To:	**Andrew Figgures CBE** **CE BTPA**	From:	**Steve Gooding**
		Location:	**3/18 GMH**
		Tel:	**5459**
		Date:	**2011**
		Copies:	Dr. Valerie Vaughan-Dick Leslie Gilbert

Corporate Governance: Delegation of responsibilities for the British Transport Police Authority

1. You are responsible for the British Transport Police Authority, including managing the resources of the Authority to support the Department's vision of:

- working as a single team
- being the best we can be, within the resource constraints we have
- providing full and rewarding jobs for your staff

2. This note with its annexes sets out the rules for delegations, with responsibilities and guidelines for the management and control of resources. The initial budget allocations for the Authority for 2011-12 are in Annex F.

3. The annexes are as below:

A. HM Treasury - Detail of the DfT's delegated authorities
B. Cabinet Office efficiency actions and processes
C. Responsibilities of Directors General
D. Guidelines for managing allocations and resources
E. Year-end assurance arrangements 2011-12
F. Initial programme and administration allocations for 2011-12

Resource Management Delegations

4. The entire Department's expenditure is administered under formal delegations issued by the Treasury. The Principal Accounting Officer is personally responsible for ensuring that the Department has a high standard of corporate governance and exercises effective controls over the management of resources. As Chief Executive of the British Transport Police Authority, you are responsible and accountable to me for the Authority and its use of resources.

5. The responsibilities of Directors General and other staff are set out in the Finance Manual[1] and the Corporate Governance Framework[2]. An extract of the responsibilities of Directors General is provided at Annex C.

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[1] http://transnet.dft.gsi.gov.uk/working-practices-and-guidance/finance-procurement-and-project-management/finance/finance-manual/

[2] http://transnet.dft.gsi.gov.uk/working-practices-and-guidance/finance-procurement-and-project-management/corporate-governance-framework/the-corporate-governance-framework/

6. You have delegated authority to spend, for the Authority for the 2011-12 financial year, up to the amounts listed in your budget allocation (Annex F). This delegation applies to you in your current role. Until it is replaced or rescinded, it will automatically apply to any successors in your post.

7. Your authority is subject to the specific delegation limits set by HM Treasury in Annex A, the Cabinet Office efficiency guidance in Annex B and the internal guidelines for managing allocations set out at Annex D. Expenditure incurred under your delegated authority must also be made in accordance with authorising legislation and the rules set out in the following documents:

Managing Public Money[3],

The Consolidated Budgeting Guidance[4], and

The Estimates Manual[5]

and in related guidance, and should be consistent with the objectives set out in the DfT Business Plan and agreed 'business as usual' deliverables, including the support of cross cutting objectives and initiatives.

8. You should ensure that financial responsibilities are delegated in writing to the point where decisions can be taken most effectively, so you will need to make formal delegations to your Heads of Unit and consider what further sub-delegations to your staff are appropriate to meet the needs of the Authority.

9. Within the current year, you will need to manage pressures within the Authority and operate within your allocated budgets. Allocations may be amended, from time to time, in the light of in-year budgetary or organisational changes.

Contractual Authority Delegations

10. Contractual Authority (CA) to enter into contracts on behalf of the Secretary of State, has been delegated to the Head of Corporate Procurement who has the authority to sub delegate where there is a business need. CA is different from financial delegation and there must be a clear separation between the two.

11. Requests to hold a CA should be made to Corporate Procurement in accordance with the guidelines[6] in the Procurement Manual[7]. Subject to the availability of funds and any overriding financial delegation, your business units must operate within their own CA delegations and comply with the Department's procurement policies and guidance set out in the Procurement Manual.

[3] http://www.hm-treasury.gov.uk/psr_mpm_index.htm
[4] http://www.hm-treasury.gov.uk/psr_bc_consolidated_budgeting.htm
[5] http://www.hm-treasury.gov.uk/psr_estimates_manual.htm
[6] http://transnet.dft.gsi.gov.uk/working-practices-and-guidance/finance-procurement-and-project-management/procurement-manual/a-to-z-reference/contractual-authority/159193.article
[7] http://transnet.dft.gsi.gov.uk/working-practices-and-guidance/finance-procurement-and-project-management/procurement-manual

Performance and Management

12. You are accountable for delivery of the Department's published Business Plan commitments and for the other key workstreams which have been allocated to you through the internal business planning process and which reflect the 2010 Spending Review.

