



Code of Practice for Council Members

**Council Secretariat
2012**

Polaris House North Star Avenue
Swindon
SN2 1UH
Telephone 01793 413200
Fax 01793 413201

**BIOTECHNOLOGY AND BIOLOGICAL SCIENCES
RESEARCH COUNCIL**

**CODE OF PRACTICE
FOR
COUNCIL MEMBERS**

**Issued by
Council Secretariat
November 2012**

CODE OF PRACTICE FOR MEMBERS OF COUNCIL

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Introduction

1. This Code of Practice sets out the basis on which members of the Council of the Biotechnology and Biological Sciences Research Council (BBSRC) should seek to discharge their responsibilities. It should be read in conjunction with the [BBSRC Handbook for Council, Board, Panel and Committee Members](#). Queries relating to the content of this book should be addressed to:

Head of Council Secretariat
BBSRC
Polaris House
North Star Avenue
Swindon SN2 1UH

cau@bbsrc.ac.uk

Public Service Values

2. The principles of public service on which this Code is based are those which apply to all public bodies and their boards. BBSRC Council (hereafter referred to as Council) must at all times:
 - observe the highest standards of propriety involving **impartiality, integrity and objectivity** in relation to the stewardship of public funds and the management of BBSRC;
 - maximise **value for money** through ensuring that services are delivered in the most economical, efficient and effective way, within available resources, and with independent validation of performance achieved wherever practicable;
 - be **accountable** to Parliament, users of services, individual citizens and staff for the activities of BBSRC, its stewardship of public funds and the extent to which key performance targets and objectives have been met;
 - in accordance with Government policy on **openness and responsiveness**, comply fully with the [Freedom of Information Act 2000](#)

Relationship with the Sponsor Department

3. The Secretary of State for Business, Innovation and Skills is answerable to Parliament for the policies and performance of all public bodies sponsored by the Department for Business, Innovation and Skills (BIS), including the use of resources and the policy framework within which they operate. BBSRC is one of seven Research Councils sponsored by BIS
<http://www.rcuk.ac.uk/Pages/Home.aspx>
4. The respective roles of BIS and BBSRC are set out in the Management Statement and Financial Memorandum ([Annex A](#)), which specifies the terms on which BBSRC receives and spends its funds.
5. The main point of contact between BBSRC and BIS on day-to-day matters will normally be the Chief Executive or members of staff duly authorised to act on behalf of BBSRC. However, the Chair and individual Council members have the

right of access to Ministers on any matter that they believe raises important issues relating to their duties as a member of Council. In such cases, the agreement of the rest of Council should normally be sought.

Corporate Responsibility

6. Council is a body corporate with executive responsibilities set up under the Science and Technology Act of 1965 and by Royal Charter (amended 1993) thus ensuring that it has separate legal status. A copy of the Charter is presented at [Annex B](#). Council members have corporate responsibility for the actions of Council and BBSRC staff. Council should meet at regular intervals throughout the year and exercise full and effective control over the activities of BBSRC and its staff.
7. Council should decide all issues of major importance, including: issues of corporate strategy; key strategic objectives and targets; major decisions involving the use of financial and other resources; and personnel issues, including key appointments. Nevertheless, it should delegate responsibility to the Chief Executive and BBSRC staff to the maximum extent possible.

Role of the Chair

8. The Council Chair is formally responsible to the Secretary of State but works closely with the Director General, Knowledge and Innovation (DGKI) and BBSRC Chief Executive.
9. With assistance from the Chief Executive, the Chair has particular responsibility for providing effective strategic leadership on matters such as:
 - formulating Council's strategy for discharging its mission, as set out in the Royal Charter;
 - effective execution of Council's decisions through the Chief Executive;
 - encouraging high standards of propriety and promoting the efficient and effective use of staff and other resources throughout BBSRC;
 - ensuring that Council, in reaching decisions, takes proper account of guidance provided by BIS;
 - representing the views of Council to the general public;
 - providing BIS with an assessment of the performance of individual Council members when they are being considered for re-appointment to Council or for appointment to the board of some other public body.
10. The Chair should ensure that Council meets at regular intervals throughout the year and that the minutes of Council meetings accurately record the decisions taken, any conflicts of interests and, where appropriate, the views of individual Council members.
11. The Chair should ensure that all Council members are fully briefed on the terms of their appointment and on their duties, rights and responsibilities and should direct new Council members to attend an induction programme. The Chair and

all Council members should each have access to this Code of Practice and other relevant background material, such as:

- [Management Statement and Financial Memorandum](#)
- [BBSRC Royal Charter](#)
- [BBSRC Strategic Plan and Annual Reports and Accounts](#)
- [Responsibilities of an Accounting Officer](#)
- [BBSRC Handbook for Council, Board, Panel and Committee Members](#)

Corporate Responsibilities of Council Members

12. Council members have equal status in Council discussions and collective responsibility for Council's decisions. Individual Council members have corporate responsibility for ensuring that BBSRC complies with any statutory or administrative requirements for the use of public funds. Other important responsibilities of Council members include:
 - ensuring that high standards of corporate governance are observed at all times;
 - establishing the overall strategic direction of BBSRC within the policy and resources framework agreed by BIS Ministers;
 - overseeing the delivery of planned results by monitoring performance against agreed strategic objectives and targets;
 - ensuring that BBSRC operates within the limits of its statutory authority and any delegated authority agreed with BIS, and in accordance with any other conditions relating to the use of public funds;
 - ensuring that, in reaching decisions, Council has taken into account any guidance issued by BIS and HM Treasury;
 - ensuring BBSRC has robust risk management and fraud prevention measures in place;
 - formulating a strategy for implementing the [Freedom of Information Act 2000](#), including prompt response to public requests for information, and meeting other requirements for openness and responsiveness as set out in [Section 8 of Public Bodies: A Guide for Departments](#);
 - ensuring that BBSRC complies with the [Data Protection Act](#);
 - ensuring that BBSRC operates sound environmental policies and practices in accordance with the approach set out in the 1990 White Paper *This Common Inheritance* (Cm 1200) and other relevant guidance;
 - ensuring that Council manages its estate sustainably in line with the Government's Framework for Sustainable Development on the Government Estate.
13. Council should regularly review its performance as a whole. The review should include assessing its ways of working and achievements and agreeing an action plan to put in place any necessary improvements.

Strategic Planning and Control

14. One of the main tasks of Council is oversight of the production of BBSRC's Strategic Plan. The process of preparing the Strategic Plan provides an opportunity for agreeing, with BIS, the policy and resources framework within which BBSRC will discharge its duties and for determining its key strategic objectives and targets. Such targets should normally cover the delivery of BBSRC's mission, BBSRC's financial performance, the efficiency and effectiveness of BBSRC's operations, and the quality of the services it provides. Implementation of the Strategic Plan is achieved through BBSRC's Delivery Plan and Scorecard, which set priorities and report progress.

Delegation

15. Council members normally serve on a part-time basis. To the extent permitted by BBSRC's Royal Charter and the Science and Technology Act 1965, responsibility for day-to-day matters should be delegated to the Chief Executive and BBSRC staff to the maximum extent practicable within a clearly understood framework of strategic control. Where delegation takes place, the arrangements should be properly documented and make clear which matters should be reserved for decision by Council. The latter are likely to include issues of corporate strategy; key strategic objectives and targets; major decisions involving the use of financial and other resources; and personnel issues, including key appointments and standards of conduct.
16. Council may also decide to delegate responsibility for specified matters to individual members, or sub-committees. Care must be taken to ensure that delegations do not in any way dilute the ultimate responsibility of Council for actions undertaken by individual members, sub-committees or BBSRC staff. Decisions taken should be recorded in written minutes available to Council.

Responsibilities of Individual Council Members

17. Individual Council members should be aware of their wider responsibilities as members of Council and should ensure that they fully understand the terms of their appointment and their duties and responsibilities. Like others who serve the public, Council members should follow the Seven Principles of Public Life set out by the Committee on Standards in Public Life (the Nolan Committee). The Nolan Principles can be found at [Annex C](#).
18. Council members must:
 - undertake, on appointment, to comply at all times with this Code of Practice and with rules relating to the use of public funds;
 - act in good faith and in the best interests of BBSRC;
 - not misuse information gained in the course of their public service for personal gain or political purposes, nor seek to use the opportunity of public service to promote their private interests or those of connected persons, firms, businesses or other organisations; and to declare publicly any private interests which may be perceived to conflict with their public duties; and

- ensure that they comply with Council's rules on the acceptance of gifts and hospitality. (Details of which are outlined at paragraph 55.)
19. Council members are expected not to occupy paid party political posts or hold particularly sensitive or high-profile unpaid roles in a political party. Subject to that, members are free to engage in political activities, provided that they are conscious of their general public responsibilities and exercise a proper discretion, particularly in regard to the work of Council. On matters directly affecting that work, they should not make political speeches or engage in other political activities.
 20. The restrictions in paragraph 19, above, do not apply to Council members who are MPs, to local Councillors, or to Peers in relation to their conduct in the House of Lords.
 21. The arrangements for appointing individual Council members make it possible to remove them from office if they fail to perform the duties required to the standards expected of persons who hold public office. Individual members should be appraised on their contribution through regular performance reviews.

Communications of Decisions

22. Only the Council Chair, Chief Executive or those members of staff authorised to act on their behalf, may communicate Council decisions or recommendations made to Council. In reporting Council business, they will take special care to keep confidential any part played in discussion by individual members, to maintain the convention that any decision is the collective responsibility of the whole Council and to safeguard the anonymity of any referees. Members should resist any requests for information or for explanation of how a particular decision was reached. All Council discussions should therefore be treated as '**Protected**' (see paragraph 57) and any such requests referred to the Chief Executive.

Conflicts of Interests

23. In agreeing to become a member of Council, individuals are required to declare, before taking up their appointment and during the course of their appointment, any personal or business interests which may conflict with their responsibilities as a Council member. BBSRC policy and guidance on what constitutes a conflict of interest is set out in [Annex D](#), together with the declaration form and guidance notes.
24. By its nature, guidance on what constitutes a conflict of interest cannot take the form of a prescriptive set of rules. Members are best placed to know their duties with BBSRC and with other bodies. It should be borne in mind that the aim is to provide a public register that shows all the interests of members that might lead to some form of bias in the judgement they bring to BBSRC business and to use the register to help ensure that, where such bias might be held by a court to have actually influenced a member's judgement if they were present, they take no part in the proceedings.
25. Declarations are compiled in registers of interests which are publicly available on the [BBSRC website](#). Council members are required to list direct or indirect

pecuniary interests which members of the public might reasonably think could influence Council members' judgement, and non-pecuniary interests which relate closely to BBSRC's activities and interests of close family members and persons living in the same household as them. Council members are required to regularly check and update their entries.

26. In the absence of specific statutory provisions, the common law requires that when an interest is not of a direct pecuniary kind, Council members should consider whether participation in the discussion or determination of a matter would suggest a real danger of bias. This should be interpreted in the sense that members might unfairly regard with favour or disfavour the case of a party to the matter under consideration. In considering whether a real danger of bias exists, members should assess whether they, a close family member, a person living in the same household, or a firm, business or other organisation with which they are connected is likely to be affected more than the generality of those affected by the decision in question. This would cover, for example, a decision to invite tenders for a contract where a firm with which a member was connected was significantly better placed than others to win it. For the avoidance of doubt, this paragraph does not preclude BBSRC from deciding to issue an indemnity in the terms of paragraph 33, below. In accordance with the above, where a conflict of interests exists, Council members should not participate in the discussion or determination of a matter and should normally withdraw from the meeting. This is because the continued presence of someone who had declared an interest might be thought likely to influence the judgement of other Council members.
27. Before each meeting, the Chair will be briefed on any potential conflicts of interest that might be generated by items on the agenda. The register of interests will be used as source material for the briefing. At the beginning of each agenda item the Chair should draw attention to any potential conflicts of interest and invite agreement on what action to take (e.g. a member with a conflict of interest should be required to leave the meeting for that item). In the case of applications for funding, it will be normal practice for any member whose own application is under consideration or who is from the same department or institution as other applications, to be asked to withdraw from the meeting for that item. In all instances it will be a matter for consideration by the Chair on what action to take.
28. Whether or not Council members are able, in the light of the considerations above to participate in the discussions or determination of a matter, they should declare as soon as practicable after a meeting begins if they have an interest, pecuniary or other, in a matter being considered. They should also disclose any interests in it of which they are aware on the part of close family members and persons living in the same household. In addition, Council members should consider whether they need to disclose relevant interests of other persons or organisations which members of the public might reasonably think could influence the members' judgement.
29. Members will also be expected to declare at meetings any interests that may be perceived as conflicting and which have not been previously identified.
30. Council should obtain legal advice on the effect of any specific statutory provisions applying to it. In cases where Council members are authorised by law to represent a group likely to be affected by Council's decisions, the relevant statutory framework may permit members to be involved, notwithstanding any

direct pecuniary interest that they may have in the decision. However, the possibility that specific statutory provisions may impose restrictions that are stricter than those described in paragraph 23 for interests that are not of a direct pecuniary kind should not be overlooked.

31. As a Non-Departmental Public Body (NDPB), BBSRC is required to follow generally-accepted accounting practice. Council members must therefore facilitate compliance with the need under the [International Accounting Standard 24 \(IAS 24\)](#) for material transactions with related parties to be disclosed in financial statements. "Related parties" in IAS 24 include close members of the family of an individual, who are defined for the purposes of the standard as those family members, or members of the same household, who may be expected to influence, or be influenced by, that person in their dealings with the reporting entity.
32. The minutes of a meeting will record decisions about conflict of interest, and any withdrawals for particular items and the reasons for these withdrawals. It is the responsibility of the Chair to ensure that this procedure is followed.

Personal Liability of Council Members

33. Although any legal proceedings initiated by a third party are likely to be brought against Council, in exceptional cases civil or, in certain cases, criminal proceedings may be brought against the Chair or individual Council members. For example, a member may be personally liable if he/she makes a fraudulent or negligent statement which results in loss to a third party. Council members who misuse information gained by virtue of their position may be liable for breach of confidence under common law or may commit a criminal offence under insider dealing legislation.
34. BBSRC will indemnify individual Council members who have acted honestly, reasonably, in good faith and without negligence such that they will not have to meet out of their own personal resources any personal civil liability and associated legal costs incurred in the execution of their Council functions, save where they have acted recklessly.
35. Council members who need further advice should consult the Chief Executive.

Openness and Responsiveness

36. Council members and BBSRC staff should conduct all their dealings with the public in an open and responsible way and ensure full compliance with government policies, such as the recommendations from the *Nolan Committee* and the Freedom of Information Act 2000. Council must ensure that BBSRC makes its Annual Reports publicly available and, where practical, that the papers and minutes of BBSRC Council meetings are published on the BBSRC website.
37. BBSRC should seek to follow best practice in making available information to the public, particularly through the BBSRC website, and cooperate with other bodies to place relevant information in the public domain. BBSRC should consult its users on a wide range of issues and adhere to the nine principles of public service delivery.

38. Council should ensure that BBSRC engages effectively with the public and service users to understand their views and ensure that it has access to reliable information about the range of public opinions and the satisfaction of all groups of service users. Council should ensure that BBSRC has a clear strategy on the types of issues on which it will consult or engage with the public and service users. This strategy should clearly explain how the organisation will use this input in decision making and how it will feed these decisions back to the public and to service users. The strategy should make sure that BBSRC hears the views and experiences of people of all backgrounds.
39. BBSRC demonstrates, via its Annual Report and Accounts, that it is using resources to good effect, with propriety and without grounds for criticism that public funds are being used for private, partisan or party political purposes, and that it acts consistently with the nature of its business and the possible need for confidentiality on commercial or other grounds, subject to the rights of Parliament and the Comptroller and Auditor General to obtain information. There are also BBSRC procedures available to deal with complaints and to provide information under the Freedom of Information Act 2000.

Accountability for Public Funds

40. Council has a duty to ensure that public funds received by BBSRC, which should be taken to include all forms of receipts from fees, charges and other sources, and the custody of assets which have been publicly funded are properly safeguarded. Council must take appropriate measures to ensure that BBSRC, at all times, conducts its operations as economically, efficiently and effectively as possible, with full regard to BBSRC's Royal Charter, the relevant statutory provisions and to relevant guidance in Government Accounting.
41. Council is responsible for ensuring that BBSRC does not exceed its powers or functions, whether defined in statute or otherwise, or through any limitations on its authority to incur expenditure. Council is normally advised on these matters by the Chief Executive.

Annual Report and Accounts

42. As part of its responsibilities for the stewardship of public funds, Council must ensure that BBSRC includes a full statement of the use of such resources in its Annual Report and Accounts. Such accounts are prepared in accordance with the Accounts Direction issued by BIS and such other guidance as may be issued, from time to time, by BIS and HM Treasury.
43. The Annual Report and Accounts should provide a full description of BBSRC's activities, state the extent to which key strategic objectives and agreed financial and other performance targets have been met; list the names of current Council members and senior staff; and provide details of remuneration of Council members and senior staff in accordance with HM Treasury guidance. The Annual Report should also contain information on access to registers of interests.

