



Department  
for Education

DATED: 30 March 2017

# Framework Document between the Department for Education (as DfE) and the Institute for Apprenticeships (the Institute)

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# Institute for Apprenticeships

## FRAMEWORK DOCUMENT

### Introduction

- 1.1. This Framework Document has been drawn up by the Department for Education (DfE) to set up the broad framework within which the Institute for Apprenticeships (the Institute) will operate, and the relationship between the Institute and DfE as the sponsor department. The document does not convey any legal powers or responsibilities. It is signed and dated by DfE and the Institute. Copies of the document and any subsequent amendments have been placed in the Libraries of both Houses of Parliament and will be made available to members of the public on the Institute's website.
- 1.2. This Framework Document has been developed to be consistent with Schedule 4 of the Enterprise Act 2016 (the 2016 Act), which amends the Apprenticeships, Skills, Children and Learning Act 2009 (the 2009 Act), and contains the legal provisions relating to the creation of the Institute. Legislation and legislative changes will take precedence over any part of this document.

### Purpose of the Institute for Apprenticeships

- 2.1. The Institute has been created in order to support the strategic aims of DfE and the integrity of the apprenticeships system. Its main aim is to assure the quality of apprenticeships and provide advice to Government on future funding provision for apprenticeship training.
- 2.2. The Institute has several core functions:
  - developing and maintaining quality criteria for the approval of apprenticeship standards and assessment plans;<sup>1</sup>
  - supporting the development of standards and assessment plans by employer groups and reviewing and approving them;<sup>2</sup>
  - publishing approved standards and assessment plans;<sup>3</sup>
  - advising on the maximum amount of Government funding that can be drawn down by employers for individual apprenticeship standards;<sup>4</sup> and
  - quality assuring the delivery of apprentice end-point assessments, where employer groups have been unable to propose other arrangements.<sup>5</sup>

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<sup>1</sup> 2009 Act, s A2A (4)

<sup>2</sup> 2009 Act, s A2A

<sup>3</sup> 2009 Act, s A2

<sup>4</sup> 2009 Act, s ZA3

<sup>5</sup> 2009 Act, ss A2B, A2C

- 2.3. The strategic aims of the Institute are to ensure the high quality of all apprenticeships in England and to give employers a stronger role in the leadership of the apprenticeships system.

## Governance and accountability

### 3. The Institute's legal origins of power and duties

- 3.1. The Institute's powers and duties stem from chapter ZA1 and Schedule A1 to the Apprenticeships, Skills, Children and Learning Act 2009, as inserted by Schedule 4 of the Enterprise Act 2016.

### 4. Ministerial responsibility

- 4.1. The Minister of State for Apprenticeships and Skills will account for business in Parliament.

### 5. The Secretary of State

- 5.1. The Secretary of State for Education (the Secretary of State) will provide advice on the context and focus of the Institute's activities through annual strategic guidance.<sup>6</sup> Although the Secretary of State will not be able to intervene in decisions made by the Institute, he or she can issue written directions to the Institute if he/she is satisfied that it has failed to discharge one of its duties or has acted unreasonably.<sup>7</sup> The Institute has a statutory obligation to then comply with this direction.<sup>8</sup>

### 6. DfE's accounting officer's specific accountabilities and responsibilities as Principal Accounting Officer (PAO)

- 6.1. The Permanent Secretary as DfE's Principal Accounting Officer (PAO) has designated the Chief Executive as the Institute's Accounting Officer.
- 6.2. The PAO is accountable to parliament for the issue of any grant-in-aid to the Institute. The PAO is also responsible for advising the Minister of State for Apprenticeships and Skills on:
- an appropriate framework of objectives and targets for the Institute in light of the department's wider strategic aims and priorities;
  - an appropriate budget for the Institute in the light of DfE's overall public expenditure priorities; and
  - how well the Institute is achieving its strategic objectives and whether it is delivering value for money.
- 6.3. The PAO is also responsible for ensuring arrangements are in place in order to:
- monitor the Institute's activities;

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<sup>6</sup> 2009 Act, s ZA2 (2)

<sup>7</sup> 2009 Act, s ZA7

<sup>8</sup> 2009 Act, s ZA8

- address significant problems in the Institute, making such interventions as are judged necessary;
- periodically carry out an assessment of the risks both to the department and the Institute's objectives and activities;
- inform the Institute of relevant government policy in a timely manner; and
- bring concerns about the activities of the Institute to the full Institute Board, and, as appropriate, to the DfE Board, requesting explanations and assurances that appropriate action has been taken.