13. Your primary contact in DfT is with my BTPA Sponsorship Team, within the Rail Directorate. You will meet with the Sponsor, bi-monthly, to account for your resource management and delivery responsibilities. Reports on performance measures, embracing financial management, objectives and targets and risk, will underpin these meetings. You will be expected to contribute to reports to the DfT Board on performance against the commitments and objectives that you own. You will be required to provide such information as the Board, Exco, the Delivery committee and BICC may require for performance reporting and decision-making.

14. You will need to ensure that robust management arrangements are in place within the Authority to underpin delivery of your commitments. You will need to ensure that:

- personal objectives of your staff are focused on business delivery, with staff having a clear expectation of what is required of them;
- all staff who have financial responsibilities have the time, skills and training to discharge them effectively;
- a robust monitoring process is in place within your agency, to report (monthly or quarterly) progress against the Departmental business plan objectives that you own; and
- that these arrangements enable you and your Heads of Unit to identify and deal with key issues and risks.

Assurances on internal controls

15. You are responsible for providing assurances on internal controls in line with the Department's management assurance framework. Detailed information on the framework will be issued separately to you in time for the 6-monthly review as at 30 September 2011. Annex E provides further details.

Steve Gooding

ANNEX A: DETAIL OF THE DEPARTMENT FOR TRANSPORT'S DELEGATED AUTHORITIES

The Department for Transport's delegated authorities are set out below. Notwithstanding these delegations, certain categories of spending proposal override any delegated authority and must be submitted to the Treasury. These are proposals which:

- could create pressures leading to a breach in Departmental Expenditure Limits, administration costs limits, or Estimates provision;
- would entail contractual commitments to significant levels of spending in future years for which Spending Review plans have not been set;
- could set a potentially expensive precedent;
- could cause significant repercussions for others;
- require primary legislation;
- are novel and contentious; or
- where Treasury consent is a statutory requirement.

In addition:

- The Department for Transport will act at all times within the rules of Managing Public Money.
- The department will abide by any specific agreements reached with Treasury Ministers or officials during Spending Review discussions or otherwise.
- If spending falls under more than one category of delegation, the lower delegated limit applies.

The delegated authorities for Department for Transport are set out in the following table:

Nature of delegation		Delegated limit	Disclosure threshold
All projects and programmes; and announcements and policy proposals with a defined lifetime	Resource and capital	£100m (whole life cost in today's prices)	£50m (whole life cost in today's prices for projects and programmes)
		£40m and projects have a BCR below 3.5.	N/A
ERG controls	ICT	£5 million	£1 million

	ICT spend on systems that support administration	£1 million	N/A
	Marketing & Advertising	£100,000	N/A
	Property-related*	£100,000	N/A
Other	Highways Major programmes and Maintenance spend	£200m	N/A See bullet point 3 on page 8.
	LA Majors	£100m	N/A See bullet point 3 on page 8.
	LA PFIS	£100m	£50m
	Additions to the Network Rail RAB	Nil	N/A

*This category comprises the signing of new leases, renewals of existing leases, the non-exercise of lease break options, any new property acquisitions (including those made through a Private Finance Initiative provider), new build developments, sale and leaseback, and any freehold sales as part of national property controls. The detailed scope of this delegation is set out in the *Guidance on Actions and Processes* that accompanied the letter of 18 February 2011 from the Chief Secretary and Minister for the Cabinet Office to Cabinet.

In addition, certain other types of spending always require Treasury approval:

- the sale or privatisation of assets with a value of over £50 million
- Department for Transport new revenue grants paid to local government. In line with the Government's commitment to greater financial freedoms for local government, these would need to be un-ringfenced and have no restrictive conditions;
- spend on public private partnerships, which generally creates commitments beyond the current Spending Review period and requires complex contracting which is considered novel or contentious; and
- spend on a complex or non-standard commercial model (e.g. joint venture) for a service or Business Process Outsourcing is considered as novel or contentious spend and any negotiations or legal disputes with government's strategic suppliers is considered as spending that could cause repercussions elsewhere in the public sector.