Role of the Chief Executive

44. The Chief Executive has responsibility for the overall organisation, management, and staffing of BBSRC and for its procedures in financial and other matters, including conduct and discipline. This involves the promotion by leadership and example of the values embodied in the [Seven Principles of Public Life](#). Council members should support the Chief Executive in undertaking this responsibility.
45. The Chief Executive has been designated the BBSRC Accounting Officer and is responsible to Parliament and BIS for the resources under his/her control. The essence of the role is a personal responsibility for the propriety and regularity of the public finances for which he/she is answerable; for the keeping of proper accounts; for prudent and economical administration; for the avoidance of waste and extravagance; and for the efficient and effective use of all the resources in his/her charge. The Accounting Officer has a responsibility to see that appropriate advice is tendered to Council on all these matters. Satisfactory performance of these responsibilities is fundamental to the role of the Chief Executive.
46. More detailed guidance on the role of an accounting officer is set out in the Management Statement and Financial Memorandum ([Annex A](#)) which covers appearances before the Committee of Public Accounts of the House of Commons.

Audit Board

47. Council should establish an Audit Board ([Annex E](#)) to oversee BBSRC's arrangements for internal audit. In most cases it will be appropriate for the Board to be chaired by a member of Council, other than the Chair, who has experience of financial matters. The Audit Board should meet regularly and report to Council on the adequacy of BBSRC's internal financial control systems and any major issues raised by the external auditors. The Accounting Officer will normally attend all meetings of the Audit Board unless, exceptionally, his/her own performance is being discussed.
48. Council should ensure that BBSRC operates an effective system of risk management. This should include:
 - identifying key strategic, operational and financial risks;
 - assessing the possible effects that the identified risks could have on BBSRC;
 - agreeing on and implementing appropriate responses to the identified risks;
 - putting in place a framework of assurance from different sources to show that risk management processes are working effectively;
 - reporting publicly on the effectiveness of the risk management through, for example, an annual statement on internal control including, where necessary, an action plan to tackle any significant issues;
 - making it clear that Council carries ultimate responsibility for the risk management system.

Council as Employer

49. Council should ensure that BBSRC complies with all relevant employment legislation, employs suitably qualified staff, in particular in areas where high-level professional expertise is required, who will discharge their responsibilities in accordance with the high standards expected of all staff employed by public bodies, and that all staff understand BBSRC's main aims and objectives, its corporate strategy and the internal management and control systems that relate to their work.
50. Council should also ensure that its members and BBSRC staff have access to expert advice and suitable training opportunities which they may require in order to exercise their responsibilities effectively.
51. Council should ensure that BBSRC's rules for the recruitment and management of staff provide for the appointment and advancement on merit on the basis of equal opportunity for all applicants and staff, and that BBSRC adopts rules of conduct for its staff which encourage propriety and good management practices that use resources in the most economical, efficient and effective manner. In filling senior staff appointments, Council should satisfy itself that an adequate field of qualified candidates is considered, and should always consider the merits of open competition.
52. Council has adopted a code of conduct for its staff using the model issued for NDPBs by the Cabinet Office (Office of Public Service) in August 1996. The [Employment Code](#) covers arrangements enabling members of staff to raise concerns about propriety with a nominated official or Council member in the first instance and subsequently, if necessary, with a nominated official in the sponsor department ([Employment Code Appendix A12d.1](#)). There should be safeguards to prevent conflicts of interests when staff leave.
53. Council has a responsibility to monitor the performance of the Chief Executive and other senior staff. Where the terms and conditions of employment of the Chief Executive and other senior staff include an entitlement to be considered for performance-related pay, and where such payments are assessed by Council members, Council should ensure that they have access to the information and advice required to make the necessary judgements. A Remuneration Board composed of four Council members and chaired by the Council Chair deals with these issues.
54. Council should be informed of any issued relating to the management of BBSRC staff that could impact on BBSRC's reputation/performance.

Gifts and Material Hospitality

55. Council members are reminded that there may be occasions where the acceptance of gifts and material hospitality may be in conflict with their appointment. While in the majority of cases acceptance or provision of gifts and hospitality may not be significant, there will always be the instance which may attract disproportionate amount of attention either from the research community, the public in general, or the press.

56. Acceptance of gifts and hospitality can also raise concerns of regularity and propriety, which could be seen to compromise personal judgement or integrity. This is particularly relevant where decisions are being taken or recommendations made on BBSRC funding. Members who have concerns that their acceptance of some form of hospitality may be in conflict with their appointment should declare as such to the Chair (also see Conflicts of Interest, [paragraphs 23 – 32](#)).

Confidentiality

57. All Council papers and correspondence are marked Using the BBSRC Protective Marking scheme (which aligns with the [Government Protective Marking Scheme](#)) and normally will be marked PROTECT-MGMT or PROTECT-POLICY.
58. There will be occasions when a higher security classification is necessary. In these instances, papers and correspondence will have additional protective markings such as PROTECT-LOCSEN and/or PROTECT-COMMERCIAL. Members must respect such classification by not disclosing or discussing the content or nature of the papers to anyone other than those whom they know to have officially received the same documents.
59. Any information that is not already publicly available and that does not bear a protective marking should be treated as implicitly confidential and handled appropriately. Council members who receive information knowing it to be confidential are legally bound to its provider, not because they have signed any confidentiality agreements but because they received it knowing it to be confidential. This places a duty of responsibility on recipients which they cannot avoid.
60. Council members should observe the requirement for confidentiality and are asked to keep papers that come to them in their official capacity secure and, when their term of office has come to an end, to make sure that all papers are returned or destroyed.
61. Members who chair Council Boards may receive advice from the BBSRC Executive in the form of written briefing in advance of meetings. Any such briefing materials are provided in confidence solely for the purposes of those meetings and should either be collected by the Secretariat or destroyed immediately after the meeting.

Freedom of Information

62. Under the Freedom of Information Act 2000, anyone can request to see or receive copies of information from a public authority. As an NDPB, BBSRC must comply with the requirements of this legislation.
63. There are three types of legislation that relate to the right of access to information <http://www.bbsrc.ac.uk/organisation/policies/position/foi/bbsrc-and-foi.aspx>:

Freedom of Information Act which provides general right to anyone regarding access to information held by public authorities

Environmental Information Regulations which provide access to information specifically relating to the environment

Data Protection Act which protects information relating to individuals and ensures that information is held, processed and released according to the data protection principles. The Data Protection Act overrides both the Freedom of Information Act and the Environmental Information Regulations

BBSRC Structures

64. Further details of all BBSRC's Boards, Panels and Committees can be found in the [BBSRC Handbook for Council, Board, Panel and Committee Members](#).



MANAGEMENT STATEMENT

AGREED BETWEEN

THE OFFICE OF SCIENCE AND

TECHNOLOGY IN THE

DEPARTMENT OF TRADE AND

INDUSTRY AND THE BIOTECHNOLOGY

AND BIOLOGICAL SCIENCES

RESEARCH COUNCIL

AUGUST 2005

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I. INTRODUCTION

This document

1. This Management Statement, which comes into force on the date when it has been signed by both parties or 1 April 2005, whichever is the later, and its associated Financial Memorandum have been drawn up by the Office of Science and Technology in the Department of Trade and Industry “the Department” in consultation with the executive NDPB the Biotechnology and Biological Sciences Research Council (BBSRC), of Polaris House, Swindon. The document is based on a model prepared by the Treasury. In this document the “Secretary of State” is the Secretary of State for Trade and Industry and “the Council” is the Biotechnology and Biological Sciences Research Council. The Secretary of State has overall responsibility for the affairs of the Department. Responsibility for the Council’s activities rests with the members of the governing body including the Chief Executive in his/her role as accounting officer. It is recognised that in practice many of the activities are delegated and that most are dealt with at least in the first instance by staff members led for the Secretary of State by the DGRC and for the Council by its Chief Executive. A glossary of terms used with which some readers may not be familiar is at Annex 1.

2. Subject to the legislation and Royal Charter noted below, at paragraph 10, the Management Statement and associated Financial Memorandum sets out the broad framework within which the Council will operate, in particular:
 - the overall strategic priorities of the Government for the science base and the Council’s overall aims, mission, objectives and targets (section II);
 - the relationship between the Council and the other Research Councils and their mechanisms for working together within the Research Councils UK partnership (paragraph 26);
 - the relationships, responsibilities and accountability of the key people in the Council and the Department (section III);
 - the relationship between the Council’s Strategic Plan and Delivery Plan and targets, the ten year strategy (paragraph 17), the Secretary of State’s overall strategic priorities for the science base, the Department’s current PSA and, in so far as they are relevant, any wider strategic aims (section IV);
 - the rules and guidelines relevant to the exercise of the Council’s functions, duties and powers;
 - the conditions under which any public funds are paid to the Council;
 - the performance management regime for the Council (paragraphs 24, 27, 32, 35, 39, 49, 61, 66-69).

- the circumstances in which matters may need to be referred to the Department outside the presentation of the Strategic and Delivery Plans and Supply Estimates or under the other terms of this Management Statement are described in annex 9.
3. The Management Statement and Financial Memorandum do not convey any legal powers or responsibilities.
 4. The associated Financial Memorandum sets out in greater detail certain aspects of the financial provisions which the Council shall observe.
 5. Both documents shall be periodically reviewed by the Department with regard to the overall review programme for NDPBs referred to in section VII below.
 6. The Council or the Secretary of State may propose amendments at any time. Any such proposals by the Council shall be considered in the light of evolving departmental policy aims, operational factors and the track record of the Council itself. The guiding principle shall be that the extent of flexibility and freedom given to the Council shall reflect both its operational needs and the quality of its internal controls. The Secretary of State shall determine what changes, if any, are to be incorporated in the document. Legislative and Royal Charter provisions shall take precedence over any part of the document. Significant variations to the document shall be cleared with the Treasury or Cabinet Office as appropriate. The definition of “significant” will be determined by the Department in consultation with the Treasury/Cabinet Office.
 - 7 Both documents are to be signed and dated by the Department and the Council.
 8. Any question regarding the interpretation of the documents shall be resolved by the Department after consultation with the Council and, as necessary, with the Treasury and/or the Cabinet Office.
 9. Copies of both documents and any subsequent substantive amendments shall be placed in the Libraries of both Houses of Parliament. Copies shall also be made available to members of the public on the Council’s website.

Founding legislation; status

10. The Council is established by virtue of an Order in Council under the Science and Technology Act 1965 as a body incorporated by Royal Charter. The constitution of the Council is set out in its Charter, though the provisions to provide returns, reports and accounts are set out in the Act. The Council does not carry out its functions on behalf of the Crown.

The functions, duties and powers of the Council

11. The Supplemental Charter for the Council approved to have effect from 21st July 2003 is attached at Annex 2. The main functions duties and powers are set out in the objects of the Council at Article 2.

Classification

12. For policy/administrative purposes the Council is classified as an executive non-departmental public body.
13. For national accounts purposes the Council is classified to the central government sector.
14. References to the Council include all its subsidiaries and joint ventures that are classified to the public sector for national accounts purposes. If such a subsidiary or joint venture is created, there shall be a document setting out the arrangements between it and the Council (see also the Financial Memorandum, paragraph 58). The Council does not have any subsidiaries, joint ventures or other similar bodies which are effectively controlled by the Council. Annex 3 shows the institutes sponsored by BBSRC. These institutes are companies limited by guarantee and registered charities. Their articles of association set out the role that BBSRC plays in their governance, which includes the power to appoint a majority of the members of their Boards.

II. AIMS, MISSION, OBJECTIVES AND TARGETS

Aims of the Government's policies for investment in research and postgraduate training

15. The Government's policies for investment in research and postgraduate training in science, technology, the arts, humanities and in innovation are aimed at delivering a range of benefits both economically, in terms of wealth creation, and more widely across society. The advancement of knowledge and understanding in those areas contributes to improvements in areas such as the creative output of the nation, health, the environment, quality of life and the effectiveness of public services. The success of its policies for the pursuit and use of science, technology, the arts and humanities, relies on the continuing good health of the research base. The overall purpose of public funding of the Council, and the other Research Councils, is to enable them to respond to these policies now and, as they continue to develop, in the future.
16. Within the scope of its Charter, the Council, together with the Higher Education Funding Councils and the Department of Education (Northern Ireland), contributes to the health of the publicly funded research and postgraduate training capacity of the science and engineering base and thus contributes to competitiveness and quality of life in the United Kingdom. The Council is expected to determine and implement strategies and plans which will meet the Government's policy objectives using its best endeavours to

identify and pursue opportunities for mutually beneficial joint working with any one or more of the other Research Councils.

Science and innovation investment framework 2004-2014 (“the ten year strategy”)

17. This paper sets out the Government’s long-term investment framework for British science, technology and innovation over the decade from 2004-2014. An important aim of this strategy is to increase UK R&D investment as a proportion of national income from 1.9 per cent to 2.5 per cent over the period. This paper also sets out an agenda for increasing business-university collaboration to create more routes to bring new skills into businesses and to bring new ideas successfully to the market place. It also sets out plans to drive up the number of skilled scientists and engineers; to put the science base on a sound financial footing through better financial management and investment in infrastructure; to support business R&D and to make the best use of research across Government.

Overall strategic priorities for the Science Base

18. The policies and the related overall strategic priorities for the science base, and decisions on the amount of grant in aid allocated to the Council are the responsibility of the Secretary of State. Details of these priorities and funding decisions, and the rationale behind them, are set out in a ‘Science Budget’ allocations booklet (which is published after the outcome of each spending review). The allocations booklet also sets out the strategy and plans that the Council will address with these funds in the upcoming period. This shall be reflected in the Council’s Delivery Plan (paragraph 59). The detailed allocation of resources to the Council is set out in an annual allocation letter.
19. As a result, public investment in the activities of the Council contributes to Department’s PSA target for science and innovation. The current PSA target is at Annex 4.

Research independence

20. Though the Secretary of State sets overall strategic priorities for the science base, the day to day decisions on the scientific merits of different strategies, programmes and projects are taken by the Council without Government involvement.

The Council’s Mission

21. The Council shall maintain a statement of its Mission that shall be consistent with its Charter and any guidance from the Department regarding the Council’s expected contribution to the delivery of Government policy. The Council’s Mission is at annex 5.

Development of strategy and plans

22. In developing and implementing its Strategic and Delivery Plans (see section IV) the Council is expected to:
- employ mechanisms to ensure the high quality, sustainability, relevance and impact of the programmes of research that it funds;
 - provide a lead in ensuring that research training is closely related to the needs of potential employers and to develop the policies to supply highly qualified scientists and engineers within their specialisms in response to the needs of higher education, industry, the public service and the economy;
 - promote knowledge transfer across the whole range of its portfolio and, where appropriate, work with partners to provide support schemes;
 - enhance public awareness of the outcomes from and priorities for publicly funded research and engage in dialogue with the public on these and related issues.
23. The Council shall have regard to the policy that the Department and all the Research Councils are committed to the greatest possible economy, efficiency and effectiveness in the administration and management of programmes in order to minimise administrative and management costs and to maximise the funds available for research, postgraduate training, knowledge transfer and public engagement.

Objectives and key targets

24. The Department determines the Council's performance management system in consultation with the Council. Deliverables, milestones, targets and metrics will be agreed and set for the Council so that the benefits from investment of public funds by the Council can be tracked and reported (see section IV).

Joint (OST/RCUK) Group for Strategy (Joint Strategy Group – "JSG")

25. The Council will work together with the OST and other members of the JSG: the DGRC, as chair, the other Council Chief Executives, the Head of Management Unit of OST/SEBG and by invitation the Chief Scientific Adviser, the Director General of Innovation and the Chief Executives of the Funding Councils; under the following terms of reference:

to assist RCUK and OST in the development of strategy for research and science in the context of the wider Government science and innovation policy;

to provide a means whereby RCUK can provide advice to Government from its own knowledge of its user community; and

to discuss allocations to Research Councils and delivery of the Science Budget objectives.

Research Councils UK

26. The Council will work together with the seven other Research Councils in partnership as Research Councils UK (RCUK) in support of the Government's overall aims for investment in arts and humanities research, science, technology and innovation. Research Councils UK has been created to enhance the collective leadership and influence of the Research Council and to encourage cross-Council collaboration both at strategic and operational levels. The mission and aims of Research councils UK are shown at Annex 6. The Research Councils UK partnership is led by the Executive Group, which comprises all of the Research Council's Chief Executives and is chaired by one of their number elected on an annual basis. As a member of Research Councils UK the Council will:

- increase the influence of the Research Councils by contributing to collective dialogue with Government and other stakeholders, especially the universities, business and other major research funders and the EU;
- continue to identify, promote and support multidisciplinary research and training;
- contribute to the development and delivery of joint activities to deliver more effective and efficient services for the research community and increase the Council's administrative effectiveness;
- contribute to the development and execution of RCUK Delivery Plans.

