

WILTON PARK EXECUTIVE AGENCY

FRAMEWORK DOCUMENT

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Foreword by the Minister of State, Foreign and Commonwealth Office

The Foreign Secretary has highlighted the importance of reinvigorating and revitalising the foreign policy of the United Kingdom; to strengthen the United Kingdom's security, build prosperity, and make a tangible difference to the lives of British people.

One of the keys to this is to build the partnerships, alliances and connections that this country needs for the future. The development of an increasingly networked world, of emerging economies and new forms of diplomacy creates new challenges of how to forge and sustain new relationships alongside our traditional means of influence and alliances.

Wilton Park has a key role to play to meet these new challenges. Its long standing international reputation attracts and brings together key opinion formers and decision makers from around the world to discuss the vital issues of the day. Alumni include top level politicians such as President Gul of Turkey and Ellen Johnson Sirleaf, President of Liberia and 2011 Nobel Peace Prize laureate. The strategic dialogue that takes place at Wilton Park mirrors the Foreign and Commonwealth Office foreign policy agenda. Wilton Park's value to FCO policymakers is that as an independent body it is able to harness a wide cross section of views and promote an open and frank dialogue to inform the policy debate.

All organisations have to adapt their offering to the changing world environment. Wilton Park has accepted this challenge by expanding coverage of new themes and ways in which to engage. While there remains strong demand for the traditional Wilton Park conference at Wiston House, these increasingly cover a broader range of topics, with additional partnership conferences being held overseas or in London, responding to the needs of the FCO and from our partners.

I expect Wilton Park to continue to evolve over the next few years, increasing its network of contacts, and bringing its expertise to help us achieve our foreign policy objectives.

I wish them every success in the future, and I will follow their progress with keen interest.

Hugo Swire
Minister of State

Status

Wilton Park is a non-profit making Executive Agency of the Foreign and Commonwealth Office (FCO). It was established in 1946 to help restore peace and democracy in Europe as part of an initiative inspired by Winston Churchill. It was re-located in 1951 to Wiston House, a sixteenth-century Grade 1 listed building located at the foot of the South Downs in West Sussex. It became an Executive Agency on 1 September 1991. Currently Wilton Park organises around 50 conferences a year, some of which are held overseas, with high-level participants from around the world.

Wilton Park is at the forefront of British foreign policy in advancing the agenda for a safe, just, and prosperous world. For over 60 years, it has provided a neutral and discreet environment for “off the record” discussions on the most pressing of global problems. It brings together opinion formers, stakeholders and policy makers from around the world to create and strengthen links between ideas, policy and the delivery of practical results. These activities build networks for the future from the successor generation of decision and policy makers. Wilton Park promotes independence of views and inquiry rather than advocacy of any particular position.

Objectives

As an Executive Agency of the FCO, Wilton Park’s objectives and priorities are closely linked to HMG’s international priorities. It is charged with supporting the British Government in analysing and shaping opinion on foreign policy and related international challenges, and engaging with the international community.

Wilton Park’s principal objective is to support the delivery of the FCO’s foreign policy priorities. It will also develop and run events to support the work of other government departments. Wilton Park will cover its operating costs through a combination of core grant from the FCO, UK and overseas stakeholder sponsorship, event charges and additional revenue-generating activity.

The core objective of Wilton Park is to:

- Contribute to analysing, understanding, and advancing the agenda on international issues, and in so doing contribute to achieving HMG priorities, fulfilling UK public diplomacy strategies, informing the policy-making of HMG and the international community.

Wilton Park will:

- Help achieve HMG’s foreign policy priorities by bringing together policy makers, opinion formers and expert practitioners to focus on practical challenges and policy delivery;
- Aim to build the UK’s reputation for resolving international problems through dialogue;
- Build and enhance the UK’s ability to engage with a network of governments, civil society organisations, and the private sector;
- Maintain contact with and develop the networks of alumni from conferences or events, focusing on those who are likely to become the successor generation of opinion formers and policy makers;
- Create and foster a strong and diverse community of investors and sponsors drawn from the private and not-for-profit sectors.

Governance and Accountability

The Secretary of State

The Secretary of State for Foreign and Commonwealth Affairs is responsible for all matters concerning Wilton Park. He/ She appoints the Chair of the Wilton Park Board. The Secretary of State allocates a core grant to Wilton Park via the FCO resource allocation process. This is provided via the FCO Engagement and Communications Directorate budget.