The last of these forms part of the Cabinet Office efficiency actions and processes which are outlined in more detail in Annex B.

The Treasury will also continue to have engagement in five other areas:

- Rail: The Treasury will need to agree the setting of the Statements of Funds Available for the next rail regulatory settlement (applying from 2014/15) and will wish to be involved in the process for any new addition to the RAB not included in the 2008 regulatory settlement. All other rail spend will be subject to the £100m delegation, however DfT should continue to be consult Treasury on all significant rail projects at the earliest point.

- Transport for London funding: Under the GLA Act 1999, Treasury is required to approve the profile of GLA transport grant. The current arrangement for Treasury engagement should therefore continue. The Treasury has an ongoing interest in the long-term funding agreements that DfT has with Transport for London. This is both because of the size of the grant contribution that DfT make, but also because the agreements set prudential borrowing levels for TfL. As a result therefore, the department will need to get Treasury approval both to any new funding agreements with TfL and any material changes to existing agreements, particularly where there are prudential borrowing consequentials. Where there is any doubt as to whether a change is material, this should be discussed with the spending team.

- Highways Agency and Local Authority majors and maintenance programmes: Treasury will need to agree the shape of the Department for Transport's overall Highways Agency majors and Local Authority majors programmes every 6 months as well as the Department's plans for signing Highways Agency maintenance contracts. We will require information that outlines the departments total spending plans and details of all projects that make up the programme, including levels of committed spend beyond the SR period.

- Rail franchise approvals or extensions: Treasury require information that demonstrates that the preferred proposals are affordable, deliverable and meets the Department's strategic objectives.

- DfT Administration: projects, which are potentially contentious and/or carry significant risks should be brought to the Treasury's attention.

Notes:

1. Approval is required if spending falls outside one or more of the applicable delegated limits. Spending should be measured on a whole life cost basis except where this is not sensible, for example for ongoing annual commitments.
2. This includes all new projects and proposals/announcements, even when they are part of a larger programme or payment that was provided for as part of a Spending Review or other Treasury written approval and that are not covered by prior written approval from the Treasury.
3. This also includes renewal of existing projects and programmes where significant changes are being proposed.

4. Costs are on current net present value accruals and on a total Department DEL basis.
5. The cost is the sum of all public sector investment committed to a body, organisation or individual from a single programme over its lifetime (i.e. costs should not be "unbundled" to fall below the delegation).
6. The Cabinet Office efficiency actions and processes are automatically set at the minimum of the ranges set out in the letter from the Chief Secretary and Minister for the Cabinet Office of 18 February. If Treasury approves an increase in these ERG related delegated limits, this letter will be reissued to reflect the updated position.

The last of these forms part of the Cabinet Office efficiency actions and processes which are outlined in more detail in Annex B.

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3. This also includes renewal of existing projects and programmes where significant changes are being proposed.

ANNEX B – CABINET OFFICE EFFICIENCY ACTIONS AND PROCESSES

The following actions and processes supersede those introduced in May in MS FD(10)16 and took effect from 18 February 2011. Detailed guidance and definitions on the actions and processes below are contained in the letter from MCO and CST to Cabinet of 18 February 2011. As always, these controls will be operated in line with the principles of Managing Public Money.

In particular, departments should note that spend on a complex or non-standard commercial model (e.g. joint venture) for a service or Business Process Outsourcing is considered as novel or contentious spend and any negotiations or legal disputes with government's strategic suppliers is considered as spending that could cause repercussions elsewhere in the public sector. In these examples the Treasury will not normally approve spending without Cabinet Office agreement.

Delegated Limits

HM Treasury will not normally approve spending without Cabinet Office agreement for:

1. any marketing and advertising spend over £100,000 (this may be increased to £500,000 by agreement);
2. any ICT spend over £5 million (with flexibility for this to be raised to £20 million by agreement) and specifically any ICT spend over £1 million on systems that support administration including finance, HR or procurement activities or upgrades and hosting contracts for such systems; and
3. spend over £100,000 on the signing of new leases, renewals of existing leases, the non-exercise of lease break options, any new property acquisitions (including those made through a Private Finance Initiative provider), new build developments, sale and leaseback, and any freehold sales as part of national property controls.