III. RESPONSIBILITIES AND ACCOUNTABILITY

The Department

The Secretary of State

27. The Secretary of State is accountable to Parliament for the activities and performance of the Council. His/her responsibilities include:

- determining the policy and performance framework within which the Council will operate;
- approving the overall strategic priorities for the science base, plans and funding allocations for the Science Budget which together set the context for the development of the Council's Strategic and Delivery Plans;
- keeping Parliament informed about the Council's performance;

- approving the amount of grant-in-aid/grant/other funds to be paid to the Council, and securing Parliamentary approval;
- making appointments to the Council's governing body, including that of the Chief Executive, in accordance with article 4 of the Council's Charter;
- carrying out the other responsibilities specified in the Council's Charter (Annex 2) and the Science and Technology Act 1965.

The Accounting Officer

28. The Principal Accounting Officer of the Department is accountable to Parliament for the issue of grant-in-aid to the Council. He/she is responsible to the Secretary of State for the allocation of the Department's resources and for the establishment of the conditions attached to the Council's funding. He/she designates the Chief Executive of the Council as the Council's Accounting Officer in a formal letter, and may withdraw the accounting officer designation if he/she believes that it is in the public interest to do so or if he/she concludes that the incumbent is no longer a fit person to carry out the responsibilities of an NDPB accounting officer.
29. The responsibilities of a department's Principal Accounting Officer are set out in more detail in the annex to Chapter 4 of Government Accounting.
30. In particular the Principal Accounting Officer of the Department shall ensure that:
- the Council's Strategic and Delivery Plans support the ten year strategy, the Secretary of State's overall strategic plans for the science base, the Department's current science PSA and, in so far as they are relevant, any wider strategic aims;
 - the financial and other management controls applied by the Department to the Council are appropriate and sufficient to safeguard public funds and for ensuring that the Council's compliance with those controls is effectively monitored. ("Public funds" include not only any funds granted to the Council by Parliament but also any other funds generated by approved activities or otherwise falling within the stewardship of the Council);
 - the internal controls applied by the Council conform to the requirements of regularity, propriety and good financial management;
 - grant-in-aid to the Council is within the ambit and the amount of the Request for Resources and that Parliamentary authority has been sought and given.

The Director General of Research Councils (“DGRC”)

31. The DGRC, in consultation as necessary with the Principal Accounting Officer, and supported by the sponsor team (paragraph 34), is the primary source of advice to the Secretary of State on the discharge of his/her responsibilities in respect of the Council, and the primary point of contact for the Council in dealing with the Department except where it has been agreed that the RCUK Executive Group and any of its working groups shall lead on an issue.
32. The DGRC is responsible for supporting the Secretary of State in securing the successful and high-quality operation of the Council in pursuit of its Charter objects and Mission and for advising the Secretary of State and the Principal Accounting Officer in pursuance of their responsibilities in respect of the Council. The functions of the DGRC, supported by the sponsor team include:
 - helping the Council set its Mission, Strategic Plan and Delivery Plan within the wider framework of Government support for the arts and humanities, science, innovation and technology;
 - advising the Secretary of State on the Council's activities, on the resources needed by the Council and on the distribution of the Science Budget;
 - advising the Secretary of State and the Principal Accounting Officer on matters concerning economy, effectiveness, efficiency and propriety in the use of the Science Budget;
 - monitoring the Council's financial position and receiving and acting on information provided by the Council under this Management Statement and Financial Memorandum;
 - ensuring that the Council has appropriate performance management and monitoring arrangements in respect of its Strategic and Delivery Plans and Scorecard and that it provides the Department with comprehensive reports on performance, including variances from expected performance and the reasons for this and remedial action taken, in a timely manner ;
 - agreeing with the Council's Chair and Chief Executive the latter's objectives each year and chairing the remuneration committee, which considers the salary and performance bonus of the Chief Executive and makes recommendations to the Principal Accounting Officer;
 - ensuring that the Council's Chair and Chief Executive are briefed on all relevant policy developments and current issues;
 - representing the Secretary of State at meetings of the Council's governing body from time to time;
 - chairing the Joint Strategy Group (paragraph 25).

33. The DGRC may take whatever steps he/she considers necessary, working with the Chair, Chief Executive and other Council employees, to discharge these responsibilities.

The sponsor team (“the team”)

34. Within the Department, the Science and Engineering Base Group is the sponsor team for the Council. The team shall carry out its duties under the direction of the DGRC. A member of the team, usually at Director level, shall be invited to attend all meetings of the Council’s governing body as an observer and shall be sent the agenda and papers beforehand and shall receive a copy of the full minutes.

35. The team shall advise the DGRC and the Secretary of State and where appropriate provide feedback to the Council on:

- whether the Council’s Strategic and Delivery Plans with their objectives and targets reflect the ten year strategy, the Secretary of State’s overall strategic priorities for the science base, the Department’s current PSA and, in so far as they are relevant, any wider strategic aims;
- an appropriate budget for the Council in the light of the most recent Science Budget settlement;
- how well the Council is achieving its deliverables, dealing with any significant variations from its plans and whether it is delivering its Mission and Charter Objects.

36. In support of the Principal Accounting Officer, the DGRC and the team shall:

on performance and risk management (see also the ‘Risk management’ section of the Financial Memorandum, paragraph 12 on) -

- monitor the Council’s activities on a continuing basis through an adequate and timely flow of information from the Council on performance, budgeting, control and risk management, including, where these raise matters that are likely to have to be referred to the Department or raise concerns that the Principal Accounting Officer should be aware of, early sight of: the annual report of the Research Councils Internal Audit Service (RCIAS) or other appointed internal auditor to the Council, the Chief Executive’s Statement on Internal Control and internal and external auditors' reports;
- require that the Council has a structured corporate governance process for assessing, mitigating and recording risk and that a summary report on risk activity is sent to OST each quarter;

- reserve the right to attend Audit Board meetings when performance and risk management matters that are giving cause for concern are to be considered;
- address in a timely manner any significant problems arising in the Council, whether financial or otherwise, strengthen monitoring arrangements accordingly; propose amendments to the Management Statement where necessary and make such appropriate interventions in the affairs of the Council as the Department judges necessary taking due care to consider the impact on the Council's corporate governance systems;

on communication with the Council (either Chair, members, Chief Executive or other employees as appropriate)–

- inform the Council of relevant Government policy in a timely manner; advise on the interpretation of that policy; and issue specific guidance to the Council as necessary;
- provide feedback to and raise concerns about the activities of the Council, and require explanations and assurances from the Council that appropriate action has been taken;
- ensure that the Council is provided with a timely considered response to its requests.

The Council

The governing body of Council members

37. The Role of the Council is to pursue its Charter objects, acting within the terms of its Charter and any guidance and direction from the Department. The governing body should decide on all issues of major importance, principally issues of corporate strategy, key strategic objectives and deliverables, key decisions involving the direction of its support for the biotechnology and biological sciences, advice to Government on important research issues within its field and the use of resources and personnel issues, including key appointments. Responsibility for implementing the decisions of the governing body is delegated to the Chief Executive who is the Accounting Officer of the Council (paragraph 48).
38. In accordance with Article 4 of the Charter, Council Members are appointed by the Secretary of State who sets their remuneration. Expenses are reimbursed in line with the Council's Expenses Code. The Council's governing body consists of a Chair (paragraph 41) Chief Executive and Deputy Chair and between 10 and 18 other members. It includes members from academia, industry and Government. At least half of the members are appointed by reason of their qualifications in science or engineering. Appointments are made in accordance with the Code of the Commissioner for Public Appointments. Council members should be able to

reflect and express authoritatively the perspective and views of their research or user community or provide other relevant expertise while contributing corporately to the Council's successful pursuit of its Mission.

39. Council members as the governing body have corporate responsibility for ensuring that the Council fulfils the objects of its Charter taking account of the aims and objectives set by the Secretary of State, in particular the overall strategic priorities for the science base and objectives for the Council in the allocations booklet, and for promoting the efficient and effective use of staff and other resources by the Council. To this end, and in pursuit of its wider corporate responsibilities, and with the support of their staff as appropriate, and recognising the role of the Chief Executive as Accounting Officer, the Council members shall:
- advise on new scientific opportunities, scientific direction and user needs;
 - establish, within the policy and resources framework determined by the Secretary of State: the Mission and Strategic Plan and approve the Delivery Plan of the Council, which together shall cover the strategy, disposition of resources and key performance indicators and targets in respect of the Council's programmes of support for research, training, knowledge transfer and public engagement with research in pursuit of its Royal Charter objectives;
 - ensure that action is taken to inform the Secretary of State, the DGRC and the Sponsor Team as appropriate of: any changes which are likely to impact on the delivery of the Strategic and Delivery Plans of the Council, significant variances and remedial action taken in respect of those plans and the attainability of its deliverables, milestones and targets. Then to ensure that the Chief Executive is arranging that the necessary corrective steps are taken;
 - satisfy themselves that any statutory or administrative requirements for the use of public funds are complied with; that the Council operates within the limits of its Royal Charter and any delegated authority agreed with the Department, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, the Council takes into account guidance issued by the Department;
 - require that they receive and review regular financial information concerning the management and performance of the Council, are informed in a timely manner about any concerns about the activities of the Council and that positive assurance is given to the Department that appropriate action has been taken on such concerns;
 - ensure both that the Council's views are reflected in the pursuit of the Research Councils UK objectives and that they are informed of the collective views of the Research Councils UK Executive Group and

the conclusions of the Joint Strategy Group and any implications for the work of the Council (see also paragraph 50);

- maintain high standards of corporate governance at all times, including by making use of the independent audit committee (paragraph 72) to help them to address the key financial and other risks facing the Council.
40. Individual Council members shall act in accordance with their wider responsibility as Members of the Council to:
- comply at all times with the Code of Practice (paragraph 46) that is adopted by the Council 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, or seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations;
 - comply with the Council's rules on the acceptance of gifts and hospitality, and of business appointments;
 - act in good faith and in the best interests of the Council.

The Chair of the Council

41. The Chair is appointed by the Secretary of State under article 4 of the Charter for an initial period of up to four years. The Chair is appointed in a part time, non-executive capacity and acts as custodian of the Council's Charter objects and Mission with overall responsibility for the governance and direction of the Council. The appointment is made in accordance with the Code of Practice issued by the Commissioner for Public Appointments and with the approval of the Prime Minister.
42. The Chair is formally responsible to the Secretary of State, but works closely with the DGRC, as the Secretary of State's principal adviser on science base matters including the Research Councils, who should be his or her normal point of contact.
43. The Chair has a particular leadership responsibility on the following matters:
- ensuring that the Council contributes to the development of the Secretary of State's overall strategic priorities for the science base;
 - ensuring that the Council's own Strategic and Delivery Plans are fully in accord with the Secretary of State's agreed overall strategic priorities for the science base;

- ensuring that the Council’s governing body, in reaching decisions, takes proper account of any guidance that may be provided by the Department;
 - ensuring that the Council takes account of the views of all its stakeholders;
 - ensuring that the Council’s governing body is provided with regular reports on the delivery of the Council’s agreed Strategic Plan and Delivery Plan and related objectives and targets;
 - encouraging high standards of propriety and ensuring that the affairs of the Council’s governing body, its committees, its boards and other sub-groups, are conducted with probity;
 - together with the Chief Executive:
 - (a) promoting the effective recruitment, retention and development of staff and efficient use of other resources;
 - (b) representing the views of the Council to the general public.
44. The Chair shall meet the Minister for Science together with the DGRC and Chief Executive annually to discuss the Council’s strategy, priorities and delivery performance. He/she shall also meet regularly with the DGRC to ensure that he/she is informed of the Department’s views on all relevant science and operational policy and other matters relating to the work of the Council and to give him/her the opportunity to brief the DGRC on Council matters within his/her responsibility;
45. With respect to appointments the Chair shall:
- advise the Secretary of State of the needs of the Council’s governing body when vacancies arise, with a view to ensuring a proper balance of members from the academic and user communities and government and ensuring that there is an appropriate mix of skills and experience including in corporate governance and financial matters;
 - chair the Appointments Committee charged with recommending candidates for appointment as new members of the Council to the Secretary of State. The members of the Committee shall include a Director from the sponsor team and independent assessor membership in accordance with the requirements of the Code of Practice of the Commissioner for Public Appointments;
 - ensure that all members of the Council, when taking up office, are fully briefed on the terms of their appointment and on their duties, rights and responsibilities, and receive appropriate induction training, including on the financial management and reporting requirements of public

sector bodies and on any differences which may exist between private and public sector practice;

- in line with the Code of Practice of the Commissioner for Public Appointments and the Cabinet Office Guidance ‘Making and Managing Appointments’, regularly assess the performance of Council members and as necessary provide the Department with an assessment of their performance, for example when they are being considered for re-appointment to the Council.
46. The Chair shall also ensure that a Code of Practice for Council Members is maintained, based on the Cabinet Office’s model Code of Practice for Board Members of Public Bodies. The Code shall commit the Chair and other Council Members to the Nolan seven principles of public life, and shall include a requirement for a comprehensive and publicly available register of Council Members’ interests.
47. The Chair shall work with the DGRC to ensure that performance objectives are set for the Chief Executive for each year, the appointment term or other relevant period. The Chair shall contribute to in-year and final performance appraisal against those objectives.

The Chief Executive

48. The Chief Executive is a member and Deputy Chair of the Council’s governing body. Under the Charter his/her full title is ‘Chief Executive and Deputy Chair’. He/she is appointed by the Secretary of State for Trade and Industry under the terms of article 4 of the Council’s Royal Charter and is the Council’s most senior officer. The Chief Executive is responsible to the governing body for the overall direction and management of Council staff and other resources. The key roles are:
- to provide leadership both in relation to scientific research and in the direction and management of the Council and to develop dialogue and partnerships with its research and user communities and related national and international organizations to inform the development of strategy;
 - to develop proposals for both the Strategic and Delivery Plans and to lead the implementation of a programme of work to deliver the Council’s agreed plans; and
 - to act as the Accounting Officer for the Council responsible for the effective, safe and efficient operation of the Council, according to the objects in its Charter, guidance from the Department and the decisions of Council. This role is described more fully in Annex 7.
49. Communications between the Council and the Secretary of State and the DGRC shall, except for the annual meeting involving the Chair (paragraph 44), normally be through the Chief Executive. The Chief Executive shall

ensure that the other Council members, particularly the Chair, are kept informed of such communications. The Chief Executive shall ensure that the information necessary for effective monitoring of performance under the Strategy and Delivery plans is supplied both to the governing body and to the DGRC and sponsor team in a timely manner. Any such information should highlight areas that are deviating from the original plans and give reasons for this and the remedial action taken.

50. The Chief Executive is a member of the Joint Strategy Group (paragraph 25) and the Research Councils UK Executive Group (paragraph 26) where he/she is responsible for ensuring both that the Council's views are reflected in the pursuit of the Research Councils UK objectives and for ensuring that the Council is informed of the collective views of both groups and any implications for the work of the Council. This role also entails representing and promoting RCUK interests internally and externally and championing major RCUK projects.
51. The Chief Executive is accountable and responsible for the oversight of any research units, institutes or establishments controlled or sponsored by the Council. This includes a responsibility to ensure proper maintenance of the infrastructure of these establishments. He/she is the line manager of the Directors and heads of all such entities and is responsible for assessing their performance on an annual basis.
52. The Chief Executive's role as Consolidation Officer for Whole of Government Accounts is described and his/her role as Principal Officer for Ombudsman cases is described at Annex 8.
53. The Chief Executive may delegate the day-to-day administration of his/her Accounting Officer and Consolidation Officer responsibilities to other employees of the Council. However, he/she shall not assign absolutely to any other person any of the responsibilities set out in his/her appointment letters, this document or the associated Financial Memorandum.

IV. PLANNING, BUDGETING, CONTROL, PERFORMANCE MANAGEMENT AND INTERNAL AUDIT

The Strategic Plan

54. The Strategic Plan sets out the strategic and scientific priorities of the Council covering typically five years ahead (see also paragraph 22). It should reflect the Department's Public Service Agreement target/s, the ten year strategy (paragraph 17), the overall strategic priorities of the Secretary of State for the science base and consultation with stakeholders.
55. The Strategic Plan should respond to major changes of Government policy and objectives for the science base. A new plan shall normally be prepared every two Spending Review periods or at such other interval as may be agreed with the sponsor team. The Council shall agree a timetable for its preparation with

the team. The Council shall co-operate with relevant other Councils to allow for co-ordination in consultation with their stakeholders and alignment of initiatives and investments that run across Councils and co-ordinate its activities accordingly.