The Foreign and Commonwealth Office

The FCO Permanent Under-Secretary (PUS) is the Principal Accounting Officer (PAO) of the FCO. The PAO is accountable to Parliament for general oversight of Wilton Park, for ensuring Wilton Park is meeting its objectives and has appropriate systems in place for the proper management of the resources under its control.

The Secretary of State shall assign a senior member of staff (usually the Director of Engagement and Communications Directorate or the Director Strategy) to act as Senior Departmental Officer (SDO). The SDO has the responsibility of ensuring that the FCO and Wilton Park have a clear understanding of each other's objectives and methods of working, and how these can best fit together. The SDO will keep the Chair and Chief Executive informed of any central policy developments that might affect Wilton Park. The SDO will also be responsible for advising Ministers on the strategic direction of the Agency.

The Wilton Park Senior Management Team (SMT) will consult closely with FCO Directorates and Posts in the course of developing relevant programmes and will propose conferences and events that are closely aligned to the FCO's foreign policy priorities. FCO posts will also help to identify and recruit conference speakers and participants, to disseminate conference publicity material and support when conferences are held in-country. The SMT will inform the FCO Directorates and Posts of the results of the conferences, and the participants. The FCO will also help promote Wilton Park to other Government departments. The SMT will share with Posts information drawn from their alumni database (bearing in mind data protection requirements) so Posts can better build on these relationships.

The FCO will also help develop and maintain institutional links and promote co-operation with overseas organisations.

Engagement and Communications Directorate will be the principal department within the FCO responsible for managing the overall FCO relationship with Wilton Park. However, the SMT will liaise directly with FCO Directorates and Posts over specific programmes and conferences.

Review of the role of the Agency

Should a decision be made to dissolve the Agency, FCO Ministers will seek formal approval from the Chief Secretary to the Treasury and the Minister for the Cabinet Office. Such a request would be accompanied by:

- details of the processes and outcomes considered in reaching this decision;
- proposals detailing how the FCO would take this forward e.g. what will happen to staff, the work of the Agency etc; and
- details of any presentational issues of which they should be aware.

The Chair of the Wilton Park Board

The Non-Executive Chair is appointed by the Secretary of State for an extendable five year term, and heads both the Wilton Park Board and the Wilton Park Advisory Council, ensuring that together they set, implement and monitor Wilton Park's delivery against its purpose and specific targets.

The Chair's specific duties include:

- Providing an Annual Report to the FCO PUS on the work and impacts of Wilton Park over the previous twelve months;
- Providing leadership to the Wilton Park Board and Advisory Council, supplying vision and discipline at the highest level;
- Shaping the annual meeting agendas for the Wilton Park Board and Advisory Council;
- Ensuring members of the Wilton Park Board and Advisory Council receive the necessary information to enable them to perform their duties;
- Helping shape Wilton Park Board and Advisory Council composition and making provision to evaluate Board/Council performance;
- Networking at the highest level, developing and sustaining new strategic partnerships; promoting and explaining the aims and policies of Wilton Park to the outside world;
- Identifying new funding opportunities for Wilton Park in order to broaden the funding base;
- Providing continuity of oversight and direction for Wilton Park.

The Chief Executive

The Chief Executive is appointed by the FCO PUS for a fixed-term on the basis of a 3-year contract, with the possibility of extension or permanent appointment with the agreement of all parties under the usual Senior Civil Service terms. The Chief Executive is appointed by the PUS / PAO as Accounting Officer (AO) for Wilton Park.

The Chief Executive is responsible for the day to day management and performance of Wilton Park as dictated by the Board's overall strategy. The Chief Executive is responsible to the Board for all aspects of Wilton Park's operation and performance, but in line management terms reports to the Chair, who will work closely with the SRO on issues such as appraisals and setting annual objectives.