Government Policy

In addition, the departments should also note the following Government policies run by the Cabinet Office will affect the approval of certain activities. These policies do not affect departments' delegated limits:

- Departments must commit volume spend and buy from centrally sourced contracts and approved frameworks for all common goods and services categories covered by central procurement strategies, which will be delivered from March 2011 (energy, office solutions, professional services, travel, fleet, generic learning and development, ICT commodities, advertising and media, print and print management).
- A government wide policy on major projects to support government's management of its major projects portfolio.
- Redundancy schemes (both under CSCS or other schemes) are agreed by the Cabinet Office before they are offered to staff.

Departments should also note that the following strategies will have an impact on departmental spending once they are approved through the relevant Cabinet Committee:

- a government online service strategy based on the recommendations of the DirectGov strategic review, which will affect spending on online information and services;
- a set of core ICT infrastructure solutions and standards, which will affect spending on spending on ICT systems; and
- a shared services strategy, which will affect business process spending.

In addition, the controls on recruitment spend and consultancy spend set out in the May 2010 MS FD (10)16 letter will continue and will be reviewed at the end of this Financial Year.

Annex C - Responsibilities of Directors General

Financial and budgetary

1. Directors General have corporate responsibilities as members of the Board in addition to their role of supporting Ministers. These include deciding the allocation of resources to their Units and Agencies, monitoring the Department's expenditure and deciding any in-year changes in Units' and Agencies' budgets.

2. Budgets are formally allocated to Directors General, who are also responsible for:

- managing the in-year processes for budget management, forecasting and managing resource pressures within their Group and ensuring that the resources for which they are responsible are properly accounted for;
- ensuring that written delegations are sent to all members of their staff who are responsible for committing, certifying and authorising expenditure;
- ensuring that the necessary separation of duties is maintained to protect the Department and its staff against fraud;
- making sure that staff in their Group who have financial responsibilities are aware of and have regard to guidance issued by Group Finance, use the appropriate financial systems correctly, and use and maintain up-to-date desk instructions where appropriate;
- establishing a sound framework of governance controls and delegations where a Unit is responsible for a sponsored body or public corporation; and
- ensuring that grant or grant-in-aid is paid only in accordance with a formally agreed grant or framework document or, where large funding transfers are made to Local Authorities or private sector entities, that comparable arrangements are in place to strike the right balance between their autonomy and the need to account for the use of public funds.

Management arrangements

3. Directors General are responsible for:

- establishing robust governance arrangements, which make clear who is accountable for decisions and delivery of business plan commitments at all levels. Where work is managed as a programme or project, this should have an identified Senior Responsible Owner (SRO), defined decision-making bodies, appropriate independent challenge arrangements and, where applicable, a project manager and a Finance Responsible Owner;
- ensuring that delivery of commitments is underpinned by effective plans setting out key milestones and deliverables, and that progress against the plans is managed actively. It should be possible to drill down to more detailed plans supporting specific objectives or work;

- ensuring that all investment appraisal decisions are made in accordance with the Department's Investment Appraisal Framework, whether funded from Capital DEL or Resource DEL. Decisions on Tier 1 projects are subject to the approval of the Board Investment and Commercial sub-Committee;
- ensuring that performance data, milestone targets and key performance indicators are agreed with all stakeholders and are actively monitored;
- ensuring that resources required to deliver commitments are identified (in terms of finances, headcount and capability), and that they are actively monitored and managed;
- ensuring that holders of Contractual Authorities comply with procurement and governance guidelines to protect the Department from commercial, reputational and financial risk; and
- ensuring that contracts are monitored against business deliverables and budget allocations, and comply with the terms and conditions of contract.

