# CONTENTS

Foreword .................................................................................................................. 3

1. Status and function ............................................................................................... 4

2. Governance framework ......................................................................................... 5

3. Policy framework ..................................................................................................... 8

4. Financial framework ............................................................................................... 9

5. Human resources .................................................................................................... 11

6. Review of the framework document ...................................................................... 13

Annexes ...................................................................................................................... 14

A. Trading Fund order, transfer of functions order, and Treasury minute ................... 14

B. Roles, responsibilities and accountabilities ............................................................ 25

C. Framework for major business decisions ................................................................. 30

D. Financial strategy .................................................................................................... 32
FOREWORD

By Michael Fallon, Minister of State for Business and Enterprise

I am delighted to introduce this revised Framework Document for the Met Office. This revises the Framework Document published in 2007 and explains the Met Office’s purpose, aim, role, policy and other parameters within which it operates. It sets out the Met Office’s top-level objectives and the governance arrangements established to ensure successful delivery, as well as explaining the framework for its future financial and business management.

The Met Office is part of the wider science family, both in the UK and internationally. It has a world-leading, in-house Research and Development capability in both weather and climate science, and works collaboratively with the UK Research Base. The move of the Met Office to BIS has enhanced the Met Office’s flourishing partnerships with the UK’s research and innovation infrastructure helping to deliver even greater benefit from the UK’s investment in science. There will also be new opportunities for collaboration both within BIS and more widely.

In addition, the Met Office’s move to BIS, along with Ordnance Survey and Land Registry marked a significant step towards establishing a Public Data Group (PDG). Bringing together a number of organisations in this way and providing an opportunity to align the way they manage and release public data for use and re-use, will help to realise the social and economic value generated by the use and re-use of core reference data.

The Met Office is a respected brand with a very high level of trust in its forecasts and warnings. With over 1,800 people working across some 60 sites around the globe, it provides world-leading weather and climate services in the UK and overseas. Today, its science and services meet the needs of many different customers — from the general public, government and schools, through broadcasters and new media, to civil aviation and businesses in every sector imaginable. Everything it does, every area of its work, has a real impact on people’s lives and I am proud to be the Minister responsible for the Met Office.

MICHAEL FALLON
1. STATUS AND FUNCTION

1.1 The Met Office is an Executive Agency of, and a Trading Fund within, the Department for Business, Innovation and Skills (BIS). The Met Office moved from the Ministry of Defence (MoD) to BIS in 2011. It was established as a Trading Fund under the Meteorological Office Trading Fund Order 1996, while in MoD; this and the Transfer of Functions (Her Majesty’s Land Registry, the Meteorological Office and Ordnance Survey) Order 2011 and the current Treasury Minute are set out in Annex A.

1.2 The Secretary of State for BIS is the Minister with formal responsibility for the Met Office. Day-to-day ministerial oversight and the formal business ownership role are delegated to Minister of State for Business and Enterprise.

Role

1.3 The Met Office is the UK’s National Meteorological Service, responsible for delivering the Public Weather Service (PWS) and National Severe Weather Warning Service (NSWWS). It also represents a critical national capability in climate research, with a central role in meeting the Government’s requirements for climate evidence and advice. In addition, the Met Office is increasingly working in partnership with academia and other UK and international centres of excellence, helping to pull through and exploit world-leading environmental science to deliver economic and social value.

1.4 The Met Office aim is “to be recognised as the best weather and climate service in the world”. In order to achieve this aim it will be necessary for every area of the Met Office to work together in a united way, aspiring to deliver the best and most appropriate contribution to the Met Office’s wider ambition to offer “the best weather and climate service”.

1.5 The Met Office endeavours to meet its aim through provision of weather and climate services that help the UK Government, devolved administrations, other public and international bodies, the public and a wide range of commercial customers achieve their goals. The Met Office’s Top Level Objectives (TLOs) underpin this:

- Enabling protection
  – Protecting lives, infrastructure, and the natural world
- Improving well-being
  – Improving quality-of-life and well-being, now and in the future
- Increasing prosperity
  – Enabling UK economic growth and international competitiveness

Scotland, Wales and Northern Ireland

1.6 The Met Office provides weather and climate services for the whole UK, including responsibility for delivery of the PWS and NSWWS. The Met Office therefore maintains close links with the devolved administrations to ensure that the weather and climate needs of Scotland, Wales and Northern Ireland are fully understood.

1.7 Relationships between the Met Office and the devolved administrations come within, and are subject to, the principles and procedures enshrined in the Memorandum of Understanding between the UK Government, the Scottish Ministers, the Welsh Ministers, and the Northern Ireland Executive Committee, and wider concordats and agreements that exist between the different administrations.

International representation

1.8 To support its national and global forecasting capability the Met Office depends on observations made across the world by other National Met Services. In this context, the Met Office is required by the Foreign and Commonwealth Office to provide a senior official to act as the Permanent UK representative to the World Meteorological Organisation (WMO). The Met Office also formally represents the UK on a number of other international organisations, including the European Organisation for the Exploitation of Meteorological Satellites (EUMETSAT), and the European Centre for Medium Range Weather Forecasts (ECMWF).
2. GOVERNANCE FRAMEWORK

Key players

2.1 These corporate governance and accountability arrangements have drawn on best practice in both the public and private sectors. The key players within the governance arrangements are:

− the Ministerial Owner;
− the Met Office Board, under an independent non-executive Chair; and
− the Chief Executive.

Detailed roles and accountabilities are set out in Annex B and are summarised as follows:

Ministerial Owner

2.2 The Secretary of State for BIS has delegated ownership responsibility to his chosen Minister. The Ministerial Owner sets and reviews the top level strategic objectives, establishes a policy and financial framework, and approves major business decisions, including the long term business strategy and five year Business Plan, the budget for the coming financial year (Annual Budget) and Business Performance Measures.

2.3 The Ministerial Owner is also responsible for appointing the Chair and Chief Executive.

Met Office Board

2.4 Led by an independent, non-executive Chair, The Met Office Board’s (“Board”) main role is to support, constructively challenge and provide leadership to the Executive Board. It should also ensure that the Met Office is working within a framework of prudent and effective governance arrangements and controls which enable risk to be appropriately assessed and managed.

2.5 The Board should agree the key activities the Met Office will need to undertake to meet the strategic objectives, ensure the necessary financial and human resources are in place for it to meet these objectives, and regularly review performance in relation to agreed targets and delivering the approved Business Plan. The Board should agree the Met Office’s values and ensure its obligations to its shareholder and all its various other stakeholders (including customers, employees and other Government departments) are understood and met.

2.6 In discharging this role, the Board has received delegated authority from the Ministerial Owner to approve certain categories of business decisions (set out in Annex C). On issues requiring direct approval by the Ministerial Owner or Central Government, the Board will work with the wider executive team in the development of recommendations, which it then scrutinises and endorses before formal advice is submitted.

2.7 The Board comprises senior Executives and Non-Executive Directors (NEDs). The Shareholder Executive will represent the Ministerial Owner as one of the NEDs. The role and composition of the Board is set out in detail in Annex B.

2.8 The Board has two key subcommittees, each chaired by a NED: the Audit Committee; and the Reward and Remuneration Committee. The roles and compositions of these subcommittees can be found on the Met Office website.

Chair

2.9 The Chair is responsible to the Ministerial Owner for leading the Board and ensuring it is effective in discharging its role. This includes ensuring the Board acts in line with the best practice set out in Corporate governance in central government departments: code of good practice 2011 as well as working with the Board to ensure appropriate oversight and governance of the strategy, plans and performance of the Met Office.

2.10 The Chair will, in consultation with the Chief Executive and the Reward and Remuneration Committee, determine the make-up of the Board. The Chair has a direct responsibility to advise the Ministerial Owner on the effectiveness of the Board and of material issues impacting on the Met Office. The Chair will also be a member of the PDG Board.

