation to climate change;
- Economic analysis and forecasting;
- Emissions trading;
- Energy production and supply;
- Financial investment; and
- Technology development and diffusion.

20.5. The composition of the ASC is to be agreed by national authorities after consultation with the chairs of both the CCC and ASC.

## **21. Risk Management**

21.1. The CCC and ASC shall ensure that the risks that it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance, and develop a risk management strategy, in accordance with the Treasury guidance 'Management of Risk: Principles and Concepts'<sup>1</sup>. It should adopt and implement policies and practices to safeguard itself against fraud and theft, in line with the Treasury's guide 'Managing the Risk of Fraud'<sup>2</sup>. It should also take all reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter into a contract or to give grant or grant-in-aid.

## **22. Corporate and Business Plans**

22.1. The CCC and its ASC shall submit annually to the Sponsor Group a draft of the Corporate Plan, including adaptation activities covering three years ahead. The draft should be submitted by the end of December each year. The CCC and its ASC shall agree with national authorities and the CCC's Sponsor Group the issues to be addressed in the plan and the timetable for its preparation. The plan shall reflect the

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<sup>1</sup> [http://www.hm-treasury.gov.uk/d/orange\\_book.pdf](http://www.hm-treasury.gov.uk/d/orange_book.pdf)

<sup>2</sup> [http://www.hm-treasury.gov.uk/d/managing\\_the\\_risk\\_fraud\\_guide\\_for\\_managers.pdf](http://www.hm-treasury.gov.uk/d/managing_the_risk_fraud_guide_for_managers.pdf)

CCC and ASC's statutory duties and, within those duties, the priorities set from time to time by the national authorities (including decisions taken on policy and resources in the light of wider public expenditure decisions). These priorities will be agreed through discussions at the Sponsor Group. The plan shall demonstrate how the CCC and ASC contributes to the achievement of the goals (or where applicable PSA targets) of the national authorities.

22.2. The first year of the Corporate Plan, amplified as necessary, shall form the Business Plan. The Business Plan shall be updated to include key targets and milestones for the year immediately ahead and shall be linked to budgeting information so that resources allocated to achieve specific objectives can readily be identified by the national authorities. Subject to any commercial considerations, the Corporate and Business Plans should be published by the CCC on its website and separately be made available to staff.

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

- Key objectives and associated key performance targets for the forward years, and the strategy for achieving those objectives including key dates and milestones);
- Key non-financial performance targets;
- A review of performance in the preceding financial year, together with comparable outturns for the previous 2-5 years, and an estimate of performance in the current year;
- Alternative scenarios and an assessment of the risk factors that may significantly affect the execution of the plan but that cannot be accurately forecast; and
- Other matters as agreed between the national authorities and the CCC and its ASC.

## **23. Budgeting Procedures**

23.1. Each year, in the light of decisions by the Sponsor Group on the updated draft Corporate Plan, DECC and Defra will send to the CCC:

- A formal statement of the annual budgetary provision allocated by DECC (for the CCC), Defra (for the ASC) and the devolved administrations (for the CCC and ASC) in the light of competing priorities and of any forecast income approved by the Departments; and
- A statement of any planned change in policies affecting the CCC and ASC.

23.2. The approved annual Business Plan will take account both of approved funding provision and any forecast receipts as applicable, and 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.

## **24. Grant-in-aid and any ring-fenced grants**

24.1. Any grant-in-aid provided by DECC and Defra for the year in question will be voted in DECC's and Defra's Supply Estimates and subject to Parliamentary control.

24.2. The grant-in-aid will normally be paid in monthly instalments on the basis of written applications showing evidence of need. The CCC 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 the CCC. Grant-in-aid not drawn down by the end of the financial year shall lapse. Subject to approval by Parliament of the relevant Estimates provision, where grant-in-aid is delayed to avoid excess cash balances at the year-end, the Departments will make available in the next financial year any such grant-in-aid that is required to meet any liabilities at the year end, such as creditors.

24.3. In the event that the Departments provide the CCC separate grants for specific (ring fenced) purposes, it would issue the grant as and when the CCC needed it on the basis of a written request. The CCC would provide evidence that the grant was used for the purposes authorised by the Departments. The CCC shall not have uncommitted grant funds in hand, nor carry grant funds over to another financial year.