Risk

4. Directors General should ensure that adequate arrangements are in place to minimise unexpected impacts on the Department and create a culture in which risks are identified and assessed at an early stage, then monitored and escalated as appropriate, by:

- having in place a Group Risk Management Policy/Framework
- working with their Heads of Unit to regularly identify, review and collectively support and challenge the management of key risks within the Group;
- ensuring that there are appropriate records of these risks and their management (this need be no more than a mechanism identifying which risks identified within Units are considered to be the top risks for the Group);
- ensuring that each Unit is effectively identifying, managing, recording and escalating key risks; and
- escalating any risks identified and managed within the Group that meet the DfT Corporate Escalation Criteria.

Purchase to Pay

5. Senior Managers are required to ensure relevant staff possess the required skills to undertake the Purchase to Pay process, namely, sourcing of goods and services, requisitioning and ordering together with the receipting of goods and services. Documentation must be retained for each activity within the process in order to satisfy audit requirements. This applies to DGs, Directors, Divisional Managers/Team Leaders and this responsibility is not diluted with sub delegation.

Sub-delegation

6. In practice, most of the above responsibilities will be delegated to Heads of Unit and other staff. Nevertheless, Directors General have an overall responsibility for ensuring that systems and procedures are in place to support the effective and efficient stewardship of resources and for maintaining effective internal control.

7. Directors General need to remind their line managers that they should take into consideration the SAP authority limits, when assigning delegations. Line managers should ensure that access to SAP is properly authorised. Where, due to SAP set-up, a person's SAP authority limits exceed his or her delegated authority, managers should ensure that adequate controls are in place including, for example, regular monitoring and separation of duties.

8. Directors General will need to evidence how they have fulfilled their responsibilities for stewardship and control by providing a Group level summary of the assurances provided by Heads of Unit, as part of the mid year and end of year management assurance processes.

Annex D - Guidelines for managing allocations and resources

In managing budget allocations and resources, Directors should be aware of and comply with the following detailed guidelines.

In-year changes to budgets - summary

9. In-year budget changes will be the exception. The SoS has agreed the Spending Review and subsequent adjustments for 2011-12 at Programme of Activity level, and therefore the budget amounts at this level as indicated on schedules with directorate totals as per annex F should be treated as fixed. It is envisaged that budgets will only change in-year in the event of organisational restructuring, changes to policy or agreed programme delivery, or if necessary to meet Supplementary Estimate requirements.

10. If you consider that your budgets need to be changed for any reason you should contact your Business Partner in the first instance. They will advise whether a case should be made to the Board.

11. Otherwise, changed circumstances should be reported in variances against budgets. If you forecast an overspend in any area, you will be expected to cover it from an underspend elsewhere.

12. DfT and the Permanent Secretary as Accounting Officer are required by Parliament and the HM Treasury to live within certain control totals. A breach of these totals is a serious matter than can result in an appearance before the PAC and fines from HMT. Those control limits identifiable within your delegated limits include Resource DEL, Capital DEL, Resource AME, Capital AME, and Admin within Resource DEL.

13. If a pressure arises which cannot be managed within your Directorate, your Business Partner will discuss with the Estimates and Reporting team how this is to be handled.

In-year changes to budgets - detailed considerations

14. Administration budgets - excluding depreciation. The Pay and Consultancy budgets have been produced centrally, unlike in previous years, in order to allocate resources according to the Team Design exercise carried out early in calendar year 2011. There are still unknowns in the Admin budget, and there are likely to be changes to the relative sizes of teams as the year progresses, not least from the Permanent Secretary's indication that she will wish to re-examine the allocation of manpower resources to reflect emerging strategy and priorities. Therefore, for this financial year, there is a corporate need to be able to re-balance budgets easily. To facilitate this process, you should operate within the three categories of expenditure, namely Pay, Consultancy and Other Non Pay, for your group, such that for example, an over-allocation on Pay may not be retained to fund expenditure in the other two categories. A further reason is that the central reserves, including a £2m consultancy

pot, have been almost eliminated due to our allocating the full bids, which we are now doing, for simplicity. Note that full funding for manpower will be made available for your agreed staff levels. Admin forecasting is therefore of prime importance.