Chief Executive

2.11 The role of the Chief Executive is to lead and manage the Met Office in order to ensure delivery of the objectives and targets and, in particular, the successful implementation of an approved Business Plan and compliance with this Framework Document.

2.12 The Chief Executive is appointed by the Ministerial Owner, having received advice from the Chair, and nominated by HM Treasury as the Accounting Officer for the Trading Fund. As such, the Chief Executive is accountable to Parliament for the proper, effective and efficient use of public funds and may be required to appear before the Public Accounts Committee (PAC). The Chief Executive is responsible for ensuring that the requirements of Government Accounting are met. The Chief
Executive is also responsible for observing any general guidance issued by relevant central government departments is observed and implementing recommendations of the PAC or other Parliamentary Select Committees, if they are accepted by government.

2.13 In view of its delegated authority, the Chief Executive is accountable to the Board (acting on the Ministerial Owner’s behalf) on issues of business strategy, risk, performance, major business proposals and business decisions. The Chief Executive will seek the Board’s approval or endorsement (as appropriate) for all significant decisions in these areas, within the framework set out in Annex C.

Department of Business, Innovation and Skills (BIS)

2.14 As a Trading Fund, the Met Office’s dividends are included within BIS budgets and hence the Treasury has appointed the BIS Permanent Secretary as Principal Accounting Officer. As Principal Accounting Officer, the BIS Permanent Secretary has the following responsibilities:

− Allocation of Departmental resources to the Met Office including the Public Dividend Capital and Departmental Expenditure Limits (DEL) cover for any loan facility with the National Loan Fund (NLF);
− Ensuring that the Met Office’s financial systems and procedures and governance arrangements promote a high standard of financial management and propriety; and
− Ensuring that these financial systems and monitoring procedures are adequate and robust.

2.15 The Principal Accounting Officer and Accounting Officer both report directly to the Ministerial Owner with respect of their different responsibilities. If any differences of view arise between the Principal Accounting Officer and the Accounting Officer, it is for the Ministerial Owner to decide on what should be done. Both Accounting Officers are liable to be summoned before the PAC to answer any questions relating to the discharge of their respective responsibilities.

2.16 The Permanent Secretary does not have responsibility or involvement in the day to day operations of the Met Office; in this regard the Permanent Secretary delegates the oversight of this to the Shareholder Executive.

2.17 The role of the Shareholder Executive (located in BIS) is to provide specialist advice to Ministers and officials across Government on a wide range of business ownership issues. This includes:

− Advising Ministers on the strategic direction of the Met Office in the context of wider departmental or cross-governmental objectives;
− Agreeing a framework for strategic performance management;
− Advising Ministers on their response to strategic performance information;
− Advising the Chief Executive on steering the Met Office’s activities to ensure that they most effectively support the delivery of departmental objectives; and
− Ensure that the Met Office has the delegations and authorities necessary for effective delivery and continuous improvement.

The Shareholder Executive is represented as a NED on the Board. It also acts as interface between BIS, the Ministerial Owner and the Met Office.
Governance levers

2.18 The principal levers underpinning this governance framework relate to the approval of a number of key areas by the Ministerial Owner or his delegates including inter-alia:

- The Met Office’s top-level objectives, overall business strategy, and five year Business Plan;
- An Annual Budget, with detailed objectives and targets, for the next 12 months of the Business Plan;
- Annual Business Performance Measures supporting the broader Business Plan;
- Specific major business proposals requiring approval at a level higher than the Executive Board (for example for major investments, rationalisations, contracts or new business ventures); and
- Appointment of the Chair and Chief Executive.

2.19 The Executive Board initiates preparation of proposals in all these areas, apart from the development and review of top-level objectives. Annex C lays out the approvals required for each of the key business decisions and Section 4 provides more detail on the Business Plan.
3. POLICY FRAMEWORK

3.1 The Met Office is to conduct its affairs within the approved Business Plan (as described in Section 4), its Trading Fund Order, and such general instructions and guidance as Treasury and the Cabinet Office may provide from time to time. It is also bound by policies and standards which are general across government, and by some which are more specific to Trading Funds. The main non-financial elements in this framework are set out below. Policies and standards bearing on the financial management of the Met Office are set out in Section 4.

Public Data Group

3.2 The Met Office is a member of the Public Data Group (PDG). The purpose of the PDG is to build on capabilities and existing best practice. The PDG will seek to support growth in the UK economy by delivering efficiencies and improvements in public services through its members. These objectives are additional and incremental to those with which the PDG members are already individually charged.

3.3 The PDG provides collective advice to the responsible BIS Minister through its Board. Both the Met Office Chair and Chief Executive are members of the Board.

3.4 Further details on the purpose, membership and governance of the PDG can be found in the terms of reference, published 19 March 2012 (www.bis.gov.uk/policies/growth/growth-review-implementation/releasing-reference-data/data-strategy-board).

HM Treasury

3.5 The Met Office will comply with Treasury guidance to government departments and Trading Funds. Any changes to the financial structure of the Trading Fund will be discussed and agreed with HM Treasury.

Cabinet Office

3.6 The Met Office will follow Cabinet Office guidance given to all government departments, Executive Agencies and Trading Funds, however specific exemptions may be sought where appropriate to allow effective delivery of the Met Office Business Plan.

Her Majesty’s Stationary Office

3.7 Crown copyright is vested in The Controller of Her Majesty’s Stationery Office by Royal Letters Patent. The Controller has delegated powers to the Chief Executive for the day-to-day administration of copyright. The Controller of HMSO regulates management of Crown copyright by the HMSO Information Fair Trader Scheme.
4. FINANCIAL FRAMEWORK

4.1 This chapter sets out the broad financial basis on which the Met Office operates, and related policies and standards.

Financial strategy

4.2 The Met Office operates as a Trading Fund in accordance with the Government Trading Funds Act 1973 as amended and Meteorological Office Trading Fund Order 1996 at Annex A.

4.3 The trading fund accounts must satisfy the accounting principles and disclosure requirements of the relevant edition of the relevant sections for a Trading Fund of the Financial Reporting Manual issued annually by the Treasury.

4.4 Further details on the Met Office's Financial Strategy are set out in Annex D.

Planning

4.5 The Met Office will prepare a Business Plan. The Business Plan will cover strategic issues over a period of five years and will be reviewed and approved as required, but normally annually. The Business Plan will:

− state the Met Office's aim, and strategic objectives;
− include the strategy for meeting top-level objectives over the next five years;
− include a statement as to how the strategy addresses the Public Data Group objectives as laid out in the PDG Terms of Reference dated 19 March 2012;
− include a comprehensive risk management plan, explaining how risks might best be managed;
− set out financial objectives;
− identify key investment projects and/or programmes, new activities or other decisions that will deliver the strategy and targets;
− provide forecasts of anticipated resource needs, including staff;
− set proposed capital expenditure requirements; and
− set out a comprehensive financial analysis and projections across the five year period, including key underlying assumptions.

4.6 The five year Business Plan will be approved by the Ministerial Owner. This will be reviewed on an annual basis and, if required, approved by the Board and the Ministerial Owner.
4.7 In some of its markets now and potentially increasingly in the future, the Met Office operates in a competitive environment. For reasons of commercial confidentiality for the Met Office and its partners, the Business Plan will not be published.

4.8 As a Trading Fund operating under Managing Public Money guidelines, the Met Office needs to be run on as efficient a basis as possible, consistent with the delivery of its objectives. Managers are continually tasked with eliminating waste, increasing productivity, reducing costs and increasing value for money without threatening the quality that customers require.

**Business Performance Measures (BPM)**

4.9 The Annual Budget and Business Performance Measures will be reviewed and set each year by the Board. This will include consideration of alignment to strategic objectives in the five year Business Plan. The Annual Budget and Business Performance Measures will be referred to the Ministerial Owner for approval. Within the Met Office a range of performance targets will be monitored. At the highest level the Annual Report and Accounts will form the public reporting to demonstrate to stakeholders that it provides value for money and is delivering efficient, effective services in line with customer requirements and broader strategic objectives. The Board monitors performance against corporate objectives.