The Chief Executive as AO is personally responsible for safeguarding the public funds for which he or she has charge; for ensuring propriety, regularity, value for money and feasibility in the handling of those public funds; and for ensuring that Wilton Park as a whole is run on the basis of the standards set out in *Managing Public Money*. The Chief Executive / AO must be able to provide the PUS / PAO with assurance concerning Wilton Park's stewardship of public funds and that Wilton Park is meeting its objectives. The Chief Executive / AO may be called to account for the performance of Wilton Park in Parliament. The Chief Executive is also responsible for ensuring that Wilton Park observes the general guidance issued by HM Treasury and the Cabinet Office, and puts into effect any recommendations of the Public Accounts Committee (PAC) or other Parliamentary Select Committees if they are accepted by the Government.

The Chief Executive will appoint the Senior Management Team which will provide a forum to consult senior staff on performance and strategy, help in resolving management issues; contribute to financial and business planning; and develop fundraising and marketing strategies.

The Chief Executive's specific duties include:

- Developing and implementing a delivery strategy reflecting Wilton Park's objectives, and the policies established by the Board;
- Leading the Senior Management Team, and ensuring that the work of other specific working teams or groups report effectively to the Senior Management Team;
- Developing and maintaining an effective Senior Management Team;
- Motivating all staff at Wilton Park to deliver to priorities and targets;
- Establishing an appropriate risk management strategy for the Agency, including governance, risk management and internal control;
- Developing and maintaining a strong relationship with Wilton Park customers in the FCO, the rest of Whitehall and key international stakeholders (including other governments and institutions);
- Developing and co-ordinating fund-raising strategies, including opening up new funding streams from non-FCO sources;
- Exploring new partnerships and business opportunities for Wilton Park consistent with the organisation's goals;
- Ensuring that the general commercial business of Wilton Park is run to a high standard and in a way that provides the maximum benefit to Wilton Park;
- Ensuring that Wilton Park is run in a way that conforms to the values of the FCO and the standards laid down in the Civil Service Code.

The Chief Executive is responsible for informing the Chair of the Wilton Park Board and the FCO of any significant matters of which he/she becomes aware which would affect Wilton Park's performance.

The Wilton Park Board

The Wilton Park Board is appointed by the Secretary of State to advise the FCO and Ministers on the management and finances of Wilton Park Executive Agency. The Board will meet five times per year. The Board comprises:

- The Non-Executive Chair;
- The Chief Executive
- Two additional Non-Executives, one of whom Chairs the Audit & Risk Committee;
- A maximum of three senior FCO officials, one of whom is the SDO;

The Chief Executive will represent Wilton Park Executive Agency, with other members of the SMT attending. Additional members of the FCO may be invited to attend Board meetings.

At the invitation of the Chair, the Wilton Park Board may also be attended by Senior Civil Servants from other Government Departments involved in Wilton Park's work.

Through open competition, the Secretary of State may appoint Non-Executive members of the Board for three years, renewable for a further three years.

The role of the Wilton Park Board is to:

- Agree strategy and objectives, including the Business Plan, and annual financial and other performance targets;
- Monitor and evaluate Wilton Park's progress generally and its performance against targets, including continuous risk assessment;

- Advise on the allocation of financial and human resources, and the management of risk;
- Oversee the process of change, encouraging innovation, and enhancing Wilton Park's capacity to deliver;
- Ensure that Wilton Park is run in a way consistent with FCO values and the Civil Service Code.
- Agree Wilton Park's Annual Reports and Accounts;
- Agree, together with the FCO, any appointments and term extensions for Members of the Wilton Park Advisory Council.
- Propose or agree any amendments to the Framework Document

The Audit Committee

The Wilton Park Board will establish an Audit Committee as a Committee of the Board, to support them in their responsibilities for issues of risk, control and governance and associated assurance.

The Audit Committee will consist of at least three Non-Executive Directors, one of whom will Chair the Committee (who cannot be the Chair of the Board). The Wilton Park Chief Executive, other members of the SMT, and representatives from the FCO, FCO Internal Audit and the NAO will be invited to attend as appropriate in accordance with best practice.

The Audit Committee will meet at least three times a year. The Chair may convene additional meetings as necessary. Full terms of reference are available at: www.wiltonpark.org.uk.

The role of the Audit Committee is to:

- Review the comprehensiveness of assurances in meeting the Board\Accounting Officer's assurance needs;
- Review the reliability and integrity of these assurances, including reports from the NAO, FCO Internal Audit Department and Wilton Park's business continuity plans;
- Provide an opinion on how well the Board and Accounting Officer are supported in decision making, and in discharging their accountability obligations (particularly in respect of Financial Reporting);
- Scrutinise Wilton Park financial reporting, delivery plans and the operational risk register.