15. Programme budgets - DEL - excluding depreciation. At present, monitoring and control of the actuals and annual forecasts can only be exercised at the higher Programme Object level. Variances at this level will invariably arise due to a change in the anticipated annual cost of a constituent Programme. It is important that such forecast variances are highlighted to Group Finance as early as possible in order to have the option of reallocating resources, or to take advantage of the Budget Exchange facility which replaces End-Year Flexibility (see below).

16. Forecast variances are likely to arise for a number of reasons, such as programme slippage, external factors affecting costs, and policy changes. The reason for the forecast variance should be given, with the constituent Programme named.

17. Forecast variance will be classified as 'material' and 'significant'. Advice will follow on values or percentages which will make the variance 'material' or 'significant'.

18. While it is anticipated that in-year budget changes will be kept to a minimum this year, virements can be made if they are due to policy changes or slippages. Virements would generally arise from 'significant' forecast variances, and all will require Board approval. Initially, they must be submitted to Group Finance, together with the proposed budget adjustment on the CASSy[1] system (which feeds our internal reporting on high level budgets). They will also need to be reflected in the Supplementary Estimate (note that there is only one this financial year), and Group Finance will notify Business Partners well in advance once the Treasury's Estimates timetable is known. Once Treasury approve the virements, the changes will be released onto COINS, the Treasury's system which records and manages budgets.

19. For any virements that cross budget boundaries e.g. between capital and resource, or between programme and administration, or between depreciation and non-depreciation, you must seek approval in advance from Group Finance. Virement from Resource to Capital or Admin to Programme would normally be approved by HM Treasury, but rarely for viring the other way.

20. Depreciation is ring-fenced in 2011-12.

Controls on Recruitment and Consultancy Spend

21. The controls on recruitment spend and consultancy spend as set out in the May 2010 MS FD (10)16 letter will continue and will not be reviewed until the end of this financial year. This means that you, or the arm's length bodies that you sponsor, do not have authority to:

[1] Internal DfT system for recording and managing budgets

a. recruit any staff externally (permanent staff, interim or agency) without a case review undertaken by the Group Finance Director and the HR Director, with the final approval delegated to the DfT Board; or

b. enter into contracts for new work or projects undertaken with the involvement of consultants. Any essential requirements must be referred to the Group Finance Director and the HR Director. Where approval is sought for a consultancy of £20,000 or above, the final approval is delegated to the DfT Board. In addition, any consultancy spend specifically to assist with procurement will undergo additional scrutiny.

Losses and Special Payments

22. All losses incurred and special payments proposed within your Directorate should be notified to Group Finance. These include losses due to fraud, extra-contractual (including negotiated severance deals), ex-gratia and compensation payments. A full list of definitions can be found in Annexes 4.10 and 4.13 of Managing Public Money.

23. Group Finance's authorisation for such losses and special payments is required. For any request outside the Treasury-approved departmental delegations[2], Group Finance will seek Treasury approval on your behalf, i.e. for those items that exceed departmental limits, or which fall within a category that requires Treasury approval.

24. Losses incurred and special payments proposed by any of the agencies or the arm's length bodies that you sponsor should be reported to Group Finance, but only where they exceed their delegated limits or if they fall within a category that requires Treasury approval.

25. Further guidance on the handling of losses and special payments can be found in the relevant Finance Manual[3] pages on Transnet.

Commitments into future years

26. The Department operates on the basis of annual programme budget allocations to Groups, supported by indicative spending plans for subsequent years within the Comprehensive Spending Review period.

27. It is recognised that whatever the duration of formal budget allocations, it will be appropriate in many cases to enter into spending commitments that cover several financial years. This could apply, for example, in the case of:

- Construction or other major capital projects;

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[2] http://transnet.dft.gsi.gov.uk/150912.article

[3] http://transnet.dft.gsi.gov.uk/working-practices-and-guidance/finance-procurement-and-project-management/finance/finance-manual/day-to-day-activities/losses-and-special-payments/

- Grants and other forms of financial support for local authorities, arm's length and Third Sector bodies, where central government as a whole has undertaken to provide longer-term funding certainty;
- Long-term service contracts, such as rail passenger franchises, where the nature of the activity requires a multi-year approach; and
- Other contracts where there are clear value for money procurement benefits from a longer-term commitment.