4.10 Performance measures will also be based upon this framework and will be designed to deliver the strategic objectives. The relevance of these measures will be reviewed regularly and new measures introduced as appropriate to reflect the changing business and government environment. These measures will be cascaded through the Met Office as appropriate.

**Risk management**

4.11 The Met Office operates risk management processes at all levels, from strategic risks through to project delivery. The Board and the Audit Committee review the risk management strategy and, in particular, assesses the adequacy of the internal controls operating within all key processes in relation to risk identification, assessment, response and monitoring.

**Audit**

4.12 In accordance with section 4(5)(b) of the Government Trading Funds Act 1973, the Comptroller and Auditor General is the external auditor.

4.13 The Board and the Chief Executive are responsible for making suitable arrangements for the provision of an effective internal audit service, to be procured in a manner that demonstrates best value for money. Internal audits are conducted in accordance with Government Internal Audit Standards.

**Annual Reports**

4.14 The Met Office will prepare an Annual Report together with a statement of accounts, in accordance with relevant such guidance as Treasury and Cabinet Office may issue.

4.15 The Annual Report and Accounts reviews the operations over the previous year, provides details of performance against the objectives and targets and reviews planned developments. It will meet the accounting and disclosure requirements set by Treasury.

4.16 The Annual Report will not present information that if disclosed might be commercially prejudicial to the Met Office.

4.17 The Annual Report and Accounts will be submitted to the Comptroller and Auditor General within an agreed timetable for audit and certification.

4.18 The audited accounts will be laid before both Houses of Parliament, and will be published including, but not limited to, on the Met Office’s website.
5. HUMAN RESOURCES

Terms and conditions of service

5.1 Met Office staff are mostly civil servants employed on terms and conditions of service consistent with the rules and principles set out in the Civil Service Management Code and the provisions of the Civil Service Pension Scheme. Within this framework, the Chief Executive is responsible for the appointment of staff and for determining their tenure and other conditions of appointment.

5.2 Where the Chief Executive wishes to make proposals for changes to existing terms and conditions of employment that would exceed current management flexibilities, these will need to be agreed with the Treasury and the Cabinet Office as appropriate. There will be full consultation with staff and their representatives, including the recognised Trade Union, on any changes that affect terms and conditions of appointment.

5.3 The Chief Executive is also a civil servant and is a member of the Senior Civil Service.

5.4 The Chair and Non-Executive Directors are appointed in a private capacity (save for the Shareholder Executive NED).

Pay and performance

5.10 The Chief Executive is responsible for the personnel review arrangements and the pay and grading of all staff. This includes the ability to make promotions, to deal with inefficiency, disciplinary and grievance matters and for determining pay and grading. In carrying out these responsibilities, the Chief Executive will seek the approval of the Minister for the Civil Service, Cabinet Office or Treasury as appropriate. Senior appointments and pay levels will be endorsed by the Reward and Remuneration committee.

5.11 For the Senior Civil Service, this responsibility is exercised within the broad framework set out by the Cabinet Office, but excludes those matters where responsibility remains with the Cabinet Office.

5.12 For staff below Senior Civil Service level, the Chief Executive has authority for pay bargaining and setting terms and conditions of service, within the constraints of the agreed pay remit. This will be undertaken with the agreement of central departments where appropriate, and after consultation with staff and their Trade Union representatives.

5.13 The Met Office is committed to ensuring that its staff are developed and trained so that they are able to make the maximum contribution to its success. Staff will be given the opportunity to participate in their personal development and to link their skills and experience with the needs of the organisation. Staff will be supported, as necessary, by a development strategy that offers technical, professional and managerial training, and appropriate vocational qualifications. All staff will participate in performance assessment procedures, and will be encouraged to discuss their development needs as part of the annual performance appraisal process.

Recruitment

5.8 Recruitment will be undertaken on the basis of fair and open competition.

5.9 The Reward and Remuneration Committee will have an input into the recruitment process of Executive Directors and NEDs.

Personnel management

5.5 The management policies for people aim to achieve a well-motivated, properly trained and developed workforce with appropriate skills to meet the needs of the business and in which individuals are committed to servicing customer needs. The Met Office will continue to encourage and facilitate a two-way flow of information and ideas between management and staff.

5.6 The Chief Executive will develop and maintain a personnel management strategy which enables the Met Office to recruit, develop, retain and motivate staff in the numbers and with the appropriate skills and expertise required; whilst observing the principle of good management practice.

5.7 The Chief Executive is responsible for ensuring that the Met Office complies with statutory requirements in relation to health and safety matters and that management of health and safety reflects relevant guidance and best practice.
**Conduct and discipline**

5.14 The Chief Executive will have full powers in matters relating to the conduct and discipline of all employees. The full range of disciplinary sanctions will be at the Chief Executive’s disposal, including dismissal, loss of pay and posting. A system of grievance and appeals procedures will be available to staff, including the right of appeal to the Chief Executive and to the Civil Service Appeals Board.

**Staff and Trade Union**

5.15 The Met Office will recognise the negotiating rights of the recognised Trade Union at the Met Office and will negotiate with them with a view to reaching agreement on matters related to pay and conditions of service.

**Equality and diversity**

5.16 The Chief Executive will promote best practice in the area of Equal Opportunities. They will ensure that all their staff are provided with a working environment that values diversity.
6. REVIEW OF THE FRAMEWORK DOCUMENT

Review arrangements

6.1 This framework document will be reviewed at intervals of not more than three years, or when it is necessary to do so, and particularly if changes are sought by the Board in the light of experience of the Met Office’s operation or changes in circumstances.

Publication

6.2 Copies of this framework document and any subsequent revisions will be published and placed in the libraries of the Houses of Parliament.

6.3 An electronic version is available on the Met Office’s website (www.metoffice.gov.uk).
ANNEXES

A. Trading Fund order, transfer of functions order and Treasury minute

STATUTORY INSTRUMENTS

1996 No. 774

GOVERNMENT TRADING FUNDS

The Meteorological Office Trading Fund Order 1996

Made - - - - 8th March 1996
Coming into force - - 1st April 1996

Whereas:

(1) It appears to the Secretary of State for Defence ("the Secretary of State") that:

(a) those operations of the Ministry of Defence which are referred to in Article 2 of, and Schedule 1 to, this Order are suitable to be financed by means of a fund established under the Government Trading Funds Act 1973(1) ("the 1973 Act") and, in particular, to be so managed that the revenue of the fund would consist principally of receipts in respect of goods or services provided in the course of the operations in question, and

(b) the financing of the operations in question by means of a trading fund would be in the interests of the improved efficiency and effectiveness of the management of those operations;

(2) The Secretary of State has, in accordance with section 2 of the 1973 Act and with the concurrence of the Treasury, determined what Crown assets and liabilities are properly attributable to the operations in question and are suitable to be appropriated to the fund;

(3) In accordance with section 6(2) of the 1973 Act, a draft of this Order has been laid before the House of Commons and has been approved by a resolution of that House;

Now, therefore, the Secretary of State in exercise of the powers conferred on him by sections 1, 2, 2AA(1), 2A(1), 2C(1) and 6(1) of the 1973 Act, and of all other powers enabling him in that behalf, with the concurrence of the Treasury, hereby makes the following Order:—

Citation and commencement

1. This Order may be cited as the Meteorological Office Trading Fund Order 1996 and shall come into force on 1st April 1996.

(1) 1973 c. 63, as amended by the Government Trading Act 1990 (c. 30). The 1973 Act, as so amended, is set out in Schedule 1 to the 1990 Act. The 1973 Act was further amended by section 119 of the Finance Act 1991 (c. 31) and Schedule 22 to the Finance Act 1995 (c. 34).
Establishment of the fund

2. As from 1st April 1996, for all the operations of the Ministry of Defence known as the Meteorological Office, which operations are more particularly described in Schedule 1 to this Order, there shall be established a trading fund to be known as the Meteorological Office Trading Fund (hereinafter referred to as “the fund”).