56. The Council is free to set additional strategic objectives to those of the Secretary of State where these are appropriate to the delivery of their Charter objects and Mission in the longer term and might reasonably be expected to be within the future resources available to the Council. It is recognised that some aspects, particularly large facilities (paragraph 63), will require continuity of purpose beyond a single spending review and allocation of funding cycle and the intention is for longer-term strategic objectives to reflect this. Such objectives should however have regard to the ten year strategy.
57. The Chief Executive following consultation with the Chair, DGRC and sponsor team shall have agreed the issues to be addressed in the Strategic Plan in advance. These should include:
 - the Council's objectives in its Royal Charter, its Mission and the policy context in which it operates including the RCUK partnership;
 - details of the Council's stakeholders and how their requirements are being addressed;
 - the Council's corporate objectives and strategies to achieve them with particular reference to its priorities for use of the science budget;
 - critical factors bearing on the Council's success in achieving its objectives;
 - key issues including the use of resources (particularly large facilities (paragraph 63));
 - the ten year strategy (paragraph 17).
58. The Chief Executive shall as far as practicable consult with all the Councils stakeholders and take account of relevant other Research Council and international activities. The Chief Executive shall submit to the sponsor team a draft of the proposed new plan for the purposes of consultation with Ministers prior to publication and making it available on the internet.

The Delivery Plan

59. The Department shall notify the Council of the timescale for the submission of a new Delivery Plan at the beginning of each Spending Review settlement allocation process. The Council shall submit to the Department a draft of the Council's Delivery Plan covering three years activities consistent with this timescale, and addressing any issues specified by the Department. The final version of the Plan shall be agreed before the start of the first financial year of the new spending period. Where significant changes to the plan are proposed the revised version should be discussed with the Department.
60. The Delivery Plan should reflect:
- the Council's statutory duties and, within those duties the priorities set from time to time by the Secretary of State;
- the ten year strategy (paragraph 17);
- the Council's own strategy (paragraphs 39, 54);
- the agreed post Spending Review PSA delivery strategy, demonstrating how the Council contributes to the achievement of the Department's research and innovation PSA target:
- the science budget allocation to the Council.
61. The Delivery Plan and Scorecard shall set out:
- the Council's plans and associated deliverables, milestones and targets, as agreed with the DGRC, and its strategy for achieving them;
 - other matters as agreed between the Department and the Council.
62. Where cross-Council activity is planned the other Council/s should be mentioned and the plans, deliverables, milestones and targets should be complementary.
63. Any programme that involves the acquisition, construction or significant modification of large facilities (those that are or could be included in the Large Facilities Strategic Road Map) should have those aspects described. (See also paragraphs 38 to 44 of the Financial Memorandum)
64. The financial information should have regard to the specific requirements stated in the Financial Memorandum and any related guidance from the sponsor team.

Publication of plans and reports

65. Subject to any commercial or other confidentiality considerations the Strategic and Delivery Plans and related Scorecard and the Output Framework and the Delivery Report (paragraph 68) shall be published and made available on the Council's web site. The Council shall also publish an annual report and accounts (See also paragraphs 78 to 81).

Reporting performance to the Department

66. The principal documents will be those comprising the "Performance Management System": the Delivery Plan (paragraph 59 above); the "Scorecard" setting out the related deliverables agreed with the sponsor team for the delivery plan period, with their accompanying targets and milestones; and the "output Framework" comprising the metrics agreed with the sponsor team that will be used to assess the longer-term impact of the Council's programmes. The Council shall operate management information and accounting systems which enable it to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in its agreed Delivery Plan and Scorecard. It shall also ensure that systems are in place to collect the required metrics data in respect of the Output Framework.
67. The Council shall take the initiative in informing the Department of significant changes in external conditions which make the achievement of its deliverables more or less difficult, or which may require a change to the budget or objectives set out in the delivery plan.
68. The Council's performance in helping to deliver the Secretary of State's policies, including the achievement of agreed deliverables, milestones and targets and any significant actual or expected variances from them, shall be reported to the Department on a regular basis agreed with the sponsor team. Performance will be formally reviewed at agreed intervals by the sponsor team. By the end of June after the end of each financial year the Council shall publish a "Delivery Report" on its delivery performance for that year in respect of the relevant Delivery Plan and Scorecard. The Report shall also include the latest available Output Framework data. It will reflect any guidance from the sponsor team and should be shown to them in draft at least a week before the intended publication date.
69. The Council's performance against key deliverables and targets shall be reported in the Council's annual report and accounts (paragraph 78 and 81).

Budgeting procedures

70. The budgeting procedures that the Council must comply with are set out in the Financial Memorandum.

Internal audit

71. The Council shall establish and maintain arrangements for internal audit in accordance with the Treasury's Government Internal Audit Standards (GIAS). The Council shall consult the Department to ensure that the latter is satisfied with the competence and qualifications of the Head of Internal Audit and the requirements for approving appointment in accordance with GIAS paragraph 5.2.
72. The Council's governing body shall set up an independent audit committee as a committee of the Council in accordance with the Cabinet Office's Guidance on Codes of Practice for Public Bodies and the Treasury's Audit Committee guidance. The terms of reference of the committee shall be submitted to the sponsor team for approval.
73. The Council shall arrange for periodic quality reviews of its internal audit in accordance with the GIAS. The Department shall consider whether it can rely on these reviews to provide assurance on the quality of internal audit. The Department reserves a right of access to carry out independent reviews of internal audit in the Council.
74. The Department's Internal Audit Service shall also have a right of access, through the Council, to all documents prepared by the Council's internal auditor, including where the service is contracted out. The audit strategy, periodic audit plans and annual audit report, including the Council's Internal Auditor's opinion on risk management, control and governance shall be forwarded as soon as possible to the sponsor team who shall consult the Head of Internal Audit as appropriate.
75. The Council's Internal Auditors shall have access to all relevant records and will provide an annual report to the Council's Audit Committee, which the Council shall in turn provide to the sponsor team.
76. In addition, the Chief Executive shall forward to the sponsor team an annual report on fraud and theft suffered by the Council; notify any unusual or major incidents as soon as possible; and notify any changes to internal audit's terms of reference, the audit committee's terms of reference or the Council's Fraud Policy and Fraud Response Plan (see also paragraph 14. of the Financial Memorandum).

Additional Departmental access to the Council

77. In addition to the right of access referred to in paragraph 75 above, the sponsor team shall have a right of access to all the Council's records and personnel for purposes such as sponsorship audits or operational investigations.

V. EXTERNAL ACCOUNTABILITY

The Annual Report and Accounts

78. After the end of each financial year the Council shall, in accordance with the requirements of the Science and Technology Act 1965 and the requirements referred to in the following sections, provide an annual report of its activities together with its audited annual accounts. The report shall also cover the activities of any corporate bodies under the control of the Council (including a reference, if relevant, to where the full report and accounts of the body/ies can be obtained). An early draft of the report shall be submitted to the sponsor team for comment. The final proposed report will be submitted for clearance by Ministers at least two weeks before the proposed laying and publication date.
79. The report and accounts shall comply with: the Cabinet Office document 'Next Steps Agencies, Trading Funds and Non-Departmental Public Bodies – Guidance on Annual Reports'; Treasury document 'Executive Non-Departmental Public Bodies: Annual Reports and Accounts Guidance', The Stationery Office's Official Publications Guidance and the reports and accounts guidance from the House of Commons Journal Office. The accounts shall be prepared in accordance with the relevant statutes and the Accounts Direction issued by the Department.
80. The report and accounts shall reflect the Council's performance against its key deliverables and targets (paragraphs 66 to 69) and other objectives, including the Secretary of State's overall strategic priorities for the science base, and will outline the Council's main activities and performance during the previous financial year and set out in summary form the Council's forward plans. Information on performance against key financial targets shall be included in the notes to the accounts, and shall therefore be within the scope of the audit. The report and accounts shall refer to and complement the Delivery Report (paragraph 68).
81. The report and accounts shall be published as a combined document and laid before Parliament before the summer recess or such other date as shall be agreed with the sponsor team, in accordance with the guidance on the procedures for presenting and laying the combined annual report and accounts as prescribed in Chapter 13 of the NDPB Annual Reports and Accounts Guidance. This guidance is updated every year.

External audit

82. The Comptroller and Auditor General (C&AG) or a body appointed by him/her audits the Council's annual accounts (see paragraph 85). For the purpose of audit the C&AG has a statutory right of access to relevant documents as provided for in the Government Resources and Accounts Act 2000, including by virtue of any Order made under section 25(8) of that Act. (See also paragraph 50. of the Financial Memorandum).

83. The C&AG has agreed to consult the Department and the Council on who - the NAO or a commercial auditor - shall undertake the actual audit on his behalf. The final decision rests with the C&AG.
84. The C&AG has agreed to share with sponsor Departments information identified during the audit process and the audit report (together with any other outputs) at the end of the audit. The sponsor team shall ensure that any issues arising from the audit have already been notified and discussed with the Council. The sharing shall apply, in particular, to issues which impact on the Department's responsibilities in relation to financial systems within the Council. The C&AG has also agreed, where asked, to provide Departments and other relevant bodies with Regulatory Compliance Reports and other similar reports which Departments may request at the commencement of the audit and which are compatible with the independent auditor's role.

Value for money (VFM) examinations

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

VI. STAFF MANAGEMENT

86. Within the arrangements approved by the Secretary of State and the Treasury and in accordance with its Royal Charter, the Council members shall, with the exception of the Chief Executive who is appointed on the order of the Secretary of State, have ultimate responsibility for the appointment of staff and their recruitment, retention and motivation. These responsibilities shall for the most part be exercised by the Chief Executive who shall ensure that:
- the Council's rules for the recruitment and management of staff create an inclusive culture in which diversity is fully valued and where appointment and advancement is based on merit;
 - the level and structure of the Council's staffing, including grading and numbers of staff, is appropriate to its functions and the requirements of effectiveness, efficiency, flexibility and economy;
 - the agreement of the sponsor team is sought for the creation of any additional posts at the most senior management level (band 1), but not including new appointments to staff below Director level or individual merit promotions for staff, and shall provide JESP and/or JEGS or other agreed assessment evidence and evidence as to the overall

disposition of band 1 staff and their immediate reports, that the requirement for and grading of the proposed post is justified;

- the terms of the delegated authority over pay and grading for staff are observed;
- the Council submits its proposed pay remit and any allied changes in conditions of service and grading arrangements to the sponsor team and the Department's Pay Policy Section for approval by the Secretary of State before any formal negotiations take place;
- the performance of staff at all levels is effectively assessed and appropriate development plans are put in place, these performance measurement systems being reviewed from time to time;
- 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;
- staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve the Council's objectives.

Pay and conditions of service

87. The staff of the Council, whether on permanent or temporary contract, shall be subject to levels of remuneration and terms and conditions of service (including superannuation) approved by the Secretary of State. The Council has delegated authority over pay terms and conditions within the terms of the authority granted by the Secretary of State.
88. The Council is required to operate a staff code based on the Cabinet Office document *Model Code for Staff of Executive Non-Departmental Public Bodies*, which sets out the terms and conditions for the staff of the Council. The Council shall provide OST on request with a current copy of the code.
89. The Council shall operate a performance-related pay scheme, which shall form part of the general pay structure approved by the Secretary of State and the Treasury.

Pensions; redundancy/compensation

90. The Council's staff shall normally be eligible for a pension provided by:
 - the Research Councils' Pension Scheme (RCPS) which operates by analogy to the PCSPS (Principal Civil Service Pension Scheme). The Council shall pay an actuarially assessed employer's contribution to the

scheme based on its current payroll. Employees may also pay a contribution. The balance of funding shall be provided by OST grant-in-aid; or

- a Partnership Pension Account which is also available to new_staff based on the portable Stakeholder pension. This is a defined contribution scheme.
91. Staff may opt out of the occupational pension scheme provided by the Council. However, the employer's contribution to any personal pension arrangement, including a stakeholder pension, shall normally be limited to the national insurance rebate level.
 92. The Council's staff are also eligible for redundancy/compensation. These shall be on terms determined by the Council with the approval of the Department. Proposed severance payments must comply with DAO(GEN) 04/02. Redundancy and injury benefits are outside the scope of the RCPS and are provided under separate staff agreements funded and accounted for by the Council.
 93. Any proposal by the Council to move from the principles of the existing pension, redundancy and compensation arrangements, requires the approval of the Department and consent of the Treasury and Cabinet Office.

VII. REVIEWING THE ROLE OF THE COUNCIL

94. The Council shall be reviewed in line with the Department's overall review programme for NDPB's.

SIGNATORIES

Signature

Date

JS Neilson

16 August 2005

.....

JOHN NEILSON

Head, Science and Engineering Base Group, Office of Science and Technology (on behalf of the Secretary of State).

Signature

Date

Julia M Goodfellow

28th July 2005

.....

JULIA GOODFELLOW

CHIEF EXECUTIVE OF THE BIOTECHNOLOGY AND BIOLOGICAL SCIENCES RESEARCH COUNCIL (on behalf of the Council's Governing Body and as Accounting Officer).

Annex 1

Glossary of terms

The Act – the Science and Technology Act 1965

The Allocations Booklet – the booklet which gives an account of the Government’s plans for the science base and Science Budget following a Spending Review

Annual Report and Accounts – the combined Report and Accounts of the Council produced each year to meet the requirement of Section 2 (2) of the Act and the Treasury guidance.

C&AG – Comptroller and Auditor General and Head of the NAO

Chair – the Chair of the Council

The Charter – the Royal Charter of the Council

The Chief Executive – the Chief Executive of the Council

The Council – the Biotechnology and Biological Sciences Research Council, being the Royal Charter incorporated body, its members and appointed officers and other employees for the time being

The Council’s Accounting Officer – the Chief Executive of the Council

The Council Strategic Plan – the current strategy document of the Council

The Delivery Unit – the Prime Minister’s Delivery Unit located in No 10 Downing Street

DGRC – the Director General of Research Councils

The Department – the Department of Trade and Industry

Joint (OST/RCUK) Group for Strategy – Joint Strategy Group – a forum chaired by the DGRC, for discussion of matters within its terms of reference – see paragraph 25.

Large Facilities Strategic Road Map - see paragraph 43 of the Financial Memorandum

Mission – the Mission Statement of the Council reflecting its Charter objects

NAO – the National Audit Office

The Delivery Plan – the Council’s plans and targets in respect of the delivery of its objectives in the Spending Review period

The Delivery Report – the Council’s annual report on its delivery of its deliverables in the last financial year. *OST* – the Office of Science and Technology

Output framework – the metrics agreed with the sponsor team that will be used to assess the longer-term impact of the Council’s policies and programmes

The Permanent Secretary – the Permanent Secretary of the Department of Trade and Industry

The Principal Accounting Officer – the Permanent Secretary

PSA target – one of the public service agreement targets that the Department has agreed with the Treasury and the Delivery Unit.

Research Councils UK – a partnership comprising the Council and the other Research Councils – see annex 6.

RCUK Executive Group – the group that leads the Research Councils UK partnership.

The Science Budget – the vote of funds to the Department to fund science

Scientific staff – those staff who are engaged in scientific research (not those who are scientifically qualified but who are no longer directly involved with research).

SEBG – the Science and Engineering Base Group in the OST

Science base – the research and postgraduate training capacity of higher education institutions and the institutes, centers and surveys operated by the Research Councils, together with the central facilities in the UK and overseas that are available for use by UK-based researchers through funding from the Councils.

Scorecard – the deliverables (with accompanying targets and milestones) agreed with the sponsor team for the Delivery Plan period

Secretary of State – the Secretary of State for Trade and Industry

Spending Review – the bi-annual process through which the Government decides on the allocation of funding including to the Science Budget

The sponsor team/the team – the staff within SEBG dealing with sponsorship of the Council

Ten year strategy – the Government's science and innovation framework for 2004 – 2014 (see paragraph 17)

Annex 2

BIOTECHNOLOGY AND BIOLOGICAL SCIENCES RESEARCH COUNCIL (BBSRC) – SUPPLEMENTAL CHARTER JULY 2003

ELIZABETH THE SECOND by the Grace of God of the United Kingdom of Great Britain and Northern Ireland and of Our other Realms and Territories Queen, Head of the Commonwealth, Defender of the Faith:

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETING!