## **7. Sponsorship Team**

- 7.1. The Apprenticeships Group in the department is the primary contact for the Institute. They will provide oversight of the Institute and are the main source of advice to the Minister of State for Apprenticeships and Skills on the discharge of his or her responsibilities in respect of the Institute. They also support the PAO on his or her responsibilities towards the Institute.
- 7.2. The Apprenticeships Group will monitor the Institute's performance against the advice set out by DfE in the annual strategic guidance.<sup>9</sup> This will be done on a continuing basis through a proportionate and timely flow of information from the Institute.

## **8. Responsibilities of the Institute's Chief Executive as Accounting Officer**

### **General**

- 8.1. The Chief Executive as Accounting Officer is personally responsible for:
  - safeguarding the public funds for which he or she has charge;
  - ensuring propriety, regularity, value for money and feasibility in the handling of those public funds;
  - the day to day operations and management of the Institute;
  - ensuring the Institute as a whole is run on the basis of the standards, in terms of governance, decision-making and financial management that are set out in Box 3.1 of *Managing Public Money*.

### **Managing conflicts of Interest**

- 8.2. In any case where the Chief Executive is asked to consider a proposal which they believe could involve a conflict of interest, they should refer that decision to the Board, along with the recommendation that the Board take the advice of the PAO before making their decision.
- 8.3. If the PAO raises no Accounting Officer concerns, then the Board should make its decision and inform the Chief Executive who should then act accordingly. If the PAO does have concerns, but the Board is still minded to proceed, it should take the action set out in paragraph 3.8.6 of *Managing Public Money*.
- 8.4. Additionally, the Chief Executive should delegate to the Finance Director (or one of the other Executive Board members) the discretion to refer such

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<sup>9</sup> 2009 Act, s ZA2 (2)

proposals to the Board, without first consulting him or her, if they believe that a conflict of interest arises and it would be inappropriate to bring it to the Chief Executive's attention first.

### **Responsibilities for accounting to Parliament**

8.5. The accountabilities include:

- signing the accounts and ensuring that they are properly prepared and presented in accordance with the 2009 Act;<sup>10</sup>
- preparing and signing a governance statement covering corporate governance and risk management for inclusion in the annual report and accounts;<sup>11</sup>
- ensuring that effective procedures for handling complaints about the Institute are established and made widely known within the Institute;
- acting in accordance with the terms of this document, *Managing Public Money* and other instructions and guidance issued from time to time by DfE, HM Treasury and Cabinet Office; and
- giving evidence, normally with the PAO, when summoned before the Public Accounts Committee, on the Institute's stewardship of public funds.

8.6. The Institute will provide substantive answers to parliamentary questions directly by letter from the Chief Executive to the Member of Parliament where the questions relate wholly to the Institute's own activities. In these cases, the Minister will table a written answer indicating that the Institute will write to the Member directly, and undertaking to place a copy of the Institute's reply in the Libraries of both Houses (as appropriate).

### **Responsibilities to DfE**

8.7. Particular responsibilities to DfE include:

- keeping the department informed of the Institute's strategic and business plans as they are developed to ensure value for money;
- informing the department of progress in achieving the Institute's objectives in line with the annual strategic guidance issued by DfE, and in demonstrating how resources are being used to achieve those objectives; and
- ensuring that timely forecasts and monitoring information on performance and finance are provided to the department; that DfE is notified promptly if over or under spends are likely and that corrective action is taken; and that any significant problems whether financial or otherwise are notified to the department in a timely fashion.<sup>12</sup>

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<sup>10</sup> 2009 Act, paragraph 11 of Schedule A1

<sup>11</sup> 2009 Act, s ZA6 (2)

<sup>12</sup> 2009 Act, paragraph 13 to Schedule A1. See also HM Treasury's *Managing Public Money*, which sets out the main principles for dealing with resources in UK public sector organisations.