Source of loans

3. The Secretary of State for Defence is hereby designated as the source of issues to the fund by way of loan.

Assets, liabilities, and public dividend capital

4. (1) The Crown assets and liabilities set out in Schedule 2 to this Order shall be appropriated as assets and liabilities of the fund.

(2) 81% of the amount by which the values of the assets of the fund exceed the amounts of its liabilities shall be treated as public dividend capital of the fund.

Maximum borrowing etc.

5. The aggregate of the following shall not exceed £200,000,000—

(a) the total outstanding at any given time in respect of amounts issued to the fund under section 2B of the Trading Funds Act 1973 (other than as originating debt), and

(b) the total at that time constituting public dividend capital issued to the fund under section 2A(2A) of that Act.

Michael Portillo
Secretary of State for Defence

6th March 1996

We concur

Simon Burns
Bowen Wells
Two of the Lords Commissioners of Her Majesty’s Treasury

8th March 1996
SCHEDULE 1

FUNDED OPERATIONS

The operations of the Meteorological Office to be funded by the fund are:—

(a) the provision of meteorological, climatological and associated services to the Ministry of Defence;
(b) the provision of such services to other customers; and
(c) operations incidental, conducive or otherwise ancillary to the foregoing.

SCHEDULE 2

ASSETS AND LIABILITIES APPROPRIATED TO THE FUND

ASSETS

Land and buildings, as at 1st April 1996, used or allocated for use in the funded operations.
Plant, facilities, equipment, machinery, vehicles, fixtures, fittings, computer hardware and software, as at that date, used or allocated for use in the funded operations.
Intangible assets arising from the funded operations as carried on up to that date.
Current assets as at that date used or allocated for use in, or arising from, the funded operations.

LIABILITIES

Creditors and accruals as at 1st April 1996 in relation to the funded operations.

EXPLANATORY NOTE

(This note is not part of the Order)

This Order provides for the setting up as from 1st April 1996 of a fund with public money under the Government Trading Funds Act 1973 (“the 1973 Act”) for the operations of the Ministry of Defence known as the Meteorological Office.
The Order designates the Secretary of State for Defence as the authorised lender to the fund. The Order also specifies the assets (estimated at £100 million) and liabilities (estimated at £26 million) which are to be appropriated to the fund, and for 81% of the difference in value between the assets and liabilities to be treated as public dividend capital of the fund. The Order provides that the aggregate of the total amount paid to the fund by way of loan (other than as originating debt), and the total amount issued to the fund as public dividend capital under section 2A(2A) of the 1973 Act, is not to exceed £200 million.
STATUTORY INSTRUMENTS

2011 No. 2436

MINISTERS OF THE CROWN

The Transfer of Functions (Her Majesty’s Land Registry, the Meteorological Office and Ordnance Survey) Order 2011

Made - - - - 12th October 2011
Laid before Parliament 19th October 2011
Coming into force - - 9th November 2011

Her Majesty, in exercise of the powers conferred by sections 1 and 2 of the Ministers of the Crown Act 1975(1), is pleased, by and with the advice of Her Privy Council, to order as follows:

Citation and commencement

1.—(1) This Order may be cited as the Transfer of Functions (Her Majesty’s Land Registry, the Meteorological Office and Ordnance Survey) Order 2011.

(2) This Order comes into force on 9th November 2011.

Interpretation

2.—(1) For the purposes of this Order, a function is a “former LC function” so far as—

(a) it is transferred by article 3(1), or

(b) it was entrusted to the Lord Chancellor immediately before 18th July 2011 and has before the making of this Order been entrusted to the Secretary of State for Business, Innovation and Skills.

(2) For the purposes of this Order, a function is a “former MoD function” so far as—

(a) it is transferred by article 3(2), or

(b) it was entrusted to the Secretary of State for Defence immediately before 18th July 2011 and has before the making of this Order been entrusted to the Secretary of State for Business, Innovation and Skills.

(3) For the purposes of this Order, a function is a “former DCLG function” so far as it was entrusted to the Secretary of State for Communities and Local Government immediately before 18th July 2011 and has before the making of this Order been entrusted to the Secretary of State for Business, Innovation and Skills.

(1) 1975 c. 26. Section 1 was amended by section 20 of the Constitutional Reform Act 2005 (c. 4).
Transfers of functions

3.—(1) The functions of the Lord Chancellor under or by virtue of the provisions mentioned in Schedule 1 are transferred to the Secretary of State.

(2) The function of the Secretary of State for Defence under article 3 of the Meteorological Office Trading Fund Order 1996(2) (source of loans) is transferred to the Secretary of State for Business, Innovation and Skills.

Transfers of property, rights and liabilities

4.—(1) There are transferred to the Secretary of State for Business, Innovation and Skills—
(a) all property, rights and liabilities to which the Lord Chancellor is entitled or subject at the coming into force of this Order in connection with any former LC function,
(b) all property, rights and liabilities to which the Secretary of State for Defence is entitled or subject at the coming into force of this Order in connection with any former MoD function, other than property, rights and liabilities transferred by paragraph (2), and
(c) all property, rights and liabilities to which the Secretary of State for Communities and Local Government is entitled or subject at the coming into force of this Order in connection with any former DCLG function, other than excepted property, rights and liabilities.

(2) There are transferred to the Secretary of State for Communities and Local Government—
(a) all immovable property to which the Secretary of State for Defence is entitled or subject at the coming into force of this Order in connection with any former MoD function, and
(b) all rights and liabilities to which the Secretary of State for Defence is entitled or subject at that time in connection with that property.

(3) For the purposes of paragraph (1)(c), “excepted property, rights and liabilities” means—
(a) all immovable property to which the Secretary of State for Communities and Local Government is entitled or subject at the coming into force of this Order in connection with any former DCLG function, and
(b) all rights and liabilities to which that Secretary of State is entitled or subject at that time in connection with that property.

Supplementary

5.—(1) This article applies to—
(a) a former LC function,
(b) a former MoD function,
(c) a former DCLG function, and
(d) anything transferred by article 4.

(2) In this article “the transferor” means—
(a) in relation to a former LC function or anything transferred by article 4(1)(a), the Lord Chancellor,
(b) in relation to a former MoD function or anything transferred by article 4(1)(b) or (2), the Secretary of State for Defence, and
(c) in relation to a former DCLG function or anything transferred by article 4(1)(c), the Secretary of State for Communities and Local Government.

(2) S.I. 1996/774.
(3) In this article “the transferee” means—

(a) in relation to a former LC function, a former MoD function, a former DCLG function or anything transferred by article 4(1), the Secretary of State for Business, Innovation and Skills, and

(b) in relation to anything transferred by article 4(2), the Secretary of State for Communities and Local Government.

(4) This Order does not affect the validity of anything done (or having effect as if done) by or in relation to any of the transferors before the coming into force of this Order.

(5) Anything (including legal proceedings) which, at the coming into force of this Order, is in the process of being done by or in relation to the transferor may, so far as it relates to anything to which this article applies, be continued by or in relation to the transferee.

(6) Anything done (or having effect as if done) by or in relation to the transferor in connection with anything to which this article applies has effect, so far as is necessary for continuing its effect after the coming into force of this Order, as if done by or in relation to the transferee.

(7) Documents or forms printed for use in connection with a former LC function, a former MoD function or a former DCLG function may be used in connection with that function even though they contain, or are to be read as containing, references to the transferor; and for the purposes of the use of any such documents or forms after the coming into force of this Order, those references are to be read as references to the transferee.

(8) Any enactment or instrument passed or made before the coming into force of this Order has effect—

(a) so far as is necessary for the purposes of or in consequence of the transfer to the Secretary of State of any former LC function under article 3(1) as if references to the transferor (and references which are to be read as references to the transferor) were or included references to the Secretary of State, and

(b) so far as is necessary for the purposes of or in consequence of—

(i) the transfer or entrusting to the transferee of any other former LC function, any former MoD function or any former DCLG function, or

(ii) the transfer of anything by article 4,

as if references to the transferor (and references which are to be read as references to the transferor) were or included references to the transferee.