## **25. Reporting performance to the National Authorities**

25.1. The CCC 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 the corporate and business plans. The CCC shall inform the National Authorities of any changes that make achievement of 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 annually. The CCC's performance shall be formally reviewed by the National Authorities on an annual basis. The Secretaries of State will meet the chief executive at least once a year. The 2008 Climate Change Act Concordat provides for ministers from the Devolved Administrations to have input into these meetings.

### *Providing monitoring information to the Departments*

25.2. As a minimum, the CCC shall provide the sponsor Departments with information monthly that will enable the Departments satisfactorily to monitor:

- The CCC's cash management including ASC activities;
- Its draw-down of grant-in-aid;
- Forecast outturn by resource headings;
- Other data required for the Combined On-line Information Systems (COINS).

### *CCC / Department working level liaison arrangements*

25.3. Officials in DECC and Defra's Sponsorship Teams will liaise regularly with the CCC's secretariat to review the CCC's financial performance against plans, achievement against CCC targets and the CCC expenditure against its DEL and AME allocations. The Sponsorship Teams will also take the opportunity to explain wider policy developments that might have an impact on the CCC.

## **26. Delegated authorities**

26.1. The CCC's delegated authorities are set out in Annex 2. The CCC shall obtain the national authorities prior written approval before:

- Entering into any undertaking to incur any expenditure that falls outside the delegations or which is not provided for in the CCC and ASC's annual budget as approved by the relevant 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 Departments;
- 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; or
- Carrying out policies that go against the principles, rules, guidance and advice in *Managing Public Money*.

## **27. CCC Staff**

### *Broad responsibilities for CCC staff*

27.1. Within the arrangements approved by the responsible minister [and the Treasury] the CCC will have responsibility for the recruitment, retention and motivation of its staff covering its mitigation and adaptation work. 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 on grounds of gender, marital status, sexual orientation, race, colour, ethnic or national origin, religion, disability, community background or age;
- The level and structure of its staffing, including grading and staff numbers, are appropriate to its functions and the requirements of economy, efficiency and effectiveness;
- The performance of its staff at all levels is satisfactorily appraised and the CCC performance measurement systems are reviewed from time to time;
- Its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve the CCC objectives;
- Proper consultation with staff takes place on key issues affecting them;
- Adequate grievance and disciplinary procedures are in place;
- Whistle-blowing procedures consistent with the Public Interest Disclosure Act are in place;
- A code of conduct for staff is in place based on the Cabinet Office's Model Code for Staff of Executive Non-departmental Public Bodies.

### *Staff costs*

27.2. Subject to its delegated authorities, the CCC 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*

27.3. CCC staff are subject to levels of remuneration and terms and conditions of service (including pensions) within the general pay structure approved by DECC (signed off by all funders). The CCC has no delegated power to amend these terms and conditions. The notification process on the chief executive pay awards is set out in Annex 4.

27.4. If civil service terms and conditions of service apply to the rates of pay and non-pay allowances paid to the staff and to any other national authority entitled to payment in respect of travel expenses or other allowances, payment shall be made in accordance with the Civil Service Management Code except where prior approval has been given by the DECC to vary such rates.

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

27.6. The CCC shall operate a performance-related pay scheme that shall form part of the annual aggregate pay budget approved by the DECC or the general pay structure approved by the DECC and the Treasury whichever is applicable.

27.7. The travel expenses of board members shall be tied to the rates allowed to senior staff of the CCC or DECC rates whichever is applicable. Reasonable actual costs shall be reimbursed.

27.8. The CCC shall comply with the EU Directive on contract workers – the Fixed-Term Employees (Prevention of Less Favourable Treatment) Regulations.

### *Pensions, redundancy and compensation*

27.9. CCC staff shall normally be eligible for a pension provided by PCSPS. Staff may opt out of the occupational pension scheme provided by the CCC, but that employers' contribution to any personal pension arrangement, including stakeholder pension shall normally be limited to the national insurance rebate level.

27.10. Any proposal by the CCC to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the prior approval of the DECC. Proposals on severance must comply with the rules in chapter 4 of *Managing Public Money*.