## **Responsibilities to the Board**

8.8. The Chief Executive is responsible for:

- advising the Board on the discharge of its responsibilities as set out in this document, in the 2009 Act, and in any other relevant instructions or guidance that may be issued from time to time;
- advising the Board on the Institute's performance compared with its aims and objectives;
- ensuring that financial considerations are taken fully into account by the Board at all stages in reaching and executing its decisions, and that financial appraisal techniques are followed; and
- taking action as set out in paragraph 3.8.6 of *Managing Public Money* if the Board, or its Chair, is contemplating a course of action involving a transaction which the Chief Executive considers would infringe the requirements of propriety or regularity or does not represent prudent or economical administration, efficiency or effectiveness, is of questionable feasibility, or is unethical.

## **9. The Institute's Board**

9.1. The Board should ensure that effective arrangements are in place to provide assurance on risk management, governance and internal control. The Board should set up an Audit and Risk Assurance Committee chaired by an independent non-executive member to provide independent advice. The Board is expected to assure itself of the effectiveness of the internal control and risk management systems.

9.2. The Board has collective responsibility for:

- establishing the strategic direction of the Institute in line with the annual strategic guidance issued to the Institute and ensuring it discharges its statutory duties as set out in the Act and within the resources framework available;
- determining the steps necessary to deal with any developments which are likely to affect the Institute's ability to discharge its statutory functions and keeping the Minister of State for Apprenticeships and Skills informed if any such developments arise;
- ensuring that any statutory or administrative requirements for the use of public funds are complied with;
- ensuring that the Institute operates within the limits of its statutory authority and any delegated authority agreed with DfE, and in accordance with any other conditions relating to the use of public funds and that, in reaching decisions, the Board acts in accordance with *Managing Public Money* and any subsequent guidance issued by central Government. If, in practice, any of the guidance requirements should be found to constrain the Institute in the discharge of its functions, the Institute agrees to alert the sponsorship team who will liaise with the issuing department to consider the request to lift the requirement based

- on the evidence provided by the Institute. The sponsorship team will notify the Institute of the outcome promptly;
- ensuring that it receives regular financial information concerning the management of the Institute; is informed in a timely manner about any concerns about the activities of the Institute; and provides positive assurance to DfE that appropriate action has been taken on such concerns; and
- demonstrating high standards of corporate governance at all times, including by using the independent audit committee to help it address key financial and other risks.

### **The Chair's personal responsibilities**

- 9.3. The Chair is responsible to the Minister of State for Apprenticeships and Skills for ensuring that the Institute fulfils its statutory purpose as set out in the 2009 Act. Communications between the Institute's Board and the Minister should normally be through the Chair. He or she is responsible for ensuring that the Institute's affairs are conducted with probity. Where appropriate, these policies and actions should be clearly communicated and disseminated throughout the Institute.
- 9.4. In addition, the Chair has the following leadership responsibilities:
  - formulating the Board's strategy;
  - ensuring that the Board, in reaching decisions, takes proper account of guidance provided by the Minister or the department;
  - promoting the efficient and effective use of staff and other resources;
  - delivering high standards of regularity and propriety; and
  - representing the views of the Institute to external stakeholders and the general public.
- 9.5. The Chair also has an obligation to ensure that:
  - the Board and its members are reviewed and are working effectively;
  - the Board has a balance of skills appropriate for directing the Institute's business, as set out in the Government Code of Good Practice on Corporate Governance;
  - Board members are fully briefed on terms of appointment, duties, rights and responsibilities;
  - he or she, together with other Board members, receives appropriate training on financial management and reporting requirements and on any differences that may exist between private and public practice;
  - the Minister is advised of the Institute's needs when Board vacancies arise;
  - the performance of individual Board members is assessed if they are being considered for re-appointment;
  - there is a Board Operating Framework in place setting out the role and responsibilities of the Board consistent with the *Government Code of Good Practice for Corporate Governance*; and,

- there is a code of practice for Board members in place consistent with the Cabinet Office *Code of Conduct for Board Members of Public Bodies*.