(9) In paragraph (8) “instrument” includes Royal Charters, Royal Warrants, Orders in Council, Letters Patent, judgments, decrees, orders, rules, regulations, schemes, bye-laws, awards, licences, authorisations, consents, approvals, contracts and other agreements, memoranda and articles of association, certificates, deeds and other documents.

(10) In paragraphs (4) to (8) references to the transferor include references to the department or an officer of the transferor, and references to the transferee or the Secretary of State are to be read accordingly.

Consequential amendments

6. Schedule 2 has effect.

Judith Simpson
Clerk of the Privy Council
SCHEDULES

SCHEDULE 1

PROVISIONS REFERRED TO IN ARTICLE 3(1)

1. Section 9(9) of the Agricultural Credits Act 1928(3) (power to make regulations about the registration of agricultural charges).

2. Section 16(1) of the Land Charges Act 1972(4) (power to make general rules for carrying that Act into effect).

3. The provisions of the Land Registration Act 2002(5), excluding—
   (a) Part 11 (adjudication),
   (b) section 127(2) (nomination of members of the Rule Committee)(6), and
   (c) section 136(2) (commencement power).

4. Section 65 of the Commonhold and Leasehold Reform Act 2002(7) (power to make rules about registration procedure).

5. The following provisions of the Land Registration Rules 2003(8)—
   (a) rule 216(1)(b)(ii) (power to appoint days on which land registry not open to the public)(9);
   (b) the definition of “working day” in rule 217(1) (power to define “working day”)(10).

6. Regulation 2(1) and (4) of the Land Registration (Acting Chief Land Registrar) Regulations 2003(11) (functions in relation to the acting Chief Land Registrar).

7. The definition of “working day” in rule 9(3) of the Land Registration (Network Access) Rules 2008(12) (power to define “working day”).

---

(3) 1928 c. 43.
(4) 1972 c. 61.
(5) 2002 c. 9.
(6) Section 127(2) was amended by the Constitutional Reform Act 2005 (c. 4), Schedule 4, paragraph 302.
(7) 2002 c. 15.
(8) S.I. 2003/1417.
(9) Paragraph (1) of rule 216 was substituted by the Land Registration (Amendment) Rules 2008 (S.I. 2008/1919), Schedule 1, paragraph 73(a).
(10) The definition of “working day” in rule 217(1) was inserted by the Land Registration (Amendment) Rules 2008 (S.I. 2008/1919), Schedule 1, paragraph 74(e).
(11) S.I. 2003/2281.
(12) S.I. 2008/1748.
SCHEDULE 2

CONSEQUENTIAL AMENDMENTS

PART 1

PRIMARY LEGISLATION

Agricultural Credits Act 1928 (c. 43)

1. In section 9(9) of the Agricultural Credits Act 1928 (power to make regulations about
the registration of agricultural charges), for “Lord Chancellor” substitute “Secretary of State”.

Public Records Act 1958 (c. 51)

2. In Schedule 1 to the Public Records Act 1958 (definition of public records), in Part 1 of the
Table at the end of paragraph 3, in the entry for the Meteorological Office(13), for “Air Ministry”
substitute “Department for Business, Innovation and Skills”.

Land Charges Act 1972 (c. 61)

3. In section 16(1) of the Land Charges Act 1972 (power to make general rules for carrying that
Act into effect), for “Lord Chancellor” substitute “Secretary of State”.

Land Registration Act 2002 (c. 9)

4.—(1) The Land Registration Act 2002 is amended as follows.

(2) In the following provisions, for “Lord Chancellor” (in each place) substitute “Secretary of State”—

(a) section 5(1) and (4) (power to extend section 4);
(b) section 62(9) (power by order to amend section 62(4) or (5));
(c) section 80(4) (power by order to amend section 80);
(d) section 93(5) (power to require simultaneous registration);
(e) section 99(3) (duty to appoint Chief Land Registrar);
(f) section 100(2) and (3) (power to make provision about conduct of business);
(g) section 101(1) and (3) (functions relating to the Chief Land Registrar’s annual report);
(h) section 102 (power to make provision about fees);
(i) section 118 (power to reduce qualifying term);
(j) section 121(1) (power to make provision about forwarding applications)(14);
(k) section 127(1) and (3) (power to make land registration rules and to nominate a member
of the Rule Committee);
(l) section 130(b) (power to apply the Act to internal waters);
(m) section 134(1) (power to make transitional provision);

---

(13) By virtue of the Defence (Transfer of Functions) Act 1964 (c. 15), section 3(2) the reference in the entry for the Meteorological Office to the Air Ministry has effect as a reference to the Ministry of Defence.

(14) Section 121 was substituted by the Companies Act 2006 (Consequential Amendments, Transitional Provisions and Savings) Order 2009 (S.I. 2009/1941), Schedule 1, paragraph 193(1) and (3).
(n) paragraph 11 of Schedule 5 (power to make rules regarding the land registry network);
(o) paragraphs 1(1) and (2) and 2 of Schedule 7 (functions in relation to the Chief Land Registrar).

(3) In section 128 (rules, regulations and orders), in subsections (1) and (2), after “Lord Chancellor” insert “or the Secretary of State”.

**Commonhold and Leasehold Reform Act 2002 (c. 15)**

5. In section 65(1) of the Commonhold and Leasehold Reform Act 2002 (power to make rules about registration procedure), for “Lord Chancellor” substitute “Secretary of State”.

**PART 2**

**SECONDARY LEGISLATION**

**Social Fund Cold Weather Payments (General) Regulations 1988 (S.I. 1988/1724)**


7.—(1) The Meteorological Office Trading Fund Order 1996 (which relates to a fund that exists for operations that have become operations of the Department for Business, Innovation and Skills by virtue of the entrusting of former MoD functions to the Secretary of State for Business, Innovation and Skills) is amended as follows.

   (2) In article 3 (source of loans), for “Secretary of State for Defence” substitute “Secretary of State for Business, Innovation and Skills”.

   (3) In Schedule 1 (funded operations), in paragraph (a), for “Ministry of Defence” substitute “Department for Business, Innovation and Skills”.

**Land Registration Rules 2003 (S.I. 2003/1417)**

8.—(1) The Land Registration Rules 2003 are amended as follows.

   (2) In rule 216(1)(b)(ii) (power to appoint days on which land registry not open to the public), for “Lord Chancellor” substitute “Secretary of State”.

   (3) In rule 217(1) (interpretation), in the definition of “working day”, for “Lord Chancellor” substitute “Secretary of State”.

**Land Registration (Acting Chief Land Registrar) Regulations 2003 (S.I. 2003/2281)**

9. In regulation 2(1) and (4) of the Land Registration (Acting Chief Land Registrar) Regulations 2003 (functions in relation to the acting Chief Land Registrar), for “Lord Chancellor” (in each place) substitute “Secretary of State”.

---

(15) The definition of “the Meteorological Office” in regulation 1(2) was inserted by the Social Fund Cold Weather Payments (General) Amendment Regulations 1996 (S.I. 1996/2544), regulation 2(1) and (3).
Home Information Pack (No.2) Regulations 2007 (S.I. 2007/1667)

10. In regulation 2(1) of the Home Information Pack (No.2) Regulations 2007 (interpretation), in the definition of “the Chief Land Registrar”, for “Lord Chancellor” substitute “Secretary of State”.

Land Registration (Network Access) Rules 2008 (S.I. 2008/1748)

11. In rule 9(3) of the Land Registration (Network Access) Rules 2008 (giving of notice), in the definition of “working day”, for “Lord Chancellor” substitute “Secretary of State”.

EXPLANATORY NOTE

(This note is not part of the Order)

This Order in Council is made under sections 1 and 2 of the Ministers of the Crown Act 1975. It makes provision in connection with the transfer of functions in connection with Her Majesty’s Land Registry, the Meteorological Office and Ordnance Survey to the Secretary of State for Business, Innovation and Skills. See the Prime Minister’s written statement to Parliament dated 18th July 2011 (reported in Hansard (House of Commons) at column 87WS; available at www.parliament.uk).