WHEREAS We did by Royal Charter dated the sixteenth day of December 1993 (hereinafter referred to as “the Original Charter”) constitute a body corporate to be known as “The Biotechnology and Biological Sciences Research Council” (hereinafter referred to as “the Council”) for promoting and supporting research into biological systems and related matters:

AND WHEREAS it has been represented unto Us that, following a Quinquennial Review of the Council and its activities, it is expedient for the better execution of the purposes of the Science and Technology Act 1965, and of the objects of the Council, to grant a Supplemental Charter to the Council:

NOW THEREFORE Know Ye that We, by virtue of Our Prerogative Royal and of all other powers enabling Us so to do, have of Our especial grace, certain knowledge and mere motion granted and declared and do by these Presents for Us, Our Heirs and Successors, grant and declare as follows:

1. With the exception of Article 1, the provisions of the Original Charter are hereby revoked without affecting anything lawfully done under such Charter.
2. (1) The objects for which the Council is established and incorporated are:
 - (a) to promote and support, by any means, high-quality basic, strategic and applied research and related post-graduate training relating to the understanding and exploitation of biological systems;
 - (b) to advance knowledge and technology (including the promotion and support of the exploitation of research outcomes), and provide trained scientists and engineers, which meet the needs of users and beneficiaries (including the agriculture, bioprocessing, chemical, food, healthcare, pharmaceutical and other biotechnological-related industries), thereby contributing to the economic competitiveness of Our United Kingdom and the quality of life;
 - (c) in relation to the activities as engaged in by the Council under (a) and (b) above and in such manner as the Council may see fit:
 - (i.) to generate public awareness;
 - (ii.) to communicate research outcomes;
 - (iii.) to encourage public engagement and dialogue;

- (iv.) to disseminate knowledge; and
 - (v.) to provide advice.
- (2) The Council may pursue its objects in Our United Kingdom of Great Britain and Northern Ireland or elsewhere.
- (3) Without prejudice to the fulfilment of the objects for which the Council is established and incorporated, in pursuing its objects, the Council shall use its best endeavours to identify and pursue opportunities for mutually beneficial joint working with any one or more of the other Research Councils.
3. All moneys and property howsoever received by the Council, including any moneys voted by Parliament, shall be applied solely towards the promotion of the objects of the Council and no portion thereof (except as otherwise provided in this Our Supplemental Charter) shall be paid or transferred directly or indirectly to the members thereof.
4. (1) The Council shall consist of a Chair, a Chief Executive and Deputy Chair, and not less than ten nor more than eighteen other members, at least half of whom shall be appointed by reason of their qualifications in science or engineering.
- (2) Subject to the provisions of paragraph (3) of this Article, the Chair, the Chief Executive and Deputy Chair, and the other members shall be appointed and the terms of their appointment or the revocation of any appointment determined by Our Secretary of State.
- (3) (a) Before appointing any member, including the Chair and the Chief Executive and Deputy Chair, on account of his qualifications in science or engineering, Our Secretary of State shall consult the President for the time being of Our Royal Society or of Our Royal Academy of Engineering as Our Secretary of State shall see fit.
- (b) Before appointing any member, including the Chair and the Chief Executive and Deputy Chair, Our Secretary of State shall consult the Chair for the time being of the Council, who may consult other members of the Council as he shall see fit.
- (3) Every member, including the Chair and the Chief Executive and Deputy Chair, shall hold and vacate his office solely in accordance with the terms of his appointment, and shall, on the expiry of his term of appointment, be eligible for re-appointment but
- (a) ***a member shall not be appointed for a term of more than four years;***
 - (b) a member who is re-appointed on ceasing to be a member shall not again be eligible for re-appointment before the expiration of one year from the end of the period for which he is re-appointed: provided that this sub-paragraph shall not apply to a person appointed to serve as Chair or Chief Executive and Deputy Chair

- or to a person who is a civil servant or who is employed by a Research Council;
- (c) a member may at any time by notice in writing to Our Secretary of State resign his office; and
 - (d) any member who is also employed as a civil servant or who is also employed by a Research Council shall hold his office only so long as he is so employed.
- (4) Except as provided in paragraph (7) of this Article, the Council shall in the case of any such member as Our Secretary of State may determine
- (a) pay to him such remuneration and allowances as may be so determined in his case; and
 - (b) pay to or in respect of him such pension, allowance or gratuity on his retirement or death, or make such payments towards provision for such a pension, allowance or gratuity, as may be so determined in his case.
- (5) If a person ceases to be a member of the Council otherwise than on the expiration of his term of office, and it appears to Our Secretary of State that there are special circumstances which make it right that that person should receive compensation, the Council shall make to that person a payment of such amount as Our Secretary of State may determine.
- (6) The Council shall not in any circumstances or at any time make to or in respect of any person in his capacity as a member of the Council any payment of any kind whatsoever for or in respect of any period when he is also a member of the House of Commons, the Scottish Parliament, the National Assembly for Wales or the Northern Ireland Assembly (when so constituted), other than a payment by way of reimbursement to him of actual out of pocket expenses previously and necessarily incurred by him in the performance of his duties as such member of the Council.
- (7) The provisions of paragraphs (5) and (6) of this Article shall not apply to a member who is an officer of a Department of Our Government.
5. (1) The Council may act notwithstanding a vacancy among the members thereof and the validity of any proceedings of the Council shall not be affected by any defect in the appointment of a member thereof.
- (2) The quorum of the Council shall be six members personally present or such greater number as the Council may from time to time determine.
6. Subject to the provisions of this Our Supplemental Charter the Council may regulate its own procedure.
7. (1) The Council may appoint Committees to exercise, or advise it on the exercise of, any of its functions and may

- (a) appoint to any such Committee persons who are not members of the Council; and
 - (b) at any time revoke the appointment of any member of any such Committee.
 - (2) Where the Council appoints to any such Committee any person who is not a member of the Council it may, with the approval of Our Secretary of State, pay to that person such remuneration and allowances as may be so determined in his case, but Article 4(7) of this Our Supplemental Charter shall apply to any such person as though he were a member of the Council.
- 8.
- (1) The Council may appoint such officers and take into their employment such other persons as the Council may determine.
 - (2) The Council may
 - (a) pay to its officers and to other persons employed by them such remuneration and allowances as the Council may, with the approval of Our Secretary of State, from time to time determine; and
 - (b) as regards any officers or other persons employed by the Council or by any institution or department of an institution which is supported by the Council by grants made under the provisions of Article 2(1) of this Our Supplemental Charter, in whose case it may be determined by the Council with the approval of Our Secretary of State so to do, pay to or in respect of them such pensions and other benefits or compensation (including gratuities), or provide and maintain for them such pension, benefit or compensation schemes (whether contributory or not) as may be so determined.
 - (3) Where the holder of an office or employment, whether with the Council or with institutions or departments of institutions which it supports by the making of grants under the terms of Article 2(1) of this Our Supplemental Charter, being a participant in any pension, benefit or compensation scheme applicable to the office or employment, is or becomes a member of the Council he may be treated for the purposes of the pension, benefit or compensation scheme as if his service as a member of the Council were service in an office or employment with the Council, and his rights under the scheme shall not be affected by any provision of this Our Supplemental Charter which requires that pensions, allowances, gratuities, benefits, compensation or payment towards the provision of them payable in the case of members of the Council shall be determined by Our Secretary of State .
9. The application of the Seal of Council shall be authenticated by the signatures of the Chair, or of some other member of the Council authorised

generally or especially by the Council to act for that purpose, and of one of such officers of the Council as may be so authorised by the Council so to act.

10. The Council may by resolution in that behalf passed at a meeting of the Council by a majority of not less than three-quarters of the members present and voting (being an absolute majority of the whole number of the members of the Council) add to, amend or revoke any of the provisions of this Our Supplemental Charter, and such addition, amendment or revocation, when allowed by Us Our Heirs or Successors in Council, shall become effectual, so that this Our Supplemental Charter shall thenceforward continue and operate as though it had been originally granted and made accordingly: and this provision shall apply to this Our Supplemental Charter, as added to, amended or revoked in manner aforesaid.
11. In this Our Supplemental Charter references to Our Secretary of State are to Our Secretary of State for Trade and Industry, references to Research Councils are to Research Councils within the meaning of the Science and Technology Act 1965, and words importing the masculine gender shall include the feminine.
12. This Our Supplemental Charter shall have effect from 21st July 2003.

IN WITNESS whereof We have caused these Our Letters to be made Patent.

WITNESS Ourselves at Westminster the day of in the year of Our Reign.

BY WARRANT UNDER THE QUEEN'S SIGN MANUAL

Annex 3

BBSRC Sponsored Institutes

Babraham Institute
Institute for Animal Health
Institute of Food Research
Institute of Grassland and Environmental Research
John Innes Centre
Rothamsted Research
Roslin Institute
Silsoe Research Institute

Annex 4

Extract from the DTI Public Service Agreement targets for 2005-2008

PSA 2: Improve the relative international performance of the UK research base and increase the overall innovation performance of the UK economy, making continued progress to 2008, including through effective knowledge transfer amongst universities, research institutions and business.

Notes

This target will be reviewed as part of each Spending Review. Any new target will supersede this one once the period to which it relates commences.

The PSA target is reflected in the science budget strategic objectives which are set out in the 'Science Budget' for the relevant period.

Annex 5

The Mission of the Council

To promote and support, by any means, high-quality basic, strategic and applied research and related post-graduate training relating to the understanding and exploitation of biological systems.

To advance knowledge and technology (including the promotion and support of the exploitation of research outcomes), and provide trained scientists and engineers, which meet the needs of users and beneficiaries (including the agriculture, bioprocessing, chemical, food, healthcare, pharmaceutical and other biotechnological related industries), thereby contributing to the economic competitiveness of the United Kingdom and the quality of life.

In relation to the activities as engaged in by the Council and in such manner as the Council may see fit to:

- Generate public awareness
- Communicate research outcomes
- Encourage public engagement and dialogue
- Disseminate knowledge
- Provide advice

Annex 6

RESEARCH COUNCILS UK – MISSION AND AIMS

What RCUK is

1. Research Councils UK (RCUK) is a strategic partnership between the eight UK Research Councils. RCUK operates UK-wide and its interests run across all the sciences, engineering, technology, social sciences and the arts and humanities. Through RCUK, the Research Councils are working together to enhance the overall impact and effectiveness of their research, training and knowledge transfer activities. In doing this, RCUK works alongside other funders and OST to support the excellent researchers in the UK science base. It is also revitalising its interface with those in business and the public sector, who will make use of this work in due course, so that RCUK can deliver the best possible investments for the economy and society.

RCUK Mission/Vision statement

2. RCUK's mission is to optimise the ways that Research Councils work together to deliver their goals, to enhance the overall performance and impact of UK research, training and knowledge transfer and to be recognised by academia, business and government for excellence in research sponsorship.

Aims of RCUK

3. The overall aim of RCUK is for the success of the UK Research Councils, the impact they have and the ways they work to be recognised around the world.
4. RCUK aims specifically:
 - to increase the collective visibility, leadership and influence of the Research Councils for the benefit of the UK;
 - to provide a framework within which the overall portfolio of research supported by the research councils can be shaped to maximise the excellence and impact of UK research, and help to ensure that the UK gets the best value for money from its investment;
 - to ensure joined up operations between the Research Councils wherever that is appropriate to achieve its goals and to improve services to the communities it sponsors and works with.

RCUK will:

Develop and communicate frameworks and strategies that are of value to stakeholders in describing Research Council activities, demonstrating where and how they are delivering and engaging them positively in their implementation;

- Be pro-active in influencing the future direction and shape of the UK and international research base;
- Provide an effective focus for collective, strategic dialogue between the Research Councils, and between the Councils and their stakeholders, especially universities, business, other major funders and the EU;
- Provide, on key issues, an effective common point of access to Research Councils for outside organisations, stakeholders and others;
- Embed joint working amongst the Research Councils in terms of adopting common processes and integrated operations through a defined programme of activities.

Annex 7

The Chief Executive's role as Accounting Officer

1. The Chief Executive of the Council is designated as the Council's Accounting Officer by the Principal Accounting Officer of the Department.
2. The Accounting Officer of the Council is personally responsible for safeguarding the public funds for which he/she has charge; for ensuring propriety and regularity in the handling of those public funds; and for the day-to-day operations and management of the Council.
3. As Accounting Officer the Chief Executive shall exercise the following responsibilities in particular:

on planning and monitoring -

- establish, in agreement with the Council and the Department, the Council's Strategic and Delivery Plans and related Scorecard in the light of the Secretary of State's overall strategic priorities for the science base, the Department's current PSA and any relevant wider strategic aims;
- in conformance with the requirements agreed with the DGRC and the sponsor team, to inform the Department of the Council's progress in delivering those Strategic and Delivery plans and in demonstrating how resources are being used to achieve the agreed objectives;
- ensure that timely forecasts and monitoring information on performance and finance are provided to the sponsor team; that the sponsor team is notified promptly if overspends or underspends are likely and that corrective action is taken; and that any significant problems, whether financial or otherwise, and whether detected by internal audit or by other means, are notified to the sponsor team in a timely fashion;

on advising the Council -

- advise the Council on the discharge of its responsibilities as set out in this document, in the Charter, in the allocations booklet, in the post spending review allocations of funds letter and in any other relevant instructions and guidance that may be issued from time to time;
- advise the Council on its performance compared with its Strategic and Delivery Plans and Scorecard;
- ensure that financial considerations are taken fully into account by the Council at all stages in reaching and executing its decisions, and that standard financial appraisal techniques are followed as far as this is practical;

- take action as set out in paragraphs 14-18 of the NDPB Accounting Officer Memorandum if the Council, or its Chair, is 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 prudent or economical administration or efficiency or effectiveness;

on managing risk and resources (see also the 'Risk Management section of the Financial Memorandum at paragraph 12 on) -

- ensure that a system of risk management is maintained to inform decisions on financial and operational planning and to assist in achieving objectives, deliverables, milestones and targets;
- ensure that an effective system of programme and project management and contract management is maintained;
- ensure that all public funds made available to the Council [including any approved income or other receipts] are used for the purpose intended by Parliament, and that such moneys, together with the Council's assets, equipment and staff, are used economically, efficiently and effectively;
- ensure that adequate internal management and financial controls are maintained by the Council, including effective measures against fraud and theft;
- maintain a comprehensive system of internal delegated authorities which are notified to all staff, together with a system for regularly reviewing compliance with these delegations;
- ensure that effective personnel management policies are maintained;

on accounting for the NDPB's activities -

- sign the accounts and be responsible for ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by the Secretary of State;
- sign a Statement of Accounting Officer's responsibilities, for inclusion in the annual report and accounts;
- sign a Statement on Internal Control regarding the Council's system of internal control, for inclusion in the annual report and accounts;
- ensure that effective procedures for handling complaints about the Council are established and made widely known within the Council and with its stakeholders and customers;

- act in accordance with the terms of this document and with the instructions and guidance in *Government Accounting* and other instructions and guidance issued from time to time by the Department, the Treasury and the Cabinet Office - in particular, the Treasury documents *The Responsibilities of an NDPB Accounting Officer* and *Regularity and Propriety*, both of which the Chief Executive shall receive on appointment. The attached Financial Memorandum refers to other key guidance at paragraph 79;
 - give evidence, normally with the Principal Accounting Officer, when summoned to appear before the Committee of Public Accounts on the use and stewardship of public funds by the Council.
4. The Chief Executive shall comply with any applicable recommendations made by the Committee of Public Accounts or other Parliamentary authorities as accepted by HM Government and with such administrative and financial practices applicable to expenditure of public funds as the Secretary of State requires.

Annex 8

The Chief Executive's role as Consolidation Officer

1. For the purposes of Whole of Government Accounts the Chief Executive of an NDPB is normally appointed by the Treasury as the NDPB's Consolidation Officer.
2. As the Council's Consolidation Officer, the Chief Executive shall be personally responsible for preparing the consolidation information that sets out the financial results and position of the Council, for arranging for its audit and for sending the information and the audit report to the Principal Consolidation Officer nominated by the Treasury.
3. As Consolidation Officer the Chief Executive shall comply with the requirements of the Consolidation Officer Memorandum and shall, in particular:
 - ensure that the Council has in place and maintains sets of accounting records that will provide the necessary information for the consolidation process;
 - prepare the consolidation information (including the relevant accounting and disclosure requirements and all relevant consolidation adjustments) in accordance with the consolidation instructions and directions ["Dear Consolidation Officer" (DCO) and "Dear Consolidation Manager" (DCM) letters] issued by the Treasury on the form, manner and timetable for the delivery of such information.

The Chief Executive's role as Principal Officer for Ombudsman cases

4. The Chief Executive is the Principal Officer for handling cases involving the Parliamentary Commissioner for Administration. As Principal Officer he/she shall inform the Permanent Secretary of any complaints about the Council accepted by the Ombudsman for investigation, that have not been routed to the Council via the Permanent Secretary, and about the Council's proposed response to any subsequent recommendations from the Parliamentary Ombudsman.

Annex 9

REFERENCE TO THE OST BY THE COUNCIL

1. Required references include:
 - matters in which the Ministers have declared an interest;
 - matters which formally commit a Minister or the Government;
 - matters which require Ministerial reference to Parliament (eg proposals implying amendment to the Science and Technology Act 1965);
 - any question regarding the interpretation of this document (paragraph 8)
 - early sight of the internal audit report (paragraphs 36, 74)
 - any changes which are likely to have significant impact on the delivery of the Strategic and Delivery Plans (paragraph 39)
 - proposals to fill Council vacancies (paragraph 45)
 - the timing of and issues to be addressed in the Strategic and Delivery Plans and Scorecard (paragraphs 55, 57, 59)
 - any changes in external conditions which make the achievement of objectives and deliverables more difficult and which may impact on its budget or the Delivery Plan and Scorecard (paragraph 67)
 - regular reports on the achievement of its objectives (paragraph 68)
 - capital investment projects requiring expenditure from Science Budget funds that exceed the limit in the Financial Memorandum at paragraph 40 and appendix A (joint reference with any other Research Councils involved required).
 - other expenditure proposals which exceed the limits of delegated authority (set out in the Financial Memorandum at appendix A);
 - appointment of the head of internal audit (paragraph 71); changes to the terms of reference of the internal audit service or the Council's Fraud Policy and Fraud Response Plan (paragraph 76); and the terms of reference for the Council's Audit Committee (paragraph 72);
 - the annual report to the audit committee (paragraph 75) and an annual report on fraud and theft (paragraph 76).
 - an early draft of the annual report (paragraph 78)
 - proposed indemnities, other contingent liabilities other than in the normal course of business, and insurance undertakings as described in the Financial Memorandum at paragraphs 46 and 62;
 - issues of propriety and other matters involving deviations from the guidance in Government Accounting;
 - the creation of certain posts (paragraph 86);
 - the award of PFI contracts;
 - variations or modifications to pay, grading or conditions of service judged to be at variance with approved arrangements.