Wilton Park Advisory Council (WPAC)

The WPAC is led by the Chair of the main Wilton Park Board. Its task is to ensure that Wilton Park meets the highest intellectual standards and maintains its reputation as a global centre of excellence. The WPAC checks that the programmes are relevant to global issues and situations, and monitors the quality of delivery.

The WPAC consists of a wide range of experienced individuals drawn from members of parliament, the academic world, the media, trade unions, business, non-governmental organisations and institutions concerned with international relations. Members are appointed for three years with the possibility of a second three year term. Open advertisements are placed in the press to attract new Council members (in line with the Cabinet Office Code of Conduct for Public Appointments). The appointments and term extensions are made by the Chair on the agreement of the FCO and the Wilton Park Board. Membership is not remunerated but reasonable travel and other expenses are reimbursed.

The WPAC meets formally twice a year and additionally as sub groups focused on specific issues or topics. Members are also expected to be available for individual discussions, and may be invited to attend relevant conferences.

The role of the WPAC is to:

Collectively

- Advise the Chief Executive and his senior staff on the selection of themes, speakers, participants, and ensure that a proper balance is maintained in the programme.
- Monitor the follow-up and delivery of longer term objectives that might flow from Wilton Park programmes.
- Provide practical experience and advice on partnerships with other organisations and on fundraising
- Provide advice and challenge to the FCO as necessary.

Individual members

- Advise the Chief Executive and the programme directors on issues relevant to the Advisory Council member's experience and expertise;
- Participate in appropriate conferences;
- Promote awareness and support for Wilton Park within their professional networks; assisting in the identification of speakers and participants for individual events

Wilton Park International Council (WPIC)

The Chief Executive will organise an annual International Council. This will comprise Heads of Mission from the G20 and OECD countries plus the Commonwealth Secretary General and a senior representative of the European Commission. WPIC is retained as a principal instrument for the promotion of Wilton Park programmes and influence.

Responsibility to Parliament

The Secretary of State accounts for Wilton Park's business in Parliament. The PUS / PAO is accountable to Parliament for general oversight of Wilton Park, for ensuring Wilton Park is meeting its objectives and has appropriate systems in place for the proper management of the resources under Wilton Park's control. The PAO and the AO may be required to give evidence before the Public Accounts Committee.

It is for the Secretary of State to decide who should appear at hearings of Departmental Select Committees. In practice, where a Committee's interest is confined to Wilton Park's day-to-day operations, the Secretary of State will normally regard the FCO PUS, the SDO and the Chief Executive as the people best placed to appear on his behalf.

Members of Parliament are encouraged to write directly to the Chief Executive on individual cases or operational issues. MPs may also raise matters of concern with FCO Ministers if they so wish. The Secretary of State will usually ask the Chief Executive to write to MPs in response to written Parliamentary Questions and individual letters about matters delegated to him. The Chief Executive's letters in reply to Parliamentary Questions will be published in the Official Report.

Annual Report and Accounts

The Chief Executive must prepare and sign an Annual Report and Accounts and Governance Statement in accordance with directions issued by HM Treasury and in the format set out in the Financial Reporting Manual.

The Chief Executive must prepare the Annual Report and Accounts in accordance with the FCO consolidated accounts production timetable, and sign on a date which precedes that on which the FCO PUS signs the consolidated FCO accounts. The Chief Executive is responsible for ensuring proper records are kept relating to the Accounts.

The Chief Executive is responsible for ensuring that the Annual Report and Accounts is laid before Parliament, in accordance with the relevant guidelines, before the summer recess. The draft Report and Accounts should be submitted to the C&AG within a timetable agreed with the FCO for the purposes of external audit

A copy of the Annual Report and Accounts must be made available on the Wilton Park website as soon as possible after laying before Parliament.

Compliance with HMG policies and procedures

Wilton Park Executive Agency must:

- Ensure an appropriate framework is in place for the governance, risk management and control process to safeguard the regularity and propriety of the public funds administered by the Agency;
- Comply with all HM Treasury requirements including those outlined in Managing Public Money;
- Comply with FCO HR procedures including conduct and discipline, attendance management, equal opportunities, and health and safety policies;
- Observe any general guidance issued by HM Treasury and Cabinet Office e.g. requirements on data handling.