Article 3(1) and Schedule 1 transfer to the Secretary of State certain functions of the Lord Chancellor in respect of the Land Registry. They will be entrusted to the Secretary of State for Business, Innovation and Skills. Article 3(2) transfers to the Secretary of State for Business, Innovation and Skills a function of the Secretary of State for Defence under article 3 of the Meteorological Office Trading Fund Order 1996.

Article 4 makes provision for the transfer of property, rights and liabilities in connection with the transfer of functions under article 3 and the entrusting of functions in connection with Her Majesty’s Land Registry, the Meteorological Office and Ordnance Survey to the Secretary of State for Business, Innovation and Skills. All the property, rights and liabilities transfer to that Secretary of State, except that immovable property and associated rights and liabilities are transferred to, or retained by, the Secretary of State for Communities and Local Government (who under current practice holds immovable property for other departments).

Article 5 makes supplementary provision.


Nothing in this Order alters the functions of the Welsh Ministers, the Scottish Ministers or the devolved authorities in Northern Ireland.

A full regulatory impact assessment has not been produced for this instrument as no impact on the private or voluntary sectors is foreseen.
HM TREASURY

METEOROLOGICAL OFFICE TRADING FUND

MINUTE TO PARLIAMENT

1. Section 4(1) of the Government Trading Funds Act 1973 (“the 1973 Act”) provides that a trading fund established under the Act shall be under the control and management of the responsible Minister and, in the discharge of his function in relation to the fund, it shall be his duty:

   a. To manage the funded operations so that the revenue of the fund:

      (i) consists principally of receipts in respect of goods and services provided in the course of the funded operations, and

      (ii) is not less than sufficient, taking one year with another, to meet outgoings which are properly chargeable to revenue account; and

   b. To achieve such further financial objectives as the Treasury may from time to time, by minute laid before the House of Commons, indicate as having been determined by the responsible Minister (with Treasury concurrence) to be desirable of achievement.

2. A Trading Fund for the Meteorological Office was established on 1 April 1996 under the Meteorological Office Trading Fund Order 2002 (SI 1996 No. 774).

3. The Secretary of State for Defence, being the responsible Minister for the purposes of Section 4(1)(a) of the 1973 Act, has determined (with Treasury concurrence) that a further financial objective desirable of achievement by the Meteorological Office Trading Fund for the 5-year period from 1 April 2009 to 31 March 2014 shall be to achieve a return, averaged over the period as a whole, of at least 3.5 per cent in the form of a surplus on ordinary activities before interest (payable and receivable) and dividends expressed as a percentage of average capital employed. Capital employed shall consist of the capital (PDC and long-term element of loans) and reserves.

4. This minute supersedes that dated 31 March 2004.

5. Let a copy of this Minute be laid before the House of Commons pursuant to Section 4(1) of the Government Trading Funds Act 1973.

HM TREASURY

5th May 2009
B. Roles, responsibilities and accountabilities

Ministerial Owner

Legal responsibilities
The Ministerial Owner has a number of legal responsibilities in relation to Met Office and the Chief Executive, which includes:

- ministerial responsibility for Met Office and for the legislation under which it operates;
- appointment of the Chief Executive who will normally hold office until vacating it in accordance with the terms of his appointment. The Ministerial Owner may remove the Chief Executive from office if the Chief Executive is unable or unfit to discharge their functions; and
- entitlement to receive an annual report from the Chief Executive on the business of Met Office and copies of every such report must be laid before Parliament.

Other responsibilities
On advice from the Chief Executive, the Shareholder Executive and the Board through its Chair, and in consultation as necessary with other relevant stakeholders across government, the Ministerial Owner’s other responsibilities include:

- Set and review, coherent and prioritised top-level objectives which balance the government’s shareholder, finance provider, and policy interests in the Met Office;
- Approve the five year Business Plan for delivering the strategy, the Annual Budget and Business Performance Measures;
- Define the policy and finance framework within which the Chief Executive is to operate;
- Satisfy himself that the Board is working effectively, under delegated authority, on his behalf to:
  - Scrutinise the business strategies, plans, targets and performance, to ensure the approved Business Plan is being effectively implemented;
  - Approve major business decisions which do not need his direct involvement;
  - Develop, scrutinise and endorse advice to him on issues which require his direct approval (i.e. those with significant financial, operational and/or presentational consequences, including major investments, rationalisations, acquisitions and any novel or contentious issues – see Annex C), and
  - Provide appropriate support and constructive challenge to the Chair, Chief Executive and the senior Executive Team in delivering the Business Plan.
- Account to Parliament for all matters concerning the Met Office, and accordingly has the right to intervene in the operations of Met Office if public or parliamentary concerns justify it. (NB. This is the Ministerial accountability function, and is different from the Accounting Officer role attaching to the Chief Executive);
- Approve the appointment of the Chair of the Board, following normal selection procedures; and
- The Ministerial Owner will meet the Chief Executive annually to discuss the Met Office’s performance and outlook for the coming year. The meeting will take place before the Met Office’s annual report and accounts are laid in Parliament.
- Issue Chair’s letter
Accountabilities
To Parliament.

The Board
Role
Under the leadership of the Chair, and with authority delegated (via the Chair) from the Ministerial Owner, the role of the Board is to challenge and support the Executive team, and carefully scrutinise its proposals and/or performance.

In particular, matters reserved for the Board’s endorsement or approval include:

Strategic and financial matters:
- The Met Office’s long term aim and objectives;
- The Met Office’s medium term (5 year) Business Plan;
- The Met Office’s Annual Budget and Business Performance Measures;
- Review performance against Business Plan, Annual Budget and Business Performance Measures;
- Review of significant risks borne by the Met Office in pursuit of its strategic objectives;
- Extension of the Met Office’s activities into new business areas;
- Cessation of the Met Office’s activities in any existing business areas;
- Significant changes in accounting policies and practices; and
- Developing other major business strategies, plans or proposals in support of the approved Business Plan. The Board must judge case by case (guided by the principles at Annex C) whether it can approve these itself, or endorse them prior to submission to the Ministerial Owner for approval.

Stakeholder matters:
- The Annual Report and Accounts and associated documentation;
- Dividend payments;
- Changes to or significant developments in relationships with major stakeholders including Shareholder Executive, BIS, other Government Departments, Unions, and the media;

Board and Senior Executive matters
- Major changes to the Met Office’s corporate structure;
- Major changes to the Met Office’s management and control structure;
- Major changes to the agreed division of responsibilities between the Board and the Chief Executive;
- Succession planning to the Board and the Executive Board;
- Press releases concerning matters determined by the Board;
- Terms of reference for the Board subcommittees;
- Reports from the Board subcommittees;
- Rigorous annual reviews of the performance of the Board, Board committees and individual directors;
- Overall governance arrangements for the Met Office;
- Matters of public interest which could affect the Met Office’s reputation including health and safety, environmental, communications and fraud;
- Register of interests declared by members of the Board; and
- Material litigation.

Composition
The size and broad composition of the Board will be agreed with the Chief Executive by the Chair. The Chair is to ensure that there is an appropriate balance of the necessary skills and experience, and between executives and non-executives. In line with best practice it is expected that this will be split broadly equally between Executive and Non Executive. As a minimum it will comprise:
- Non-Executive Chair;
- Chief Executive;
- Finance Director;
- Other Executive Director(s) as required and agreed by the Chair;
- External NEDs – chosen to ensure that the Board has an appropriate mix of skills and experience. The role of the NEDs is to provide expert advice, guidance and challenge to the Executive team; and
- A member of Shareholder Executive sitting as a formal NED.
Accountabilities within the Board
Met Office Board members do not have the statutory responsibilities associated with Company Directors. However, the Chair and Non-Executives are expected to act in line with high standards of corporate governance to ensure that Met Office complies, wherever possible and appropriate to its circumstances, with Corporate governance in central government departments: code of good practice 2011.