2. There will be other instances where, for the smooth and effective working of the partnership between the OST and the Council, the OST needs to be aware

of a course of action the Council proposes taking or where, notwithstanding delegated authority, it would be advisable for the Council to consult or seek the OST's agreement to the proposed action. It is for the Council to decide whether to make reference to OST and the basis (prior information or approval/agreement) on which the reference is to be made. The Council will have, however, proper regard to the importance of the OST having ample forewarning of sensitive issues and to the following indications of interest:

- contentious or politically sensitive matters and matters for Ministerial resolution;
- expenditure which is novel, contentious or politically sensitive;
- major departures from agreed policy or significant interactions or variances with other departmental policies (eg education, foreign policy);
- matters meriting or requiring the OST's involvement in their public presentation;
- major points of interpretation of central advice or guidance (eg investment appraisal);
- unusual levels of expenditure (in excess of 3% of gross annual expenditure) entailing significant commitment beyond the planning period, with a substantial element of financial risk or giving rise to wider expenses beyond immediate costs;
- assessment of risks or threats to systems which are crucial to the operations of the Council;
- matters which involve significant expenditure abroad or in foreign currency;
- proposals for capital projects to be implemented through PFI;
- matters where action is being taken against the Council in the Civil or Criminal Courts.

FINANCIAL MEMORANDUM

AGREED BETWEEN

THE OFFICE OF SCIENCE AND

TECHNOLOGY IN THE

DEPARTMENT OF TRADE AND

INDUSTRY AND THE BIOTECHNOLOGY

AND BIOLOGICAL SCIENCES

RESEARCH COUNCIL

AUGUST 2005

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I. INTRODUCTION

1. This Financial Memorandum is an agreement between the Office of Science and Technology of the Department of Trade and Industry (OST¹) and the Biotechnology and Biological Sciences Research Council (BBSRC) (“the Council”). It should be read in conjunction with the associated document, the Management Statement agreed between OST and the Council. The Council is classified as an executive Non-departmental Public Body. This document sets out in greater detail certain aspects of the financial framework within which the Council is required to operate. The Memorandum applies from the date of its signature by both the Council and OST or from 1 April whichever is the later.
2. The Council shall satisfy the conditions and requirements set out in this Financial Memorandum and the associated Management Statement, together with such other conditions as the Secretary of State may from time to time impose. The terms and conditions set out in these documents may be supplemented by guidelines or directions issued by the Secretary of State in respect of the exercise of any individual functions, powers and duties of the Council. In addition, the Council shall comply with the current edition of Government Accounting¹, and other relevant instructions and guidance.

II. THE COUNCIL’S INCOME AND EXPENDITURE - GENERAL

The Departmental Expenditure Limit (DEL)

3. The Council’s resource and capital expenditure forms part of the DTI’s Science Budget Resource DEL and Capital DEL respectively. The OST allocates agreed budgets to the Council as part of the Spending Review process, and agrees budgets for third-party income and related expenditure (as set out at paragraphs 25 and 26). The OST also agrees longer-term commitments with the Council, where appropriate.

Expenditure not proposed in the budget

4. The Council shall not, without prior written approval from OST, enter into any undertaking to incur any expenditure that falls outside the Council’s delegations or which is not provided for in the Council’s budget as approved by OST, or other written agreements with the OST.

Procurement.

5. The Council’s procurement policies shall comply with the guidance from the Office of Government Commerce (see also paragraph 42) and that in chapter 22 of the current edition of Government Accounting. The Council shall also ensure that it complies with any relevant EU or other international procurement rules.
6. Periodically and wherever practicable, the Council’s procurement function, and/or the Research Councils’ Procurement Organisation (RCPO) where the function is integrated into the RCPO in whole or in part, shall be benchmarked against best practice elsewhere and contracted out where this would achieve better value for money.

¹ As at 1 April 2005, Government Accounting 2000 amendment 3/03. All references to “Government Accounting” in this document shall be construed as being to that version or, when a subsequent edition is issued, to that version.

Competition

7. Contracts shall be placed on a competitive basis and tenders accepted from suppliers who provide best value for money overall, unless there are compelling reasons to the contrary.
8. The Council shall have appropriate control systems in place to authorise single tender action which shall be approved by the Council's Accounting Officer. Proposals to let single-tender or restricted contracts external to the Council shall be subject to a specified delegated authority limit of £100,000. All cases above that limit must be agreed with the DTI beforehand. Where there are Inter-Council agreements arranged by the RCPO shall be subject to the same approval, by application of the RCPO to OST. The Council shall provide OST with a report with a summary list and brief details of all such contracts within the £50,000 to £100,000 range.

Value for money

9. Procurement by the Council of works, equipment, goods and services shall be based on value for money, i.e. quality (in terms of fitness for purpose) and delivery against price. Where appropriate, a full option appraisal shall be carried out before procurement decisions are taken. Where the Council participates in a multi - Council activity, one Council shall be nominated to take the lead in carrying out the option appraisal.

Timeliness in paying bills

10. The Council shall seek to pay all matured and properly authorised invoices in accordance with the terms of contracts or within 30 days, as provided for in chapter 16. of Government Accounting. The Council shall comply with the Late Payment of Commercial Debts (Interest) Act 1998 as amended.

Novel, contentious or repercussive proposals

11. The Council shall obtain the approval of OST before:
 - incurring any expenditure for any purpose which is or might be considered novel or contentious (Government Accounting, chapter 2.4.7), and which has or could have significant future cost implications, including on staff benefits;
 - making any significant change in the scale of operation or funding of any initiative or particular scheme which under existing delegations previously approved by OST (significant change being defined as a change in budget of 10% or more with a de minimis of £ 2 millions total cost);
 - making any change of policy or practice which has wider financial implications (e.g. because it might prove repercussive (Government Accounting, chapter 32.4.7) among other public sector bodies) or which might significantly affect the future level of resources required (the Delivery Plan discussions would be one possible method of seeking such approval).

Risk management (see also paragraphs 36, 74 and annex 7 of the Management Statement)

12. The Council shall ensure that the risks it faces, are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance. The Council shall develop and maintain a risk management strategy, in accordance with the Treasury guidance: “Management of Risk: A Strategic Overview, and Government Accounting” (see ‘Risk’ at index). It shall also have regard to any guidance issued by OST.
13. The Council shall maintain and review their Risk Register on a regular basis, and prepare a Statement of Internal Control signed off by the Chief Executive of the Council (the Accounting Officer) for insertion into their Annual Accounts.
14. The Council shall adopt and implement policies and practices to safeguard itself against fraud and theft, in line with Treasury's guide - Managing the Risk of Fraud. (See also paragraph 36 and annex 7 of the Management Statement.)
15. The Council shall, in respect of Higher Education Institutions (HEIs) where it has cause for concern as to their financial standing, seek assurance from the HEI, the relevant Higher Education Funding Council and/or any other appropriate body or source.
16. In respect of bodies other than HEIs with which it intends to enter into a contract, the Council shall take all reasonable steps to appraise their financial standing having regard to the risks in each case.
17. Payments should not normally be made in advance to contractors, before equivalent value has been received in return. Any proposals to make advance payments should be considered against the advice provided in annex 16.1 to chapter 16 of Government Accounting.

Wider markets

18. In accordance with the wider markets policy and the Baker Report², the Council shall seek to maximise value to the UK economy. To this end, but at the same time ensuring that any wider markets activity is consistent with (a) the Council's main functions, and (b) its Strategic and Delivery plans as agreed with OST, the Council shall seek to optimise the commercial potential and consequently the non-Exchequer receipts from its research and other outputs.

Fees and charges

19. Fees or charges for any services supplied by the Council shall be determined in accordance with the Treasury's ‘Fees and Charges Guide’, and with the regulations made under the Freedom of Information Act 2000; and any additional OST requirements, including those flowing from policy on sustainability of research facilities.

² ‘Creating Knowledge Creating Wealth’, a report by John Baker to the Minister for Science and the Financial Secretary to the Treasury, August 1999.

III. THE COUNCIL'S INCOME

Grant-in-aid

20. Grant-in-aid, driven by resource and capital DEL, will be paid to the Council in monthly instalments, on the basis of an annual profile provided by the Council (updated as agreed with OST), based on a reconciliation to the use of resource and capital budgets. Each application shall certify that the conditions applying to the use of grant-in-aid have been observed to date, and that further grant-in-aid is now required for purposes appropriate to the Council's functions.
21. The Council should have regard to the guidance in chapter 9 of Government Accounting, that it should seek grant-in-aid according to need.
22. Cash balances accumulated during the course of the year from grant-in-aid or other Exchequer funds shall be kept at the minimum level consistent with the efficient operation of the Council. The Council should aim not to build up cash balances or net assets in excess of what is required for operational purposes. Grant-in-aid not drawn down by the end of the year shall lapse. Subject to approval by Parliament of the relevant Estimates provision, the Council will be entitled in the subsequent year to any such grant-in-aid which is required to meet any liabilities at year end, such as creditors, and in respect of cash needs resulting from EYF entitlement.

End-year flexibility (EYF)

23. OST will set firm multi-year DEL allocations as part of the Spending Review process. Any end year underspend generated by the Council, whether resource or capital, may be carried forward by the Council from one year to the next subject only to the OST's overriding need to manage the Science Budget effectively. The flexible use of any underspend is intended to facilitate the Council's effective use of resources with a view to maximising the benefit to the research base from the Science Budget. Such arrangements may be subject to the application of any ring-fence set for specific purposes. The council should have a clear strategy for the use of EYF which is consistent with: its overall financial strategy, the nature of its business and its perceived risks, and which ensures that EYF is not accumulated to levels which would call into question the Council's or OST's effective financial management.
24. OST Will:
 - Agree ahead of the first year in question, a three-year DEL allocation following the Spending Review settlement;
 - Confirm the amount of EYF within the Science Budget, when accurate information is available from HM Treasury, taking account of any reserve claims which might limit the EYF entitlement within the Science Budget as a whole, and subject to ministerial priorities; and
 - Agree, after the amount of EYF is known, the allocation to the Council.

Third party income

25. Third party income, defined as that income from sources other than the Science Budget, has the effect of being additional spending power. The requirement is that the budgets (and outturn data) for both non-science income and expenditure should be

scored on the PES Database or any successor expenditure monitoring system that HM Treasury may introduce. This third party income is normally offset against the DEL.

26. If there is any doubt about the correct classification of income, the Council shall consult OST, who will consult the Treasury as necessary.

Interest earned

27. Any interest earned by the Council on its assets shall be given the same budgeting treatment as the cost of capital charge on assets. The practical impact is that interest earned is not negative DEL and cannot be spent, and needs to be surrendered to OST. The exception to this rule is non-DEL cash and non - grant-in-aid interest.
28. The cost of capital charge on most DEL financed assets and any income from interest score as resource DEL.
29. The Council will need to obtain OST agreement to, and DEL cover for, the use of exempted interest income (defined as above) to finance additional expenditure by the Council. Any interest earned on cash balances arising from grant-in-aid or other Exchequer funds shall be treated as a receipt from an Exchequer source. Depending on the budgeting treatment of this receipt, and its impact on the Council's cash requirement, it will lead to commensurate reduction of grant-in-aid or be required to be surrendered to the Consolidated Fund via the OST.

Unforecast changes in in-year income

30. If the negative DEL income received or receivable in-year is less than estimated (classified as negative DEL), the Council shall, reduce expenditure so that the authorised budget is not exceeded.
31. If the negative DEL income received or receivable in the year is greater than estimated, the Council may apply to OST to retain the excess income for specified additional expenditure within the current financial year without an offsetting reduction to the resource budget. OST shall consider such applications, taking account of competing demands for resources, and will normally accept them. If an application is refused the resource budget and grant-in-aid shall be commensurately reduced, or the excess income shall be required to be surrendered to the Exchequer via OST. These arrangements are subject to the provisions set out in paragraphs 66-69 under the heading Disposal of assets.

Gifts and bequests received

32. The Council is free to retain any gifts, bequests or similar donations. These shall be treated as income. Donated assets do not attract a cost of capital charge, and a release from the donated assets reserve should offset depreciation in the operating cost statement.
33. Before proceeding in this way the Council shall consider if there are any associated costs in doing so or any conflicts of interests arising. The Council shall keep a written record of any such gifts, bequests and donations and of their estimated value and whether they are disposed of or retained.

Income / Receipts from the EC

34. Income from the European Union (technically the European Community), obtained by the Council, does not automatically provide additional DEL spending power for the

Borrowing

35. The Council shall observe the rules set out in Section 29.5 of Government Accounting 2000 when undertaking borrowing of any kind.
36. The Council shall seek the prior written approval of OST to ensure that it has any necessary authority and budgetary cover for any borrowing or the expenditure financed by such borrowing. Medium or long term private sector or foreign borrowing is subject to the value for money test in Government Accounting.
37. Any expenditure by the Council financed by borrowing counts in DEL.

IV. PROGRAMME AND NON-STAFF EXPENDITURE

Capital expenditure

38. Having regard to its asset base, the Council must produce a draft Capital Investment strategy by January in each year, or at such other interval as may be agreed with OST, with a final strategy completed by March (see also the need to incorporate the requirements at paragraph 65). The strategy will provide details of the asset management strategy linked to science priorities and will include the contribution from any partnerships and strategic alliances. It also needs to comply with the overall DTI Estates Management Framework (see appendix C). The strategy will provide details of the asset management strategy linked to science priorities and will include the contribution from any partnerships and strategic alliances. It also needs to comply with the overall DTI Estates Management Framework (see appendix C).
39. The strategy will contain a detailed investment plan for the following two years. A Capital investment report update showing progress against the strategy shall be issued every June.
40. Within its approved overall resource limit, and subject to paragraph 51, the Council shall, as indicated in the attached appendix A on delegations, have delegated authority to spend up to £25 million on any individual capital project or acquisition.
41. The Council may apply to OST for additional funding to support the construction of new large facilities. Any application must conform to the current guidance issued by OST. Proposals for large-scale individual capital projects or acquisitions (see paragraph 43 and 44 below) shall be considered for funding by OST and shall then be considered within the Council's delivery planning process.
42. The Council shall use the Large Facility procedures laid down by OST, in consultation with Research Councils UK (RCUK) and its members.
43. Applications for approval by OST, and if necessary the Treasury, shall be supported by formal notification that the proposed project or purchase has been examined and duly authorised by the Council's governing body.
44. Any funding granted will be subject to terms and conditions made by OST after discussion with the Council. The Council shall use the Office of Government Commerce's Gateway process to help procure large-scale individual capital projects

or acquisitions and large scientific facilities. Regular reports on the progress of projects shall be available to OST.

Transfer of funds within budgets

45. Unless financial provision is subject to specific Departmental, OST or Treasury controls (including where provision is ring-fenced for specific purposes), transfers between budgets within the total capital budget, or between budgets within the total resource budget, do not need OST approval. With the exception of Public Private Partnerships (PPP) and Private Finance Initiatives (PFI), transfers from capital to resource budgets are not permitted. Capital grants budgets are ring-fenced within resource.

Lending, guarantees, indemnities; contingent liabilities; letters of comfort

46. The Council shall not, without prior written consent from OST, lend money, charge any asset or security, give any guarantee or indemnities or letters of comfort, or incur any other contingent liability (as defined in chapter 26 of Government Accounting), whether or not in a legally binding form, otherwise than in the terms of guarantees, indemnities etc. which can be regarded as of a type given in the course of normal commercial business dealings.
47. Any financial guarantees and indemnities given by the Council must be adequately covered by existing agreed Resource and Capital budgets.

Grant, loan schemes and international subscriptions

48. The Council is empowered to give grants under the Higher Education Act 2004 and its Royal Charter for the support of projects within the scope of the objects at article 2 of the Charter. The OST must be consulted before grants are made to other than the following:-
- Higher Education Institutions (HEI)
 - Research Council Institutes
 - Public Sector Research Establishments
 - UK not for profit organisations
 - Business organisations through the LINK scheme, and through contracts to undertake work for the development of technology and other knowledge transfer.
 - Other organisations for the ‘science and society’ purposes of article 2 (c) of the Charter
 - Maintenance grants to individuals studying at HEIs
49. The Council shall not make loans without the prior approval of OST. All proposals to make a loan to a third party, whether one-off or under a scheme, shall be subject to prior approval from OST, together with the terms and conditions under which such a loan is made. If loans are to be made on a continuing basis, statutory authority may first be required and OST must be notified in sufficient time for this to be obtained.