## **28. Arrangements in the event that the CCC is wound up**

28.1. The national authorities shall put in place arrangements to ensure the orderly winding up of the CCC. In particular it should ensure that the assets and liabilities of the CCC are passed on 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 sponsor Department for distribution as appropriate amongst the CCC funders). To this end the National Authorities shall:

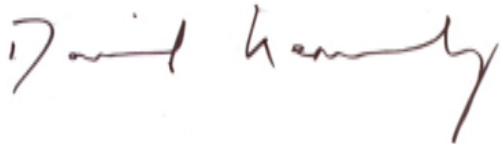
- Ensure that procedures are in place in the CCC to gain independent assurance on key transactions, financial commitments, cash flows and other information needed to handle the wind up effectively and to maintain the momentum of work inherited by any residuary body;
- Specify the basis for the valuation and accounting treatment of the CCC'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 his report on the accounts;
- Arrange for the most appropriate person to sign the closing accounts. In the event that another CCC takes on the role, responsibilities, assets and liabilities, the succeeding CCC Accounting Officer should sign the closing accounts. In the event that the National Authorities inherit the role, responsibilities, assets and liabilities, the sponsor Department's Accounting Officer should sign.

28.2. The CCC shall provide the National Authorities with full details of all agreements where the CCC or its successors have a right to share in the financial gain of developers. It should also pass to the DECC details of any other forms of claw-back due the CCC.

Signed.....

Handwritten signature of Ed Miliband in black ink.

(On behalf of the DECC)

Handwritten signature of David Kennedy in black ink.

(On behalf of the CCC)

Handwritten signature of Hilary Bevan in blue ink.

(On behalf of Defra)

Handwritten signature of John Langan in black ink.

(On behalf of the Scottish Government)

Handwritten signature of Jane Davidson in black ink.

(On behalf of the Welsh Assembly Government)

Handwritten signature of Elinor Gort in black ink.

(Minister of the Environment Northern Ireland)

7 April 2010



## **LIST OF ANNEXES**

1. Standards expected of the Accounting Officer's organisation
2. List of Delegated Financial Authorities for the CCC and ASC
3. DECC Policies on receiving Gifts and Hospitality
4. Notification process for Chief Executive pay awards.

## **LIST OF REFERENCES**

List of guidance and instructions on *managing public money* with which the CCC must comply can be viewed at:

[http://www.hm-treasury.gov.uk/d/mpm\\_whole.pdf](http://www.hm-treasury.gov.uk/d/mpm_whole.pdf)

<http://www.financial-reporting.gov.uk/2008-09%20FRm%20-FULL%20VERSION.pdf>

## **ANNEX 1: Standards expected of the Accounting Officer's organisation (Section 3.1 of Managing Public Money)**

Acting within the authority of the minister(s) to whom he or she is responsible, the Accounting Officer should ensure that the organisation, and any subsidiary to it or organisation sponsored by it, operates effectively and to a high standard of probity. The organisation should:

### **Governance**

- have a governance structure which transmits, delegates, implements and enforces decisions
- have trustworthy internal controls to safeguard, channel and record resources as intended
- operate with propriety and regularity in all its transactions
- treat its customers and business counterparties fairly and honestly
- offer redress for failure to meet agreed customer standards where appropriate
- give timely, transparent and realistic accounts of its business, underpinning public confidence.

### **Decision-making**

- support its ministers with clear, well reasoned, timely and impartial advice
- make all its decisions in line with the strategy, aims and objectives of the organisation set by
- ministers and/or in legislation
- meet the Treasury's requirements about limits on use of public resources
- manage its staff fairly, with inclusive policies designed to promote and integrate diversity
- communicate its decisions openly and transparently.

### **Financial management**

- use its resources efficiently, economically and effectively, avoiding waste and extravagance
- carry out procurement and project appraisal objectively and fairly, seeking good value for the public
- sector as a whole
- use management information systems to secure assurance about value for money and the quality of
- delivery and so make timely adjustments
- avoid over defining detail and imposing undue compliance costs, either on its own staff or on its
- customers and stakeholders
- have practical documented arrangements for working in partnership with other organisations
- use internal and external audit to improve its internal controls and performance.