Chair
Standard duties of a Chair
A summary of the wider responsibilities of a Chair, in line with the best practice set out in the UK Corporate Governance Code, is as follows:

− Lead the Board in the determination of its strategy and in the achievement of its agreed Business Plan;
− Monitor objectively management performance and attainment of objectives against target performance;
− Ensure the business employs best practice in respect of corporate governance, including the establishment of appropriate committees for areas such as audit and remuneration;
− Ensure the business has financial reporting disciplines in place and working adequately;
− Encourage ongoing strategic planning and business positioning by reference to external market trends and conditions;
− Ensure the Board has adequate systems to monitor and address any conflicts between the business and the personal interests of its individual directors;
− Participate in matters such as succession planning and remuneration, which will include sitting on the Reward and Remuneration Committee which handles senior pay and appointments;
− Maintain an independent position on the board with the objective of constructively challenging, where appropriate, the status quo and management’s assumptions and decisions; and
− Ensure that effective relationships are retained with all major stakeholders in the business including shareholder, employees, funding providers, customers, suppliers and other government departments.

The role of the Chair of the Met Office
The Non-Executive Chair’s function is to provide external advice and expertise to inform the Met Office’s decision making process.

The key responsibilities are:
− To chair the Board of the Met Office and ensure that the Board as a whole is effective in its overall role;
− To develop, together with the Chief Executive and the other members of the Board, the strategic direction for the Met Office, within the context of the broader development of a PDG, and to agree this with the Secretary of State for BIS (or with the responsible Minister on his behalf);
− To monitor the delivery of this business strategy and other objectives as may be agreed from time to time by the Ministerial Owner;
− To work under delegated authority from the Ministerial Owner to satisfy himself that the Board works effectively in terms of providing appropriate oversight and governance of the strategy, plans and performance of Met Office;
− To advise the Ministerial Owner on any material issues impacting the Met Office;
− To receive from the Chief Executive and, where relevant, other executive reports on the performance of the Met Office so as to enable the monitoring of that performance;
− To ensure the maintenance of an effective Board together with appropriate corporate governance in line with best practice;
− To contribute actively to the development of relationships with all stakeholders, both within Whitehall and more broadly; and
− To act as a source of advice and support to the Chief Executive.
Accountabilities
To the Ministerial Owner.

Chief Executive
The Chief Executive is appointed by the Ministerial Owner. The Chief Executive is also the Chief Executive of the Executive Agency and the Accounting Officer of the Trading Fund.

Legal responsibilities
The Chief Executive is legally required to:

- make an annual report on the business of Met Office to the Ministerial Owner and publish that report;
- manage and control the Met Office Trading Fund;
- achieve any further financial objectives determined by the Ministerial Owner, with Treasury concurrence;
- carry out the responsibilities of Accounting Officer of the Trading Fund. In this capacity, the Chief Executive is responsible for the proper, effective and efficient use of resources and ensures compliance with the requirements in Managing Public Money and with any general guidance issued by the Treasury and the Cabinet Office. In particular, the Chief Executive prepares and signs a statement of accounts for each financial year, which is to be transmitted to the Comptroller and Auditor General. The Chief Executive must also send an annual report and accounts, audited by the National Audit Office (or a sub-contracted authorised firm of accountants) to the Ministerial Owner, with a report containing information as to the funded operations in such form as the Treasury may require;
- ensure that all expenditure the Chief Executive incurs in respect of the funded operations are to be paid out of the Trading Fund taking one year with another, pay into the Consolidated Fund each year a dividend equal to at least the required rate of return on average capital employed;
- establish and maintain general, capital and other reserves in the accounts of the trading fund and may pay into the Consolidated Fund any amount standing in the reserves of the trading fund that at any time appear to him to be surplus to the foreseeable requirements of the funded operations;
- invest, if the Chief Executive wishes, money not immediately required in such Government securities as the Treasury may approve;
- appoint the staff of Met Office on such terms and conditions as, with the approval of the Minister for the Civil Service, the Chief Executive thinks fit;
- determine, in agreement with Treasury, the amount and time of any payment out of the Trading Fund into the Consolidated Fund in respect of staff pensions and associated administrative expenses; and
- authorise, if necessary, other members of Met Office (that is, members of staff) to carry out his functions.

Parliamentary responsibilities
- The Met Office is normally expected to give evidence, on behalf of the Ministerial Owner, when matters of relevance to the Met Office are being discussed by parliamentary committees. The Chief Executive is responsible for putting into effect recommendations by the Public Accounts Committee, the Justice Committee and other Parliamentary Select Committees or other authority that the Government has accepted; and
- The Chief Executive will respond to written Parliamentary Questions in the UK Parliament and to correspondence that Ministers receive from Members of Parliament on matters concerning the day-to-day operation of Met Office. The Chief Executive will also reply to correspondence on such matters received directly from elected Members of the UK and devolved Parliaments/Assemblies, and the European Parliament. The Met Office will seek to provide interested Members with factual information relating to the weather, climate and operation of the Met Office.
Other responsibilities

- Asks the Ministerial Owner to approve the five year Business Plan, Annual Budget and Business Performance Measures;
- Asks the Board to approve the Annual Budget and Business Performance Measures and targets;
- To develop, together with the Chair and the other members of the Board, the strategic direction for the Met Office, within the context of the broader development of a PDG, and to agree this with the Secretary of State for BIS (or with the responsible Minister on his behalf);
- Ensure delivery of the objectives and targets, and in particular the successful implementation of the approved Business Plan and performance in accordance with this Framework Document;
- Report to the Board on issues of business strategy, risk, performance, major business proposals and business decisions;
- Seek approval or endorsement (as appropriate) from the Board for all significant business decisions, within framework set out in Annex C;
- The Chair and Chief Executive will meet the Ministerial Owner at least annually to discuss the Met Office’s performance; and
- Ensure the Met Office provides the UK representative for the World Meteorological Organization, and the councils for EUMETSTAT and ECMWF.

Accountabilities

- To the Secretary of State for Business, Innovation and Skills
- To the Met Office Board in its role of agreeing business strategy, five year Business Plan, Annual Budget and Business Performance Measures and targets, and scrutinising performance on behalf of the Secretary of State; and
- To Parliament as Accounting Officer.

In the event that the Chief Executive believes that a decision taken by the Chair or the Met Office Board will cause a conflict with his responsibilities as statutory office holder or Accounting Officer, the Chief Executive will seek to remedy this in discussion first with the Chair and/or Board and then through the Permanent Secretary in BIS and Treasury. If it proves impossible to resolve the conflict, the Chief Executive will invite the Ministerial Owner to issue an Accounting Officer Direction.
C. Framework for major business decisions

This annex sets out the basis on which major business decisions within the Met Office are to be approved. Although the Met Office is subject to central government controls over expenditure, including Cabinet Office controls, specific exemptions may be sought where appropriate to allow effective delivery of the Met Office Business Plan.

Specific exemptions will remove the requirement for the Met Office to gain approvals beyond the Met Office Board for specific types of expenditure which are subject to Government wide spending controls.

The framework is subject to periodic review, subject to Ministerial Owner approval.