### **Individual Board Members' responsibilities**

9.6. Individual Board members should:

- comply at all times with the *Code of Conduct for Board Members of Public Bodies* and with the rules relating to the use of public funds and to conflicts of interest;
- not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations;
- comply with the Board's rules on the acceptance of gifts and hospitality and of business appointments; and
- act in good faith and in the best interests of the Institute.

## **10. Annual report and accounts**

10.1. In accordance with section ZA6 of the 2009 Act, the Institute Board must prepare an annual report of its activities together with its audited accounts after the end of each financial year. The Institute shall provide the Secretary of State and the Comptroller and Auditor General its finalised (audited) accounts before the end of August each year, in accordance with the 2009 Act. This should be done in time for the accounts to be consolidated within DfE's accounts.

10.2. The annual report should:

- cover any corporate, subsidiary or joint ventures under the Institute's control;
- comply with the Treasury's Financial Reporting manual (FrM);
- outline main activities and performance during the previous financial year and set out in summary form future plans.

10.3. The accounts should be prepared in accordance with the relevant statutes and specific accounts direction issued by the department as well as the FrM. Information on performance against key financial targets is within the scope of the audit and should be included in the notes to the accounts.

10.4. A draft of the report must be sent to the sponsor team as soon as possible after it has been prepared and at least two weeks before the proposed publication date. The Secretary of State is then responsible for laying a copy of the report in Parliament. The Institute should publish a copy of the report on its website.

10.5. The Secretary of State can ask the Institute to prepare and submit a report, as soon as reasonably practical, on any matter relating to its functions.<sup>13</sup>

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<sup>13</sup> 2009 Act, s ZA6 (5)

## **11. Internal audit**

11.1. The Institute's internal audit function will be provided by the Government Internal Audit Agency (GIAA). The Institute is responsible for:

- ensuring the GIAA has complete access to all relevant records;
- setting up an Audit and Risk Assurance Committee (ARAC) of its Board in accordance with good practice suggested in the Cabinet Office *Corporate Governance in Central Government Departments: Code of Good Practice* and HM Treasury's *Audit and Risk Assurance Committee Handbook*;
- forwarding the audit strategy, periodic audit plans and annual audit report to the GIAA;
- putting in place effective controls to prevent fraud and theft; and
- reporting all cases of attempted, suspected or proven fraud, irrespective of the amount involved, and notifying DfE of any unusual or major incidents as soon as possible.

## **12. External audit**

12.1. In accordance with Schedule A1 to the 2009 Act, the Comptroller & Auditor General (C&AG) audits the Institute's annual accounts and passes the audited accounts to the Secretary of State who will lay the accounts together with the C&AG's report before Parliament.

12.2. Under the 2009 Act,<sup>14</sup> the Institute must obtain consent from the Secretary of State if it wants to set up a subsidiary company. In the event that the Institute has set up and controls subsidiary companies, the Institute will ensure that the C&AG is appointed auditor of those company subsidiaries that it controls or whose accounts are consolidated within its own accounts. The Institute shall discuss with DfE the procedures for appointing the C&AG as auditor of the companies.

12.3. The C&AG:

- will consult the Department and the Institute on whom – the NAO or a commercial auditor – shall undertake the audit(s) on his behalf, though the final decision rests with the C&AG;
- has a statutory right of access to relevant documents, including by virtue of section 25(8) of the Government Resources and Accounts Act 2000, those held by another party in receipt of payments or grants from the Institute;
- will share with DfE information identified during the audit process and the audit report (together with any other outputs) at the end of the audit, in particular on issues impacting on the Department's responsibilities in relation to financial systems within the Institute; and

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<sup>14</sup> 2009 Act, paragraph 10 (4) of Schedule A1

- will, where asked, provide departments and other relevant bodies with Regulatory Compliance Reports and other similar reports which departments may request at the commencement of the audit and which are compatible with the independent auditor's role.