## **ANNEX 2: Delegated financial authorities for the CCC and ASC**

1. These delegated financial authorities have been agreed by DECC and Defra.
2. DECC, Defra, the Committee on Climate Change (CCC) and its Adaptation sub-Committee (ASC) recognise that for an effective working relationship DECC and Defra need to have advance awareness of any course of action which the CCC and ASC propose taking where, notwithstanding the delegated authorities set out in this document, there is likely to be an effect on the level of resources required by the CCC and ASC or where the use of resources is considered to be novel or contentious .
3. Your attention is drawn to guidance provided in HMT's Managing Public Money, Consolidated budget Guidance and the Financial Reporting Manual. If you are in any doubt as to the detail contained in this, or other guidance, you must contact DECC and/or Defra before making any financial commitment
4. The CCC and ASC should in particular seek the relevant Department's prior agreement in respect of the following matters:
  - making any change to agreed policies, strategy, or programmes which could increase the overall level of resource agreed with the Department, or required in future years;
  - entering into novel or contentious commitments or agreements;
  - entering into specific commitments and obligations outside of the delegations set out in the table below;
  - matters which formally commit a Minister or the Government to action;
  - matters in which Ministers have declared an interest;
  - matters which will involve Ministers or the Department in their presentation and/or on which Ministers are likely to be questioned in Parliament;
  - proposals to be implemented through Public/Private Partnership or Private Finance Initiative (PPP/PFI);
  - matters where action is being taken against the CCC or the ASC in the civil or criminal courts.
5. The following table is a list of specific delegations. The CCC and its ASC is however reminded that this is not, and does not seek to be an exhaustive list, and that DECC and Defra rely on them to ensure that guidance referred to in para.2 is adhered to, and that DECC and Defra are consulted in advance on all matters that might be considered to be novel or contentious. If you are in any doubt you should consult DECC or Defra before making any commitments.

Description/Item	Financial Delegation
<b>Projects within agreed programmes</b> set out in the Annual Business and Corporate Plan.	<b>£200k</b> – based on whole life costs and subject to constraints in respect of novel and contentious items
<b>Individual capital commitments</b> within agreed budgets.	<b>£100k</b> – based on whole life costs
<b>Individual contracts and other financial commitments (incl leases).</b>	<b>£200k</b> – based on whole life costs
<b>Additions to the number of permanent staff (incl long term contracts) above that agreed in the corporate plan</b>	Above that agreed in the Corporate Plan, the CCC and its ASC will ensure that the creation of any additional posts does not incur forward commitments which will exceed its ability to pay for them within their overall pay remit.
<b>Car Purchases</b>	<b>None</b> - contract hire only as per the relevant DECC or Defra terms and conditions.
<b>Gifts &amp; Hospitality</b>	A written record must be kept of all gifts received or presented which provides a record of their actual or estimated value, and statement confirming whether they were disposed of or retained. CCC and ASC must comply with DECC policies in regard of providing all hospitality or gifts (Annex 3).
<b>Ex-gratia payments, including inter alia items such as:</b> <ul style="list-style-type: none"> <li>• extra contractual compensation payments;</li> <li>• extra statutory payments;</li> <li>• extra regulatory payments and other such payments.</li> </ul>	<b>No delegation</b>
<b>Special payments, Losses and write-offs</b> such as: <ul style="list-style-type: none"> <li>• Irrecoverable amounts</li> <li>• Cash losses</li> <li>• Bookkeeping losses</li> <li>• Overpayments</li> <li>• Fruitless payments</li> <li>• Constructive loss</li> <li>• Special payments</li> <li>• Disposal of assets</li> </ul>	<b>No delegation</b>

<b>Irrecoverable amounts</b> under insolvency provisions.	<b>No delegation</b>
<b>Issue of Indemnity or other form of Guarantee</b>	<b>No delegation</b>

## **ANNEX 3: DECC Policies on receiving Gifts and Hospitality**

You must not accept offers of gifts or hospitality without considering whether it would be both legal and proper to do so.

### **The principles of propriety**

The guiding principles governing the acceptance of gifts and hospitality are:

- Your conduct should not create suspicion of a conflict between your official duty and your private interest;
- You should not give the impression that you may have been influenced by a gift or hospitality;
- If in doubt about whether you should accept a gift or hospitality, you should refuse it.

These principles are not intended to stop you accepting occasional trivial gifts or working lunches during the course of an official visit. However no offer of a more substantial gift or hospitality should be lightly accepted.

You should consult your line manager when deciding whether or not to accept a gift or hospitality.

### **Gifts**

#### **Deciding whether to accept the gift**

If you decide that it would not be proper to accept a gift, reward or benefit, you should politely refuse it with the explanation that civil servants cannot receive or retain gifts (other than gifts of trivial value). Unsolicited gifts should normally be returned with a letter of refusal, explaining the Department's policy.

If refusing will cause misunderstanding or offence to the donor (especially if the donor is an overseas government or government agency) you should consider accepting the offer or gift. You should then let the donor know that you have accepted the gift on behalf of the Department rather than personally.