<table>
<thead>
<tr>
<th>Type of expenditure</th>
<th>Limit above which Met Office Board approval must be sought</th>
<th>Limit above which Owning Department approval must be sought</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital expenditure</td>
<td>£2,000,000</td>
<td>£8,000,000</td>
</tr>
<tr>
<td>Non capital expenditure</td>
<td>£4,000,000</td>
<td>£8,000,000</td>
</tr>
<tr>
<td>Land and buildings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenditure on land and buildings</td>
<td>£500,000</td>
<td>£1,000,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Type of financial commitment</th>
<th>Limit above which Board approval must be sought</th>
<th>Limit above which the Chief Executive must receive Owning Department endorsement</th>
<th>Limit above which Cabinet Office approval must be sought</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICT capex and non-capex</td>
<td>£2,000,000</td>
<td>£4,000,000</td>
<td>£5,000,000</td>
</tr>
<tr>
<td>Strategic supplier mgt</td>
<td>£2,000,000</td>
<td>£4,000,000</td>
<td>£5,000,000</td>
</tr>
<tr>
<td>ICT back office</td>
<td>£1,000,000</td>
<td>£1,000,000</td>
<td>£1,000,000</td>
</tr>
<tr>
<td>Advertising and marketing</td>
<td>£100,000</td>
<td>£100,000</td>
<td>£100,000</td>
</tr>
<tr>
<td>Consultancy</td>
<td>£20,000</td>
<td>£20,000</td>
<td>£20,000</td>
</tr>
<tr>
<td>Property leases (excluding operational scientific sites)</td>
<td>N/A</td>
<td>£100,000</td>
<td>£100,000</td>
</tr>
</tbody>
</table>

1. All expenditures should be subject to the Met Office’s own internal approval processes
2. The specific thresholds are linked to existing Cabinet Office approvals as at 1 March 2013
3. The vast majority of Met Office property leases and investment relate to either operational scientific sites or sites that are specific to Met Office technical observational equipment. The Met Office therefore operates an exemption from central government controls for all its operational estate however this remains subject to the Standard Land and Building Approvals threshold in Table 1.
The renewal of non-competed government contracts will remain under the authority of the Chief Executive provided that there is no material and significant change in the agreed contract outputs, or change in the real annual price of the contract that exceeds 10%.

**Forward look reviews and routine reporting**

The Met Office also operates the following reviews and reporting measures to ensure adequate transparency and control:

- An Annual Forward Look with Cabinet Office – specifically reviewing cases above CO thresholds and deciding whether formal submission is required.
- An Annual BIS Review (to include the Shareholder Executive and other interested parties) – focused on cases above BIS thresholds, and making decisions as to whether formal submission to BIS is required.
- Routine Reporting – the Met Office Board’s financial report includes a rolling 12 month view of all expected cases for ICT and Strategic Supplier Management that are above the Chief Executive delegated limit.

### Table 3: Other financial commitments

<table>
<thead>
<tr>
<th>Type of financial commitment</th>
<th>Limit above which Board approval must be sought, or endorsement prior to submission to the Ministerial Owner</th>
<th>Limit above which the Chief Executive must receive Owning Department endorsement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actions leading to write-offs/write downs</td>
<td>£500,000</td>
<td>£1,000,000</td>
</tr>
<tr>
<td>Loan applications</td>
<td>£500,000</td>
<td>£2,000,000</td>
</tr>
<tr>
<td>Special payments</td>
<td>£250,000</td>
<td>N/A</td>
</tr>
</tbody>
</table>

The Financial approval thresholds in relation to bids and sales contracts are detailed in the table below:

### Table 4: Bids and sales contracts

<table>
<thead>
<tr>
<th>Type of financial commitment</th>
<th>Limit above which Board Approval must be sought, or endorsement prior to submission to the Ministerial Owner</th>
<th>Limit above which the Chief Executive must receive Owning Department endorsement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Binding bids and sales contracts included in the Business Plan</td>
<td>£5,000,000</td>
<td>£20,000,000</td>
</tr>
<tr>
<td>Binding bids and sales contracts not included, or going beyond the Business Plan</td>
<td>£3,000,000</td>
<td>£12,000,000</td>
</tr>
</tbody>
</table>
D. Financial strategy

Business model

The Met Office’s business model (and accounting system) distinguishes clearly between two types of customer: central government bodies requiring services which cannot sensibly be competed; and services provided on a commercial (usually competed) basis to customers both inside and outside government. This distinction helps the Met Office demonstrate its compliance with competition law in relation to possible cross-subsidy.

The main customers for non-competed services to central government are the Public Weather Service Customer Group, MOD, DEFRA and, DECC. In these cases, prices are to be set at a level consistent with Treasury guidance on the cost of capital for inter-departmental services. The Met Office is to maintain Customer Supplier Agreements with all relevant customers which clearly define the outputs and associated costs, and where possible provide incentives for cost-reduction and/or service-enhancement.

In contrast, profit margins for business which is either competed or capable of being competed are to be dictated by market conditions. This applies to competed services to Government departments.

Public Weather Service Customer Group (PWSCG)

The Met Office is responsible for the delivery of the PWS. The PWSCG acts as the formal customer for this service. Under an independent chair, this group comprises selected public sector users, together with other independent members. Its role, on behalf of the general public, is to define and monitor delivery of the PWS services, which are free-at-the-point-of-use. Consistent with this role, the PWSCG is responsible for funding the underpinning operational capability at the Met Office, and the research and development needed progressively to improve the utility of its forecasts over time. On satisfactory delivery of the required services, the PWSCG authorises appropriate payments to the Met Office from a budget held by BIS (but ring-fenced for this purpose).

Major decision making

The policy governing key financial decisions in the Met Office is set out in Annex C. This sets out the circumstances in which the Chief Executive is required to seek higher approval, either from the Met Office Board or the Owning Department, before a decision is taken.

Capital structure

The net assets of the Met Office Trading Fund at vesting day, 1 April 1996, were financed by a combination of loans and Public Dividend Capital and are unchanged following the transfer from MOD into BIS. With the concurrence of BIS and the Chief Secretary to the Treasury, Met Office has established and maintained general capital and other reserves.

The Met Office should, with Shareholder Executive, periodically review its capital structure and funding requirements as part of the general business planning process.

Loan funding

The sole provider of loans to the Met Office is the Department of Business Innovation and Skills. BIS will set the terms on advice from HM Treasury.

All loans are subject to the presentation of a timely and compelling business case built around the high-level business objectives set out in the Business Plan. Like all requests for funding from the BIS Budget, business cases will be subject to scrutiny by BIS Head Office.

For the purposes of this framework document the definition of loans excludes the normal operation of routine banking arrangements which may give rise to unplanned short term liabilities. These may include, but are not limited to, BACS payment facilities, daylight facilities, bank guarantees and indemnities, daily settlement limits and foreign exchange transactions.

Income and expenditure

Met Office revenue will come from payments made by customers for its services (including the PWSCG) and by other exploitation of its assets, data and intellectual property. All sums received by the Met Office will be paid into, and all expenditure incurred will be paid out of the Trading Fund.

Retained earnings

As soon as possible after the end of the trading year, the Met Office will calculate its net operating surplus/deficit after deduction of interest charges. This surplus may be retained in the business or paid as dividends in proportions to be approved by the Owner.

The Met Office may reinvest retained earnings in the business in line with the Business Plan, subject to the delegations set out in Annex C.
Assets

The Met Office will retain, maintain and renew only the assets it needs for its business and will dispose of any surplus land, buildings, plant and equipment to achieve economy in its operations. Any proposals to alter significantly the assets held by the Met Office will be considered during the business planning process and endorsed by the Met Office Board. Appraisals for all major investments will be undertaken in accordance with HM Treasury guidance.

The assets appropriated to the Trading Fund are shown in the Meteorological Office Trading Fund Order; changes in these assets or their valuations are indicated in the Annual Report and Accounts, and in the Met Office Business Plan. Ownership of the assets appropriated to the Met Office remains vested in the BIS Secretary.

Capital investment

The Met Office five-year capital investment programme is approved by the Met Office Board. The five-year profile is set out in the Business Plan. Approval of the investment programme authorises assumptions on which the Met Office is entitled to plan. Decisions on individual investments in the programme require specific approval under the framework at Annex C.

Subordinate companies and joint ventures

The Met Office Board must satisfy itself as to the rigour and overall effectiveness of the governance arrangements for any companies administered by the Met Office on behalf of the Secretary of State for BIS, and any Joint Ventures or other enterprises in which the Met Office has a formal financial interest. To this end, initiation of any new business enterprise will require approval from the owning department, following consultation with the Shareholder Executive.