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

#### **Right of access**

12.5. The Institute will allow reasonable access by DfE to Institute records and personnel where this is necessary for the proper discharge of the responsibilities of the Minister of State for Apprenticeships and Skills in respect of the Institute to Parliament.

## **Management and financial responsibilities**

### **13. *Managing Public Money* and other government guidance and instructions**

13.1. Unless agreed by the department and, as necessary, HM Treasury, the Institute shall follow the standards, rules, guidance and advice in *Managing Public Money*, referring any difficulties or potential bids for exceptions to the Apprenticeships Directorate in DfE in the first instance. A list of guidance and instructions with which the Institute should comply is in Appendix 2.

13.2. Once the budget has been approved by DfE, the Institute has the authority to incur expenditure approved in the budget without further reference to DfE, providing that:

- the Institute complies with the delegations set out in Appendix 1. These delegations shall not be altered without the prior agreement of DfE;
- the Institute complies with *Managing Public Money* regarding novel, contentious or repercussive proposals;
- the inclusion of any planned and approved expenditure in the budget shall not remove the need to seek formal departmental approval where any proposed expenditure is outside the delegated limits or is for new schemes not previously agreed; and
- the Institute provides DfE with such information about its operations, performance, individual projects or other expenditure as the department may reasonably require.

## **14. Corporate Governance**

### **Board appointments and composition**

- 14.1. Chair and Board members' appointments will be made by the Secretary of State in accordance with Schedule A1 to the 2009 Act and the *Code of Practice for Ministerial Appointments to Public Bodies*.
- 14.2. In line with the Government's *Corporate Governance in Central Government Departments: Code of Good Practice* and with the 2009 Act,<sup>15</sup> the Board will consist of a Chair, a Chief Executive and a further 4-10 members. The composition of the Board will reflect the "employer-led" ethos of the Institute, and members should have a balance of skills and experience appropriate to directing the Institute's business.

### **Board appointments – the Chief Executive**

- 14.3. In accordance with the 2009 Act,<sup>16</sup> the first Chief Executive will be appointed by the Secretary of State in consultation with the Chair. Subsequent Chief Executives will be appointed by the Board after consulting the Secretary of State. Chief Executives will be appointed for a term of no more than five years.

## **15. Risk management**

- 15.1. The Institute should ensure that the risks that it faces are dealt with in an appropriate manner and in accordance with best practice in corporate governance. It should develop a risk management strategy in accordance with the DfE *Risk Management Policy and Guidance* and the HM Treasury guidance: *Management of Risk: Principles and Concepts (the Orange Book)*.
- 15.2. It should adopt and implement the appropriate policies and practices to safeguard itself against fraud and theft, in line with the HM Treasury's guide: *Managing the Risk of Fraud*. It should also take all reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter into a contract or to give grant or grant-in-aid.

## **16. Strategic and business plans**

- 16.1. The Institute should provide, at times agreed with DfE, its strategic plan which should reflect its strategic direction, priorities and objectives for the next three years.<sup>17</sup>
- 16.2. Each year of the three-year plan, amplified as necessary, should form the basis of the Institute's annual business plan. The business plan should include a forecast of expenditure, suitably classified by activity and key objectives, and clear success indicators.
- 16.3. Subject to any commercial considerations, the strategic and business plans should be published by the Institute on its website and made available to staff.

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<sup>15</sup> 2009 Act, paragraph 2 of Schedule A1

<sup>16</sup> 2009 Act, paragraph 5 of Schedule A1

<sup>17</sup> 2009 Act, s ZA6 (5)

## **17. Budgeting procedures**

- 17.1. Each year, in the light of decisions by the department on the updated strategic plan, DfE will send to the Institute as part of the annual strategic guidance:<sup>18</sup>
- a formal statement of the budgetary provision allocated by the department in light of competing priorities across the department and of any forecast income approved by the department; and
  - a statement of any planned change in policy affecting the Institute.
- 17.2. The annual business plan should take account both of approved funding provision and any forecast receipts, and should include a budget of estimated payments and receipts together with a profile of expected expenditure and of draw-down of any departmental funding or other income over the year. These elements form part of the approved business plan for the year in question.