50. The terms and conditions for grants and loans shall include a requirement on the receiving organisation to maintain appropriate financial records, and to ensure that its books and records in relation to the grant or loan are readily available for inspection by the Council and the Comptroller and Auditor General (C&AG).
51. The Council is empowered to make international subscriptions related to its research domain as set out in article 2 of its Charter. Resource and capital grants elements within the subscription should be agreed with OST.

Gifts made, write-offs, losses and other special payments

52. Proposals for making gifts or other special payments (including write-offs) outside the delegated limits set out in Appendix A to this document must have prior approval from OST.
53. Gifts to staff are subject to the requirements of DAO(GEN)13/01 and the associated Cabinet Office guidance on non-pay rewards. A record shall be kept of all gifts that are valued at £50 and above.

Leasing

54. Prior OST approval must be secured for **all** finance leases, and for all operating leases above £100,000. The Council must have capital DEL provision for finance leases, and other transactions that are in substance borrowing (paragraphs 35-36 above).
55. Before entering into any lease (including an operating lease) the Council shall carry out an investment appraisal in order to demonstrate that the lease offers better value for money than purchase.

Public Private Partnerships

56. The Council shall seek opportunities to enter into Public Private Partnerships where this would be more affordable and offer better value for money than conventional procurement. Where cash flow projections may result in delegated spending authority being breached the Council shall consult OST.
57. Any partnership, in which the Council participates, shall be accounted for in accordance with UK GAAP. Where there are linked concerns over the degree of control exercised by the Council, the Department will consult with HM Treasury (who may need to consult with the Office for National Statistics over national accounts treatment).

Subsidiary companies and joint ventures

58. The Council shall not establish subsidiary companies (either share or limited by guarantee) or joint ventures, without the express approval from OST. In judging such proposals, OST will have regard to the Department's wider strategic aims, objectives and current Public Service Agreement, the Baker Report, any other guidance on research exploitation activities, and any other existing related activity supported by public funds. Paragraph 14 of the Management Statement sets out a requirement for a document setting out the arrangements between it and the Council.
59. Any subsidiary company controlled, or joint venture owned, by the Council shall be consolidated with it in accordance with UK GAAP for public expenditure accounts purposes, subject to any particular treatment required by UK GAAP. Where there are

linked concerns over the degree of control exercised by the Council, the Department will consult with HM Treasury (who may need to consult with the Office for National Statistics over national accounts treatment). Unless specifically agreed with the Department and the Treasury, such subsidiary companies or joint ventures shall be subject to the same controls and requirements as are set out for the Council itself in this Financial Memorandum and the related Management Statement, and to the further provisions and guidance set out in supporting documentation.

Financial investments

60. The Council shall not make any investments in traded financial instruments without prior written approval from OST. Equity shares in ventures that further the objectives of the Council shall equally be subject to OST approval unless covered by a prior approval.

Unconventional financing

61. Unless otherwise agreed with OST, the Council shall not enter into any novel or unconventional financing arrangement.

Commercial insurance

62. The Council shall not take out any insurance without the prior approval from OST, other than third party insurance required by the Road Traffic Acts and any other insurance which is a statutory obligation, except Employers Liability (see paragraph 64), or which is permitted in paragraph 30.3.2 of Government Accounting , reproduced in appendix B.
63. In respect of any major loss or third-party claim not covered by commercial insurance, OST shall have a written agreement as set out in appendix B with the Council about the circumstances in which an appropriate addition to budget from the Science Budget contingency reserve can be made available. An adjustment to the Council's targets shall be considered in such an eventuality. OST compensation is subject to demonstration of adequate risk management, as set out in appendix B. The Council shall cover losses and claims in each case up to the level stated in appendix B.
64. A Certificate of Exemption for Employer's Liability Insurance has been issued to the Council by the Office of Public Service and Science, dated 31 March 2004.

V. MANAGEMENT AND DISPOSAL OF FIXED ASSETS

Register of assets

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

Disposal of assets

66. The Council shall dispose of assets that are surplus to its requirements, with due regard to paragraph 52. Marketable Assets shall be sold for best price, taking into account any costs of sale. High-value assets shall be sold by auction or competitive tender, unless otherwise agreed by OST, and in accordance with Government Accounting, chapter 24.
67. The Resource Management Arrangements (RMA) – DES/Treasury Memorandum 1989 sets out that, subject to a satisfactory internal Science and Business Case, the Council is permitted to plan the disposal of capital assets with full retention of the proceeds without any reduction to the Council's Capital Budget, without seeking case-by-case approval from OST. However, Parliamentary approval is required for larger cases, see paragraph 68. Within this framework, the proceeds should be applied to capital expenditure (subject to the accounting for the disposal of capital assets, including any surplus). The Council shall show such transactions and proposed re-

investment, where appropriate, in its Delivery Plan. OST shall receive prior notification of individual sales above £500,000. The Council should seek OST approval for retention of disposal proceeds in those individual cases that fall outside these guidelines.

68. If the Council disposes of assets which have been purchased, improved or developed with Exchequer funds and the receipts amount to more than £1 million, or where the disposal has unusual features of which Parliament should be aware, Parliamentary approval shall be secured for the receipts to be reinvested. The receipts shall therefore be surrendered to the Department which will then submit an Estimate seeking approval for the receipts to be appropriated in aid by the Department and for a corresponding increase in the Council's grant-in-aid. If the proposed new investment exceeds the Council's relevant delegated authority the Department's approval will be needed.
69. If the criteria in paragraph 67 above are not met, any income shall be dealt with in line with the rules on surplus in-year income (paragraph 31 above).

Disposal of grant-financed assets

70. Where the Council has financed expenditure on capital assets by an HEI or other third party, the Council shall make appropriate arrangements to ensure that any such assets above a net book value of £100,000 are not disposed of by the third party without the Council's prior consent.
71. The Council shall therefore ensure that such conditions are sufficient to secure the repayment of the Exchequer's due share of the proceeds of the sale, in order that funds may be surrendered to the Department, or employed otherwise for science funding as agreed.
72. The Council shall ensure that if the assets created by grants made by the Council cease to be used by the recipient of the grant for the intended purpose, a proper proportion of the value of the asset shall be repaid to the Council for surrender to the Department. The amounts recoverable under the procedures in paragraphs 70-71 above shall be calculated by reference to the best possible value of the asset and in proportion to the Exchequer's original investment(s) in the asset.

VI. BUDGETING PROCEDURES

Setting the annual budget

73. Following a Spending Review OST makes three-year allocations to the Council. These are published in the Science Budget allocations booklet. Each year, these will need to be adjusted for EYF and other agreed factors. Each year, in the light of the Council's Delivery Plan (paragraphs 59 to 64 of the Management Statement), OST will send to the Council before 1 April:
 - a formal updated statement of the annual Resource and Capital Budgets provision allocated by OST from the Science Budget. Ring-fenced or specific allocations will be notified as such by OST; and
 - a statement of any planned change in policies affecting the Council.

If there is a delay in this process, OST will issue an interim approval. OST will provide details of EYF amounts as soon as possible within the financial year.

74. The Council's approved Delivery Plan will take account both of its approved funding provisions and of any forecast income, and will include a budget of estimated expenditure and income. In parallel, OST and the Council shall agree a profile of expected expenditure and of drawdown of any OST funding and/or other income over the year. These elements will form part of the approved Delivery Plan for the year in question (paragraphs 59 to 64 of the Management Statement).

General conditions for authority to spend

75. Once the Council's budget has been approved by OST, the Council shall have authority to incur expenditure without further reference to OST, on the following conditions:
- the Council shall comply with the delegations set out in Appendix A of this document. These delegations shall not be altered without the prior agreement of OST;
 - the Council shall comply with the conditions set out in paragraph 11 above regarding novel, contentious or repercussive proposals (Government Accounting, chapter 2.4.7);
 - the Council will apply the Office of Government Commerce Gateway procedure to all relevant projects whether funded from capital or resource, in particular those of a non-routine nature;
 - the Council shall provide OST with such information about its operations, performance, individual projects or other expenditure as OST may reasonably require.

Providing financial monitoring information to OST

76. The Council shall provide OST with, as a minimum, information on a monthly basis which will enable the satisfactory monitoring by OST of:
- the Council's expenditure to date against resource and capital profiled budgets at the level of detail to be specified in advance by OST;
 - forecast outturn by resource (showing capital grants expenditure separately) and capital;
 - cash management;
 - other data required for the Government Expenditure Monitoring Systems –as defined by OST, DTI FRM and the Treasury.

VII. BANKING

Banking arrangements

77. The Chief Executive of the Council, who is the Council's Accounting Officer, is responsible for ensuring that the Council's banking arrangements are in accordance with the requirements of Government Accounting and the Treasury guidance document Departmental Banking: a Manual for Government Departments. In

particular he/she shall ensure that the arrangements safeguard public funds and are carried out efficiently, economically and effectively.

78. He/she shall therefore ensure that:

- these arrangements are suitably structured and represent value-for-money, and are reviewed at least every two years, with a comprehensive review, usually leading to competitive tendering, at least every three to five years;
- sufficient information about banking arrangements is supplied to the Principal Accounting Officer of the Department to enable the latter to satisfy his/her own responsibilities (section III of the Management Statement);
- the Council's banking arrangements shall be kept separate and distinct from those of any other person, Council or organisation;
- adequate records are maintained of the Council's Bank Accounts, and adequate facilities are available for the secure storage of cash.

VIII. COMPLIANCE WITH INSTRUCTIONS AND GUIDANCE

Relevant documents

79. The Council shall comply with the following general guidance documents:

- this document (both the Management Statement and the Financial Memorandum);
- Government Accounting, including in particular the Accounting Officer Memorandum for NDPBs (reproduced in chapter 8 of Government Accounting);
- Non-Departmental Public Bodies - a Guide for Departments (the "NDPB Guide"), issued by the Cabinet Office;
- Government Internal Audit Standards, issued by the Treasury;
- Managing the Risk of Fraud, issued by the Treasury;
- Executive NDPBs - Annual Reports and Accounts Guidance, issued by the Treasury (and the Cabinet Office and HMSO guidance on annual reporting specified in paragraph 79 of the Management Statement);
- the Fees and Charges Guide, issued by the Treasury;
- Departmental Banking: A Manual for Government Departments, issued by the Treasury;
- relevant Dear Accounting Officer letters;
- Regularity and Propriety, issued by the Treasury;
- the Consolidation Officer Memorandum, issued by the Treasury
- relevant Dear Consolidation Officer letters;

- other relevant guidance and instructions issued by the Treasury in respect of Whole of Government Accounts;
- other relevant instructions and guidance issued by the central Departments;
- specific instructions and guidance issued by OST, including 'Resource Management Arrangements (RMA)' – DES/Treasury Memorandum 1989, concerning the use of capital receipts;
- recommendations made by the Public Accounts Committee, or by other Parliamentary authority, which have been accepted by the Government and which are relevant to the Council.

IX. REVIEW OF FINANCIAL MEMORANDUM

80. This Financial Memorandum shall be periodically reviewed by the Department with regard to the overall review programme for NDPBs as provided for in section 7 of the Management Statement.
81. The Treasury will be consulted on any significant variation proposed to this Financial Memorandum and the associated Management Statement.

SIGNATORIES

Signature

Date

.....

JOHN NEILSON

Head, Science and Engineering Base Group, Office of Science and Technology (on behalf of the Secretary of State).

Signature

Date

.....

JULIA GOODFELLOW

CHIEF EXECUTIVE OF THE BIOLOGY AND BIOLOGICAL SCIENCES RESEARCH COUNCIL (on behalf of the Council and as Accounting Officer).

APPENDIX A

FINANCIAL AUTHORITY DELEGATED TO THE COUNCIL (Paragraph 75 refers)

Description	Delegated authority
Capital investment projects	£25,000,000
Gifts of obsolete ¹ stores and equipment to educational establishments	£25,000 (per item) ²
Gifts of equipment purchased from research grants, ownership of which remained vested in the Research Council.	£15,000
Gifts to employees (per employee)	£300
Gifts to outside bodies (per item)	£1,000
Employers' liability claims as a result of a court award, or where, on legal advice, it is apparent that a court would probably make such an award	£10,000
Employers' liability in all other circumstances	£2,000
Cash losses	£10,000
Asset loss / theft	£25,000
Claims waived or abandoned	£15,000
Special payments	
- Extra contractual payments and ex gratia payments to contractors	£10,000
- Other ex gratia payments	£10,000
Disposal of obsolete ¹ equipment	£25,000 ²
Acquiring property (appendix C)	1000 sqm or 5% of the total estate which ever is the lower

Notes:

General: Government Accounting, chapter 18 covers losses and special payments, and provides detailed guidance. The Council should discuss any unusual cases with OST.

¹ refers to the asset's lack of continuing use to the Council

² refers to written down book value at the date the gift/disposal is to take place, with calculation of part-years' depreciation if appropriate

EQUIVALENT OF INSURANCE OPERATED BY OST

(Paragraphs 62-64 refer)

1. The Council shall meet from its own allocation the first £750,000 of any major loss or third party claim arising from the activities of the Council (including Institutes), where the policy of not taking out commercial insurance is in force (see paragraphs 62 and 63 of the Financial Memorandum).
2. Above the threshold of £750,000, the Council shall provide OST with a written report of the circumstances in which the major loss or third party claim occurred.
3. OST will consider the circumstances, including demonstration of adequate risk management, and where appropriate, consider making available to the Council an addition to their allocation from the Science Budget contingency to meet the part or the whole of the balance of the loss or claim. In deciding what level of compensation to make available, OST will have regard to the other calls on its budgets, and specifically on its budgetary reserve. In principle, the Treasury role is insurer of last resort but this cannot be relied on as a source of compensation.
4. Government Accounting at chapter 30. sets out guidance on insurance (summarised below). The Council should apply this guidance but should discuss the approach to novel or marginal cases with OST. Specifically, any proposal to insure activities financed by the Science Budget where the insurance is not a statutory requirement should be cleared with OST.
5. In deciding whether an NDPB should insure, the underlying criterion should be cost-effectiveness subject to the following provisos:
 - Where there is a legal requirement to insure commercially, an NDPB must do so; for example, if it is required to insure to comply with the Road Traffic Acts.
 - Where an NDPB's costs are not entirely covered by a combination of Exchequer grants and receipts from fees and charges, the sponsor department should consider whether non-insurance would mean that the Exchequer might have to bear a disproportionately large share of the costs in the event of a loss or a claim from a third party (to which the other sponsor or sponsors might not be in a position to contribute). As a general rule of thumb, where the Exchequer contributes less than half of the non-fee income, an NDPB should insure commercially. (For example, if fees and charges account for 25 per cent of a body's income, with the Exchequer contributing 35 per cent and another sponsor contributing 40 per cent, the body should insure).
 - Where a body engages in an income-generation scheme to supplement the approved level of public funding, commercial insurance should be taken out to cover the risks to which the income generation activities would give rise, to the extent that the cost of any losses could not be met out of the income generated by those activities. The rationale for this requirement is that it would be wrong, as a matter of policy, for the Exchequer to shoulder the risks associated with activities designed to supplement the level of public financing.
 - Where an NDPB undertakes an operation of a mainly commercial nature and where commercial insurance would not impose an extra cost on the Exchequer or result in public money being used to purchase non-cost-effective

commercial insurance at the expense of policy objectives, and an NDPB considers there is a clear case for insuring commercially, insurance should be considered. The Treasury will be prepared to consider proposals for commercial insurance in such cases, in consultation with the sponsor department. Any such types of insurance which it is agreed an NDPB may undertake should be listed in the NDPB's financial memorandum.

APPENDIX C

THE COUNCIL'S ESTATE

1. The Council must have an Estates strategy. This should follow Office of Government Commerce guidance and include a section justifying value for money derived from those properties retained for occupational purposes, properties held for investment purposes and the management process for both. This should be reviewed annually. A copy of the Council's Estate strategy must be sent to the OST following each annual review.
2. Unless otherwise agreed with the Department prior departmental approval must be secured for all proposals to acquire property that exceed the lower of 1000sqm or 5% of the Council's total estate.
3. The delegation applies to new properties; lease renewals/extensions and the exercising of break clauses. Unless otherwise agreed all property leases outside delegation must be approved by DTI. Proposals must be supported by a business case and in relevant circumstances, a Gateway Review. Before entering into any lease the Council shall demonstrate that the lease offers better value for money than purchase.
4. All property disposals, rent reviews, lease renewals and acquisitions must be carried out in co-ordination with the Office of Government Commerce guidance.
5. The estate should be managed in accordance with all good Government practice.

BIOTECHNOLOGY AND BIOLOGICAL SCIENCES RESEARCH COUNCIL (BBSRC) – SUPPLEMENTAL CHARTER JULY 2003

ELIZABETH THE SECOND by the Grace of God of the United Kingdom of Great Britain and Northern Ireland and of Our other Realms and Territories Queen, Head of the Commonwealth, Defender of the Faith:

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETING!