If you are in any doubt, you must discuss the matter with a Director, who should put their decision and reasons in writing.

#### **If you accept the gift**

Any gift with a value of £10 or more must be registered with the holder of the Director General Register of Gifts and Hospitality. It is good practice to record the estimated value of the gift. Failure to register gifts with a value of £10 or over may result in disciplinary proceedings.

If you and your line manager decide that the right course of action is to accept a gift, you must consider what should then be done with it. If the gift is from a commercial organisation you should consider the implications particularly carefully. For more

detailed guidance you should refer to the Procurement Manual.

### **Surrender of gifts**

Any gift from a firm or individual which has a retail value of £50 or more should be surrendered to the HR team.

A 'Gifts to Officials' form should be sent with the gift when it is surrendered. If you wish to keep the gift you must pay the Department the value of the gift minus £50. If you wish to do this then you should make the cheque payable to Department of Energy and Climate Change, and submit it with a miscellaneous receipt form (quoting your cost centre). If the value is less than £50 you may, with the agreement of the Director General, keep the gift or share it among colleagues.

Gifts may be displayed in the office with the consent of the Director General. If a gift is displayed in the office, where appropriate, the Register of Gifts and Hospitality maintained by the Director General should ensure that gifts can be tracked until they are surrendered. The same rules apply to gifts received from foreign governments, government organisations or international organisations, except that the level at which a gift may be retained, with line management agreement, is £75 retail value.

### **Receiving gifts while abroad**

If you are given a gift while abroad, you need to consider whether it should be declared to HM Revenue & Customs. Purely private gifts come under the normal rules for travellers; that is they need not be declared unless their value (together with any other gifts you have acquired abroad) exceed the normal allowances.

There are special rules for international goodwill gifts received by ministers or officials. Where the gift is accepted on behalf of the Government it is not liable to duty or VAT. The person receiving the gift should declare the gift on re-entering the UK and be able to provide proof of their visit being official. If, however, the gift is to be retained by the individual it becomes subject to the same rules as private gifts.

If you receive a gift imported from abroad you must consult HM Revenue and Customs, National Advice Service, telephone 0845 010 9000, about liability to duty and VAT.

### **Presentation of gifts by civil servants**

You are not expected to carry gifts when undertaking visits as part of your official duties, although you may provide personal gifts at your own expense if you wish. Public funds are available for the purchase of official gifts but this provision is normally reserved for Ministers.

### **Hospitality**

You must not accept hospitality that might be seen to compromise your personal judgement or integrity.

It is up to you to judge whether an offer of hospitality should be accepted. Before accepting, you should be satisfied that the hospitality is normal and reasonable in the

circumstances. If in doubt, you should consult a senior manager.

The following guidelines are intended to help you and they come to a decision:

**Is it in the Department's interest?** – For hospitality to be in the Department's interests there will normally need to be an opportunity to discuss official business. However, it may be that the Department nonetheless needs to be represented at an event. In this case you should check with a senior manager, to make sure that the Department is not over-represented.

**The value** - Is it great enough to give rise to criticism? You should consider the perceived value rather than the actual cost.

**The frequency** - Is it more frequent or regular than would be regarded as normal or reasonable, taking into account the nature of the event?

**The potential for embarrassment** - Is the person or organisation offering the hospitality under investigation or have they been criticised by the Government or anyone acting on its behalf?

**The nature of any relationship with the Department** - Even if you are not involved in financial, contractual or regulatory matters connected with the person or body concerned, the acceptance of an invitation by a member of DECC would be open to misconstruction or misrepresentation.

You need to bear in mind that the guidelines are not just intended to safeguard the Department's position; they are framed to help you to avoid personal embarrassment and criticism, however misplaced.

Strict rules apply to those responsible for procurement and the placing or management of contracts (see the Procurement Manual for further guidance); and those involved in regulatory activity. These are issued separately to the relevant staff. Nevertheless, they have the same force and authority as though they were included in The Guide.

### **Records of gifts and hospitality**

All material hospitality that you accept while on duty (other than of an incidental kind like tea or coffee) must be registered in the Director General's Register of Gifts and Hospitality.

The only exceptions to this rule are hospitality in relation to diplomatic activity overseas or in the UK (e.g. reception hosted by a foreign government or international institution) and attendance at an event hosted by Her Majesty's Government (e.g. an official dinner to mark a particular occasion).