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

- 18.1. Any grant-in-aid provided by DfE for the year in question will be voted on in the Department's Supply Estimate and be subject to Parliamentary control.
- 18.2. Funding should be phased through the year in instalments designed to echo the Institute's expenditure pattern. In this way the Institute need not carry significant cash balances at year end. The grant-in-aid will normally be paid in monthly instalments on the basis of written applications showing evidence of need. The Institute will comply with the general principle that there is no payment in advance of need. Cash balances accumulated during the course of the year from grant-in-aid or other Exchequer funds should be kept to a minimum level consistent with the efficient operation of the Institute; this total should not exceed 2% of total annual grant-in-aid.
- 18.3. The Institute should comply with the Treasury guidance that prevents any more than 2% being carried forward. Grant-in-aid not drawn down by the end of the financial year shall lapse. Subject to approval by Parliament of the relevant Estimates provision, where grant-in-aid is delayed to avoid excess cash balances at the year end, the Department will make available in the next financial year any such grant-in-aid that is required to meet any liabilities at the year end, such as creditors.

## **19. Reporting performance to the Department**

- 19.1. The Institute should operate management, information and accounting systems that enable it to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in its corporate and business plans. The Institute should inform DfE of any changes that make achievement of objectives more or less difficult.
- 19.2. Institute officials should report financial and non-financial performance, the achievement of key objectives and performance against the department's annual strategic guidance through monthly meetings with officials in the Apprenticeships Group in DfE. DfE officials should also take the opportunity to

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<sup>18</sup> 2009 Act, s ZA2 (2)

explain wider policy developments that might have an impact on the Institute, and vice versa.

19.3. The Apprenticeships Director will meet with the Chief Executive on a quarterly basis to discuss performance against budgets and objectives. The Minister of State for Apprenticeships and Skills will meet with the Chair and Chief Executive once a year as part of an annual performance review.

#### **Providing monitoring information to the department**

19.4. As a minimum, the Institute should provide DfE with information monthly that will enable the department satisfactorily to monitor:

- The Institute's cash management;
- Its draw-down of grant-in-aid; and
- The forecast outturn by resource headings.

19.5. In addition, the Institute should provide DfE with other data required for the Combined On-line Information System (COINS); and an explanation of budget variances.

### **20. Public complaints**

20.1. The Institute should handle comments, suggestions and complaints in accordance with its clear procedure and in line with the Parliamentary and Health Service Ombudsman's Principles of Good Complaint Handling. The Institute should publish guidance on submitting complaints to it on its website.

### **21. Delegated authorities**

21.1. The Institute's delegated authorities are set out in Appendix 1. The Institute shall obtain DfE's written approval before:

- entering into any undertaking to incur any expenditure that falls outside the delegations or which is not provided for in the Institute's annual budget as approved by the department;
- incurring expenditure for any purpose that is or might be considered novel or contentious, or which has or could have significant future cost implications;
- making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by the department;
- making any change of policy or practice which has wider financial implications that might prove repercucessive or which might significantly affect the future level of resources required; or
- carrying out policies that go against the principles, rules, guidance and advice in *Managing Public Money*.

## **22. Staff**

### **Broad responsibilities for Institute staff**

22.1. As provided for in the 2009 Act, the Institute staff will be employed as civil servants. The Institute will be responsible for determining the number of staff it has and their conditions of service, subject to approval from the Secretary of State.<sup>19</sup>

22.2. The broad responsibilities toward its staff are to ensure that:

- the rules for recruitment and management of staff create an inclusive culture in which diversity is fully valued; the recruitment policy is to support the apprenticeships programme and to recruit apprentices wherever possible; appointment and advancement is based on merit – there is no discrimination on grounds of gender, marital status, sexual orientation, race, colour, ethnic or national origin, religion, disability, community background or age;
- the level and structure of its staffing, including grading and staff numbers, are appropriate to its functions and the requirements of economy, efficiency and effectiveness;
- the performance of its staff at all levels is satisfactorily appraised and the Institute's performance measurement systems are reviewed from time to time;
- its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve the Institute's objectives;
- proper consultation with staff takes place on key issues affecting them;
- adequate grievance and disciplinary procedures are in place;
- whistle-blowing procedures consistent with the Public Interest Disclosure Act 1998 are in place;
- A code of conduct for staff is in place based on the Cabinet Office's *Model Code for Staff of Executive Non-Departmental Public Bodies*.