WHEREAS We did by Royal Charter dated the sixteenth day of December 1993 (hereinafter referred to as “the Original Charter”) constitute a body corporate to be known as “The Biotechnology and Biological Sciences Research Council” (hereinafter referred to as “the Council”) for promoting and supporting research into biological systems and related matters:

AND WHEREAS it has been represented unto Us that, following a Quinquennial Review of the Council and its activities, it is expedient for the better execution of the purposes of the Science and Technology Act 1965, and of the objects of the Council, to grant a Supplemental Charter to the Council:

NOW THEREFORE Know Ye that We, by virtue of Our Prerogative Royal and of all other powers enabling Us so to do, have of Our especial grace, certain knowledge and mere motion granted and declared and do by these Presents for Us, Our Heirs and Successors, grant and declare as follows:

1. With the exception of Article 1, the provisions of the Original Charter are hereby revoked without affecting anything lawfully done under such Charter.

1. (1) The objects for which the Council is established and incorporated are:

- (a) to promote and support, by any means, high-quality basic, strategic and applied research and related post-graduate training relating to the understanding and exploitation of biological systems;
- (b) to advance knowledge and technology (including the promotion and support of the exploitation of research outcomes), and provide trained scientists and engineers, which meet the needs of users and beneficiaries (including the agriculture, bioprocessing, chemical, food, healthcare, pharmaceutical and other biotechnological-related industries), thereby contributing to the economic competitiveness of Our United Kingdom and the quality of life;
- (c) in relation to the activities as engaged in by the Council under (a) and (b) above and in such manner as the Council may see fit:

- (vi.) to generate public awareness;
- (vii.) to communicate research outcomes;
- (viii.) to encourage public engagement and dialogue;
- (ix.) to disseminate knowledge; and
- (x.) to provide advice.

(2) The Council may pursue its objects in Our United Kingdom of Great Britain and Northern Ireland or elsewhere.

(3) Without prejudice to the fulfilment of the objects for which the Council is established and incorporated, in pursuing its objects, the Council shall use its

best endeavours to identify and pursue opportunities for mutually beneficial joint working with any one or more of the other Research Councils.

2. All moneys and property howsoever received by the Council, including any moneys voted by Parliament, shall be applied solely towards the promotion of the objects of the Council and no portion thereof (except as otherwise provided in this Our Supplemental Charter) shall be paid or transferred directly or indirectly to the members thereof.
3. (1) The Council shall consist of a Chair, a Chief Executive and Deputy Chair, and not less than ten nor more than eighteen other members, at least half of whom shall be appointed by reason of their qualifications in science or engineering.

(4) Subject to the provisions of paragraph (3) of this Article, the Chair, the Chief Executive and Deputy Chair, and the other members shall be appointed and the terms of their appointment or the revocation of any appointment determined by Our Secretary of State.

(5) (a) Before appointing any member, including the Chair and the Chief Executive and Deputy Chair, on account of his qualifications in science or engineering, Our Secretary of State shall consult the President for the time being of Our Royal Society or of Our Royal Academy of Engineering as Our Secretary of State shall see fit.

(d) Before appointing any member, including the Chair and the Chief Executive and Deputy Chair, Our Secretary of State shall consult the Chair for the time being of the Council, who may consult other members of the Council as he shall see fit.

(8) Every member, including the Chair and the Chief Executive and Deputy Chair, shall hold and vacate his office solely in accordance with the terms of his appointment, and shall, on the expiry of his term of appointment, be eligible for re-appointment but
 - (e) *a member shall not be appointed for a term of more than four years;*
 - (f) a member who is re-appointed on ceasing to be a member shall not again be eligible for re-appointment before the expiration of one year from the end of the period for which he is re-appointed: provided that this subparagraph shall not apply to a person appointed to serve as Chair or Chief Executive and Deputy Chair or to a person who is a civil servant or who is employed by a Research Council;
 - (g) a member may at any time by notice in writing to Our Secretary of State resign his office; and
 - (h) any member who is also employed as a civil servant or who is also employed by a Research Council shall hold his office only so long as he is so employed.
- (9) Except as provided in paragraph (7) of this Article, the Council shall in the case of any such member as Our Secretary of State may determine
 - (c) pay to him such remuneration and allowances as may be so determined in his case; and
 - (d) pay to or in respect of him such pension, allowance or gratuity on his retirement or death, or make such payments towards provision for such a pension, allowance or gratuity, as may be so determined in his case.

- (10) If a person ceases to be a member of the Council otherwise than on the expiration of his term of office, and it appears to Our Secretary of State that there are special circumstances which make it right that that person should receive compensation, the Council shall make to that person a payment of such amount as Our Secretary of State may determine.
- (11) The Council shall not in any circumstances or at any time make to or in respect of any person in his capacity as a member of the Council any payment of any kind whatsoever for or in respect of any period when he is also a member of the House of Commons, the Scottish Parliament, the National Assembly for Wales or the Northern Ireland Assembly (when so constituted), other than a payment by way of reimbursement to him of actual out of pocket expenses previously and necessarily incurred by him in the performance of his duties as such member of the Council.
- (12) The provisions of paragraphs (5) and (6) of this Article shall not apply to a member who is an officer of a Department of Our Government.
4. (1) The Council may act notwithstanding a vacancy among the members thereof and the validity of any proceedings of the Council shall not be affected by any defect in the appointment of a member thereof.
(2) The quorum of the Council shall be six members personally present or such greater number as the Council may from time to time determine.
5. Subject to the provisions of this Our Supplemental Charter the Council may regulate its own procedure.
6. (1) The Council may appoint Committees to exercise, or advise it on the exercise of, any of its functions and may
- (e) appoint to any such Committee persons who are not members of the Council; and
 - (f) at any time revoke the appointment of any member of any such Committee.
- (2) Where the Council appoints to any such Committee any person who is not a member of the Council it may, with the approval of Our Secretary of State, pay to that person such remuneration and allowances as may be so determined in his case, but Article 4(7) of this Our Supplemental Charter shall apply to any such person as though he were a member of the Council.
7. (1) The Council may appoint such officers and take into their employment such other persons as the Council may determine.
- (3) The Council may
- (c) pay to its officers and to other persons employed by them such remuneration and allowances as the Council may, with the approval of Our Secretary of State, from time to time determine; and
 - (d) as regards any officers or other persons employed by the Council or by any institution or department of an institution which is supported by the Council by grants made under the provisions of Article 2(1) of this Our Supplemental Charter, in whose case it may be determined by the

Council with the approval of Our Secretary of State so to do, pay to or in respect of them such pensions and other benefits or compensation (including gratuities), or provide and maintain for them such pension, benefit or compensation schemes (whether contributory or not) as may be so determined.

- (4) Where the holder of an office or employment, whether with the Council or with institutions or departments of institutions which it supports by the making of grants under the terms of Article 2(1) of this Our Supplemental Charter, being a participant in any pension, benefit or compensation scheme applicable to the office or employment, is or becomes a member of the Council he may be treated for the purposes of the pension, benefit or compensation scheme as if his service as a member of the Council were service in an office or employment with the Council, and his rights under the scheme shall not be affected by any provision of this Our Supplemental Charter which requires that pensions, allowances, gratuities, benefits, compensation or payment towards the provision of them payable in the case of members of the Council shall be determined by Our Secretary of State .
8. The application of the Seal of Council shall be authenticated by the signatures of the Chair, or of some other member of the Council authorised generally or especially by the Council to act for that purpose, and of one of such officers of the Council as may be so authorised by the Council so to act.
9. The Council may by resolution in that behalf passed at a meeting of the Council by a majority of not less than three-quarters of the members present and voting (being an absolute majority of the whole number of the members of the Council) add to, amend or revoke any of the provisions of this Our Supplemental Charter, and such addition, amendment or revocation, when allowed by Us Our Heirs or Successors in Council, shall become effectual, so that this Our Supplemental Charter shall thenceforward continue and operate as though it had been originally granted and made accordingly: and this provision shall apply to this Our Supplemental Charter, as added to, amended or revoked in manner aforesaid.
10. In this Our Supplemental Charter references to Our Secretary of State are to Our Secretary of State for Trade and Industry, references to Research Councils are to Research Councils within the meaning of the Science and Technology Act 1965, and words importing the masculine gender shall include the feminine.
11. This Our Supplemental Charter shall have effect from 21st July 2003.

IN WITNESS whereof We have caused these Our Letters to be made Patent.

WITNESS Ourselves at Westminster the day of in the year of Our Reign.

BY WARRANT UNDER THE QUEEN'S SIGN MANUAL



THE SEVEN PRINCIPLES OF PUBLIC LIFE

SELFLESSNESS

Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

INTEGRITY

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.

OBJECTIVITY

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merits.

ACCOUNTABILITY

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

OPENNESS

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

HONESTY

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

LEADERSHIP

Holders of public office should promote and support these principles by leadership and example.



CONFLICTS OF INTEREST

1. All members of BBSRC Council will be required, on taking up their appointment, to declare any private, professional or commercial interests that might conceivably conflict with the interests of the BBSRC, or which members of the public might reasonably think could influence or bias their judgement when discussing, voting and/or reaching decisions. Such interests will include company appointments, directorships, consultancies and honorary appointments.
2. In most cases only current interests need to be declared but it is possible that, on occasions, there may be suggestions that a past interest would or could influence present behaviour, in which case a continuation of a declaration of that interest may be appropriate.

Personal Remuneration

3. Members must declare the names of any body or company where they receive personal remuneration from:
 - a university or research institute or similar body;
 - any directorships or employment or other connection with companies in any field where the company might benefit from support by the BBSRC either as a collaborator in some other way;
 - any position of authority in charities and other bodies providing research funding;
 - any other body involved in biological, biomedical, pharmaceutical, healthcare or related fields.
4. Where a pension is currently received (and possibly where it is to be received in the future) either from any body that falls within the categories listed above, or from a closely related body that manages its pension scheme, the name of the body, and the fact that a pension is or will be received should be declared.

Shareholdings

5. Members must also declare any shareholdings or other financial interests in companies or bodies listed above. However, holdings in unit trusts, investment trusts, Open Ended Investment Companies (OEICs), unit linked policies, pension schemes or similar arrangements under which the investor has an interest in a large number of enterprises, need not be disclosed unless they specialise in higher technology companies in the field of the Council, and have a market value of greater than £10,000. Shareholdings, debentures, options and similar rights in a single company listed on the main market of a recognised stock exchange with a market value of less than £10,000, need not be disclosed unless they are known to benefit as participants in collaborative research or other projects funded by BBSRC, or are known to be significant suppliers of goods and services.

Non-Pecuniary Interests

6. Members should declare any unremunerated involvement with any body in connection with biological, bio-medical, pharmaceutical, healthcare provision and similar activity, including relevant:
 - appointments at a university or research institute or similar body;
 - directorships or employment or other connection with companies in any field where the company might benefit from support from BBSRC either as a collaborator or in some other way;
 - positions of authority in charities and other bodies providing research funding.
7. Except where they come within the scope of the above paragraph, membership of clubs and associations need not be registered.
8. The university and department, or institute, or company, or similar body of any of the member's significant collaborators outside of the member's own institution or organisation, and the nature of the relationship (e.g. research collaboration) should also be included under this heading. The smaller the number of collaborations and the larger the project, the greater the need for disclosure. For example, fellow principal investigators in major projects need to be disclosed but in most cases there would, for example, be no need to disclose the names of collaborators in large multi-centre trials or the names of all industrial partners in a large collaborative project unless the collaborator was involved in a specific and significant piece of research with them.

Research Income

9. Members should also declare sources of any research funding that they are currently receiving. Bodies supported by BBSRC or which benefit as collaborators or licensees, etc, from which income is received should be declared, however small the amount. The size of the sum need not be closely quantified or declared.

Related Parties

10. Under Financial Reporting Standard (FRS) 8 – Related Party Disclosures, all members of Council, its Boards and Committees are required to declare interests on the part of any 'related parties' to:

“ensure that financial statements contain the disclosures necessary to draw attention to the possibility that the reported financial position and results may have been affected by the existence of related parties and by material transactions with them”.
11. Related Parties include family members and members of the same household, partnerships, companies, trusts or other entities in which any individual or member of the close family has a controlling interest. An example of a transaction might include placing a contract with an organisation owned/managed by a member of the family.

REGISTER OF PRIVATE, PROFESSIONAL AND COMMERCIAL INTERESTS THAT MAY POTENTIALLY CONFLICT WITH BBSRC BUSINESS

Name

Name of employing body

Position

BBSRC Council/
Board/Panel/Committee

Please give below details of all private, professional or commercial interests that might conceivably conflict with the interests of the BBSRC. Guidance is set out in BBSRC's Handbook for Committee Members.

Personal Remuneration (please identify bodies or companies from which you receive a personal remuneration)

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Shareholdings (please declare relevant shareholdings or other financial interests)

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Non-Pecuniary Interests (please declare any unremunerated involvement with relevant bodies)

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Research Income (please declare the sources of any current research income)

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Related Parties

Give brief details of any interests pecuniary or otherwise on the part of any 'related parties' as defined in Financial Reporting Standard 8 (i.e. family members or members of the same household) who may be expected to influence, or be influenced by, you in relation to Council business.

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I have read the BBSRC Handbook for Council, Board, Panel and Committee Members and agree to abide by the terms of the appointment. I undertake to regularly update the above information and to declare at meetings on BBSRC business any private, professional or commercial interests that might be perceived to conflict with BBSRC interests and which have not been listed above.

Signature

Date

Name



BIOTECHNOLOGY AND BIOLOGICAL SCIENCES RESEARCH COUNCIL AUDIT BOARD TERMS OF REFERENCE

INTRODUCTION

1. The Council has established the Audit Board to monitor and advise it on appropriate standards for risk management, internal control and financial propriety throughout BBSRC, including sponsored institutes, and to review matters connected with audit and the provision of internal controls assurance. The Chief Executive as the Accounting Officer has responsibility under the terms of the BIS/BBSRC Management Statement and Financial Memorandum for the provision of adequate internal controls and will take into account the advice of the Audit Board as appropriate.
2. The Audit Board is a Board of Council without executive powers, comprising of at least three non-executive members. The Chief Executive as Accounting Officer will normally also attend meetings unless her/his performance is being discussed. The Chairman and non-executive Board members are appointed by the Council, being members independent of management and free of any relationship that, in the opinion of the Council, would interfere with the exercise of independent judgement as Board members.
3. At the request of the Chair, the financial and other executive directors and further executives (in particular the Head of Internal Audit) will be in attendance at Board meetings or for selected agenda items; and representatives of the National Audit Office (NAO) may also be invited. The Head of Internal Audit and a nominated senior member of external audit shall have right of access to the Chair of the Board at all times.
4. The Board meets at least three times a year. It reports in writing to the Council. Its purview extends to all the operations and funding mechanisms of the BBSRC including sponsored institutes.
5. The Board is able to obtain outside professional advice and, if necessary, to invite outsiders with relevant experience to attend its meetings.

Remit

6. The remit of the Board is to provide a high level forum for monitoring standards of risk management, corporate governance, internal control and financial propriety, thus providing an assurance to the Chief Executive, as Accounting Officer, and to Council Members.

Main Responsibilities

7. The Board will act in an advisory capacity. Its main responsibilities are:
 - to review the systems by which the Chief Executive and executive managers of the Council ensure the adequacy of the nature, extent and effectiveness of internal control and financial and other monitoring systems;
 - focus on the management of risk and contingency plans for all business critical projects and report to Council on any aspects which might prejudice Council operations;
 - to review arrangements established by management for compliance with the

- to review the controls assurance statement required from the Chief Executive under corporate Governance requirements, issued from time to time by HM Treasury and taking into account the work of external and internal audit and any other relevant information.
8. In respect of the internal audit programme to:
- advise the Chief Executive and Council on an audit needs assessment for the Council, and to endorse the assessment prior to its agreement by the Chief Executive;
 - advise the Chief Executive and Council on the annual and longer-term programmes of audit, ensuring adequate and appropriate co-ordination between internal and external auditors;
 - consider any major findings arising from internal audit reviews and to satisfy itself that appropriate corrective action has been taken;
 - receive regular progress reports on the internal audit programme and a written report on the year's activities, and to advise the Chief Executive appropriately;
 - ensure that the audit mechanisms comply with the Government's Internal Audit Manual guidelines and meet agreed levels of service that reflect the Council's own priorities for systems audit, efficiency measures and value for money initiatives.
9. To review the BBSRC, Research Councils Pension Scheme and Wain & Underwood statutory accounts prior to signature by the Chief Executive, focusing particularly on:
- any changes in accounting policies and practices;
 - any major judgmental areas;
 - significant adjustments resulting from audit;
 - compliance with accounting standards;
 - compliance with legal requirements.
10. In connection with external audit to:
- monitor relationships with external auditors (NAO) and their appointees;
 - ensure that there are no restrictions on the scope of the statutory audit;
 - review the activities, findings and management letter recommendations of the external auditors;
 - review institute management letters.

The secretary to the Audit Board shall be provided by the Council Secretariat.

BBSRC Finance Group
July 2008