Any failure to register hospitality is a disciplinary offence. Staff concerned with procurement, including contract management, should note that the CUP Guide No. 16 makes the recording of offers of hospitality and gifts, whether or not accepted, mandatory.



## **Legal position in respect of corruption**

All material hospitality that you accept while on duty (other than of an incidental kind like tea or coffee) must be registered in the Director General's Register of Gifts and Hospitality.

The only exceptions to this rule are hospitality in relation to diplomatic activity overseas or in the UK (e.g. reception hosted by a foreign government or international institution) and attendance at an event hosted by Her Majesty's Government (e.g. an official dinner to mark a particular occasion).

Any failure to register hospitality is a disciplinary offence. Staff concerned with procurement, including contract management, should note that the CUP Guide No. 16 makes the recording of offers of hospitality and gifts, whether or not accepted, mandatory.

## **Legal position in respect of corruption**

It is an offence under the Prevention of Corruption Act 1906 for any civil servant in his or her official capacity corruptly to accept any gift or consideration as an inducement or reward for

- Doing, or refraining from doing, anything; or
- Showing favour or disfavour to any person.
- Moreover, under the Prevention of Corruption Act 1916, any money, gift or consideration received by a member of staff from a person or organisation holding or seeking to obtain a Government contract will be deemed by the Courts to have been received corruptly, unless the officer proves the contrary.

## **Awards and prizes**

If you are approached by an outside organisation about the offer of an award or prize which is connected with official duty, you should discuss with your line manager whether it would be appropriate to keep it.

You will normally be allowed to keep the award or prize provided that it:

- Is given to recognise special personal merit or achievement;
- Is not, or does not look like, a gift, inducement, or payment to which other conduct rules apply.

If you are offered a decoration or a medal by a foreign government you cannot accept it. Such offers must be reported to your HR Business Partner, as the Foreign and Commonwealth Office must be consulted.

### **Inventions**

Ownership of inventions made by Crown servants on or after 1 June 1978 depends, in accordance with Section 39 of the Patents Act 1977, on whether the invention was made in the normal course of duties.

### **Frequent flyer benefits**

Frequent flyer benefits obtained by spending public money must not be used for private purposes. Such benefits include air mile points and cheap or free tickets. You must use these benefits for official purposes only, or give them up.

If the airline runs a scheme which allows points to be donated to a charity, you may donate points to the charity providing it is not possible to use the points for official travel and the charity is one chosen by the airline.

You may use frequent flyer benefits of a minor nature such as special booking arrangements, access to special departure lounges or vouchers from petrol companies.

### **Charities support**

The Department does not make charitable donations. This is because it would be improper.

Despite this, for many years the Department has helped the Post Office and Civil Service Lifeboat fund and the Royal British Legion's Poppy Appeal by facilitating collections on Departmental premises. The Department also publicises the work of the Civil Service Benevolent Fund. The Department also enables staff to contribute to the charities of their choice by deductions from pay.

You can coordinate support for charity events at local level provided this does not interfere with your job, cause offence or embarrassment to colleagues, or make colleagues feel they are under pressure to participate or contribute.

#### **ANNEX 4: Notification process for Chief Executive pay awards.**

The timeline below sets out the annual notification process between DECC and the Committee on Climate Change on Chief Executive (CE) pay awards:

**On-going** - Committee Chair to undertake performance appraisal of the CE based on objectives agreed between the Chair and CE;

**March/April** – DECC to provide the Committee with HMT and Senior Salaries Review Body (SSRB) guidance on Senior Civil Service (SCS) remuneration in DECC for the year, and approach to Non Departmental Public Body (NDPB) CE remuneration in DECC and across Whitehall;

**April/May** – Committee to agree remuneration for CE including pay and bonus based on performance appraisal, DECC guidance and any other evidence as appropriate;

**April/May** - Committee to write to the Deputy Director, National Climate Change, with decision on CE pay and bonus awards (including amounts) and demonstrate consistency with DECC SCS pay guidance, or the justification for any departures from it;

**April/May** - Sponsor team to consider and consult HR and Finance teams;

**May/June** – DECC Deputy Director to respond to Committee with any comments on CEO pay and bonus awards. If pay and/or bonus awards depart from applicable guidance, DECC to seek Ministerial views before responding.

**June/July** – Committee to provide to the National Audit Office (NAO) details of the pay and bonus awards for CE, along with other senior staff remuneration and publish these details in the Committee's annual report and accounts.