### **Staff costs**

22.3. Subject to its delegated authorities, the Institute should ensure that the creation of any additional posts does not incur forward commitments that will exceed its ability to pay for them.

### **Pay and conditions of service**

22.4. Institute staff are subject to levels of remuneration and terms and conditions of service (including pensions) within the general pay structure agreed by DfE. The Institute has delegated power to amend these terms and conditions in line with HM Treasury pay guidance and will be subject to agreement by DfE.

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<sup>19</sup> 2009 Act, paragraph 5 (8) of Schedule A1

- 22.5. Civil service terms and conditions of service apply to the rates of pay and non-pay allowances paid to Institute staff and to any other party entitled to payment in respect of travel expenses or other allowances. Payment shall be made in accordance with the *Civil Service Management Code* except where prior approval has been given by DfE to vary such rates.
- 22.6. Staff terms and conditions should be set out in an Employee Handbook, which should be provided to the sponsor team together with subsequent amendments.
- 22.7. The Institute should operate a performance-related pay scheme that will form part of the annual aggregate pay budget approved by the Department.
- 22.8. The travel expenses of board members should be reimbursed in line with the Institute's expenses policy.
- 22.9. The Institute shall comply with the EU Directive on contract workers – the Fixed-Term Employees (Prevention of Less Favourable Treatment) Regulations 2002.

#### **Pensions, redundancy and compensation**

- 22.10. Institute staff shall normally be eligible for a pension provided by membership of the Principal Civil Service Pension Scheme (PCSPS).
- 22.11. Any proposal by the Institute to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the prior approval of DfE. Proposals on severance must comply with the rules in *Managing Public Money*.

### **23. Review of the Institute**

- 23.1. The Institute will be reviewed in accordance with the frequency and methodology set out by Cabinet Office guidance; as of February 2017 the policy was to review all arm's-length bodies at least once in every parliament. The timing of reviews will be agreed between Cabinet Office and DfE.
- 23.2. This Framework Document will be reviewed as necessary. The Institute is expected to expand in April 2018 to cover classroom based technical education, and this document will need to be reviewed as a result to check whether any changes are necessary.
- 23.3. If, in practice, any of the controls contained in this Framework Document or related documents should be found to constrain the Institute in the discharge of its functions, the Institute agrees to alert DfE, and DfE agrees to review the relevant controls as soon as reasonable practicable. Signatories of this document may request a review of its contents at any time, and it should be reviewed at a minimum once in every three years or following a review of the Institute's functions.

### **24. Winding up arrangements**

- 24.1. The Institute has been established as a statutory corporation and Crown Body. In the event that Parliament should pass legislation for the Institute to be abolished as a legal entity any such arrangements should be given effect to in accordance with that legislation.

Jonathan Snares _____  Permanent Secretary 30/03/2017 (On behalf of DfE)	 Chief Executive 31/03/2017 (On behalf of the Institute)
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## APPENDIX 1 - List of delegated authorities

These delegated limits must be used in accordance with section 21 of the framework document, which sets out areas where the Institute should seek DfE approval before incurring any expenditure.

### 1. GIFTS

The Institute should record all gifts given and received in a gifts register.

Gifts received by the Institute	Unlimited
Gifts given in a financial year, any one gift or total of gifts to one person/organisation	£500

### 2. LOSSES AND SPECIAL PAYMENTS

The write-off of losses or approval of special payments should only be carried out by staff authorised to do so by and on behalf of the Institute's accounting officer.