28. Future years' expenditure has already been set for the current Spending Review period by programme of activity. This expenditure should be managed by ensuring, for any existing or proposed multi-year financial commitment, that:

- The spending involved is affordable within the indicative spending plans for each year, without creating undue pressures on other potential priorities within those plans;
- For a proposed multi-year financial commitment, there is an appropriate rationale to offer such a commitment in this case; this should be spelled out explicitly in the business case or submission seeking approval of the spending; and
- You consult with your Business Partner.

Investment Appraisal

29. You should ensure that all investment appraisal decisions are made in accordance with the Department's Investment Appraisal Framework, which is extended to projects and programmes funded from Resource DEL. Decisions on Tier 1 projects are subject to the approval of the Board Investment and Commercial sub-committee (BICC).

30. Funding for any proposal that would create a departmental capital asset is controlled centrally and will only be allocated on submission of a satisfactory business case to the Financial Control and Governance team in Group Finance.

Financial Risk

31. Financial risks must be managed in accordance with the processes agreed by the Board and Exco, and be subject to the templates agreed during the year with Group Finance as part of the overall risk management framework.

End Year Flexibility/ Budget Exchange

32. End Year Flexibility has now been replaced by the Budget Exchange process, which is intended to manage unavoidable slippage. A limited amount of forecast underspend may be carried forward to the next financial year for the same category of spend, if notified in time to be included in the Supplementary Estimate. The constraints will be explained more fully in due course and the process will be managed centrally by Group Finance.

Clearance of submissions with financial implications

33. All submissions to Ministers and the Permanent Secretary that have financial implications must be cleared in advance with Group Finance.

34. Private Office checks all submissions to ensure those with financial implications have a correctly completed clearance section explicitly stating "This submission has been cleared by Finance Clearance" before forwarding them to Ministers.

35. Where a submission has no financial implications, the clearance section should include the statement "This submission has no financial implications". If there is doubt, Private Office may seek further clarification from Group Finance before submitting to Ministers.

36. Issues that your Business Partner and Finance Clearance will, in particular, be checking as part of this clearance process include:

- The affordability of the proposal within budget allocations for the current year and within Spending Review plans for future years;
- The rationale for any financial commitments extending into future years; and
- The value for money of the proposal (expressed, for example, through a formal Benefit:Cost Ratio).

Relationship with Treasury

37. Any proposals to discuss financial matters with Treasury should be cleared in advance with Group Finance.

Headcount

38. It remains important that headcount resources continue to be monitored and managed. Any proposals that could lead to a net increase in the overall headcount should be given careful consideration, as current central controls which rely principally on in-year cost (budgetary) control and an exceptions process for recruitment, do not necessarily address the issues of pay cost pressures in future years.

Annex E - End Year Management Assurance Arrangements

1. A Management Assurance return is required at six months and at year-end. This exercise, overseen by the Group Audit Committee on behalf of the DfT Board, supports the Departmental Accounting Officer in making her annual Statement on Internal Control (SIC) in the Department's annual Resource Accounts.

2. Directors General and Heads of Unit must maintain their responsibilities for governance, risk management and controls in line with updated guidance. The scope of questions for the assurance exercise will be based around these areas.

3. The year-end assurance returns for 2010-11 have been reviewed by Finance Control and Governance, and a sample has been audited by Group Internal Audit. Updated guidance will be provided to reflect the comments of the Group Audit Committee and all the other stakeholders towards the end of June 2011.

4. It is expected that HM Treasury will issue a revised 'Corporate Governance: Code of Good Practice' guide during this financial year, updating the current 2005 version.

Annex F - Financial delegation

British Transport Police Authority

Resource DEL (Excl. Depreciation)

Programme Description	Amount (£000)
Regulatory Fees, co-funding and other income	-272,629
Wages, salaries, Contract and Agency staff	218,332
Non-Pay related costs	55,012
Resource DEL Total (excl depreciation)	**715**

Resource DEL Depreciation

Programme Description	Amount (£000)
British Transport Police	10,000
Resource DEL Depreciation total	**10,000**

Capital DEL

Programme Description	Amount (£000)
British Transport Police	11,292
Capital DEL Total	**11,292**