Losses and special payments	£20,000
Consolatory payments	£500

*Special severance payments are novel and contentious and always require HMT approval. All redundancy payments outside contractual terms require DfE and Cabinet Office permission in all cases.*

### 3. CONTINGENT LIABILITIES

Guarantees and indemnities	£100,000
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### 4. CONTRACTS

Unlimited authority for contracts, subject to section 21 and the following exceptions which all require Cabinet Office approval, and in some instances, DfE clearance:

	DfE limits	Cabinet Office limits
Property, including facilities management	n/a	£100,000
Commercial control, including disputes <i>(the Institute must inform Cabinet Office and DfE of any dispute with a Government Strategic Supplier where the dispute is proposed for escalation to mediation, binding arbitration, could enter a formal dispute stage, or may result in early termination of a contract, but only</i>	n/a	£10m

<i>seek Cabinet Office clearance for any settlement likely to exceed £10m)</i>		
Advertising, marketing and communications	No lower limit – any contracts of this type	£100,000
Expenditure on any external facing digital service delivered through the internet	£25,000	£100,000
Digital projects using ID Assurance for the general public, domain name registration, any external facing digital transaction, websites or mobile apps	No lower limit – any contracts of this type	No lower limit – any contracts of this type
ICT contracts	£250,000	£5m
Services also delivered by independent shared service centres (back off/administrative systems including finance, procurement and HR)	n/a	£1m
Consultancy in cases where: new contracts are expected to exceed 9 months, existing contracts are to be extended beyond 9 months, or the expenditure is on procurement related consultancy	n/a	£20,000
External recruitment	£142,000	£142,000

## 5. DfE REFERRAL PROCESS

The Institute must refer all expenditure which exceeds the levels detailed in this appendix, or for which HM Treasury cannot delegate authority (e.g. novel, contentious, and/or repercussive), to the DfE sponsor team as a business case covering:

- The nature and circumstances of the case;
- The amount involved;
- The legal advice (where appropriate);
- The management procedures that have been followed (including recovery procedures where the case is for a write-off);
- An assessment of the value for money argument;
- Any non-financial aspects such as presentational sensitivity;
- Whether there could be wider impact from the case.

DfE will decide whether to approve the expenditure and, where appropriate, liaise with HM Treasury to seek its approval. Unless indicated otherwise, when expenditure requires Cabinet Office approval, the Institute should notify the sponsorship team that it is seeking this approval and copy the relevant approval form

to the sponsorship team when it is submitted to Cabinet Office. Where indicated, the Institute should obtain DfE clearance through the sponsorship team first.

## **APPENDIX 2: Compliance with government-wide corporate guidance and instructions**

The Institute should comply with the following general guidance documents and instructions:

- This document;
- Appropriate adaptations of sections of *Corporate Governance in Central Government Departments: Code of Good Practice*;
- *Code of Conduct for Board Members of Public Bodies*;
- *Code of Practice for Ministerial Appointments to Public Bodies*;
- *Code of Practice on Partnerships with Arms-Length Bodies*;
- *Managing Public Money (MPM)*;
- *Government Financial Reporting Manual (FReM)*;
- Public Sector Internal Audit Standards;
- *Management of Risk: Principles and Concepts* (the ‘Orange Book’);
- DfE *Risk Management Policy and Guidance*;
- HM Treasury *Guidance on Tackling Fraud*;
- *Fees and Charges Guide*, Chapter 6 of MPM;
- *Departmental Banking: A Manual for Government Departments*, annex 5.6 of MPM;
- Relevant Dear Accounting Officer letters;
- *Regularity, Propriety and Value for Money*;
- The Parliamentary AND Health Service Ombudsman’s *Principles of Good Administration*;
- Consolidation Officer Memorandum, and relevant Dear Consolidation Officer letters;
- Relevant Freedom of Information Act guidance and instructions (Ministry of Justice);
- *Model Code for Staff of Executive Non-Departmental Public Bodies* (Cabinet Office);
- Other relevant guidance and instructions issued by the Treasury in respect of Whole of Government Accounts;
- Other relevant instructions and guidance issued by the central Departments;
- Specific instructions and guidance issued by the DfE;
- Recommendations made by the Public Accounts Committee, or by other Parliamentary authority, that have been accepted by the Government and relevant to the Institute.