In all other areas not covered by the above the Chief Executive should ensure the Agency either follows FCO Guidance or puts in place suitable alternative procedures, agreed with the FCO. The Compliance Guidance which the Agency follows is set out in Annex A.

Business Planning and Controls

Business Plan

The SMT will draw up an annual Business Plan to be agreed by the Wilton Park Board. The Business Plan will set out detailed financial information for the next financial year, headline financing plans for the two financial years thereafter. The Business Plan will set targets for the forthcoming financial year. Measurement of performance against these targets will be undertaken using a robust monitoring and evaluation system.

The Business Plan will include:

- Detailed income and expenditure budgets;
- Staffing levels;
- Targets for contributions to FCO objectives and HMG broader objectives;
- A strategy to meet the targets, including efficiency and value for money measures;
- Analysis of risks to targets and a strategy to manage or mitigate them.

The Wilton Park Business Plan will not be published, as it contains commercially sensitive information. Targets agreed in the Business Plan will be included in the Annual Report and Accounts

Wilton Park will establish a business continuity/contingency plan, which will include details of the FCO's role

The Chair will produce a report each year on Wilton Park's achievement of the objectives set out in the Business Plan, which will be presented to the FCO.

Financial Management and Control

The financial targets for Wilton Park Executive Agency are included within the financial settlement for Engagement and Communications Directorate within the FCO. Wilton Park's financial performance, and forecast results, is included within the monthly Engagement and Communications Directorate contribution to the FCO Key Performance Report.

The annual settlement will be cascaded to Wilton Park Executive Agency as part of the agreed Wilton Park Business Plan. Wilton Park Executive Agency will be free to conduct its affairs within the terms of this Framework Document and the strategy set out in its Business Plan.

The SMT will provide the Wilton Park Board with progress reports against agreed targets, including an analysis of income and expenditure and projected financial performance for the relevant financial year. The progress reports will also include analysis of longer-term financial issues.

FCO Engagement and Communications Directorate and Wilton Park will agree a Financial Memorandum of Understanding, which will specify arrangements for intercompany accounting arrangements. This Memorandum will include cash management, financial reporting and management accounting information. The Memorandum, modified for publication, is shown at Annex B.

Wilton Park will maintain such internal financial controls and management accounting systems as will enable its management readily to review performance (including sales, costs, profitability, cash flow and staffing) against agreed budgets.

Wilton Park will distinguish between costs and revenues of Wilton Park conferences, and those incurred and received in respect of general commercial business.

The SMT will carry out appropriate investment appraisal of all major projects, normally in the process of preparing its Business Plan, and submit proposals to the Wilton Park Board on significant investments as required.

The Chief Executive will seek approval from the Wilton Park Board for:

- Any single item of administration cost expenditure in excess of £100,000;
- Any capital expenditure project in excess of £100,000;
- Any single asset disposal in excess of £10,000.

Wilton Park shall obtain approval the prior written approval from FCO Engagement and Communications Directorate before:

- Entering into any undertaking to incur any expenditure that falls outside of delegations or which is not provided for in the annual budget approved by the WP Board;
- 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 the operation or funding or any initiative or particular scheme previously approved by the WP Board;
- Making any change of policy or practice which has wider financial implications that might prove repercussive or which might significantly affect the future level of resource required; or
- Carrying out policies that go against the principles, rules, guidance and advice in Managing Public Money.

Pricing Policy

Wilton Park's pricing policy, as determined by the Chief Executive, will reflect the need for the Agency to achieve its financial targets set out in the annual Business Plan as well as longer-term business strategy.

Prices, including appropriate discount structures, will be determined for conferences and commercial events, reflecting competitive forces in these market places.

Estates

Wilton Park will seek the advice of FCO Estates and Security Department on significant estate matters. Wilton Park will manage the leasehold estate in compliance with arrangements and obligations within the lease on Wiston House. Maintenance work will comply with relevant building rules and regulations.

Internal Audit

Internal Audit services will be provided by the FCO. The Head of FCO Internal Audit will produce an annual plan of proposed audit areas for agreement by the Wilton Park Audit Committee. Wilton Park will ensure that FCO Internal Audit has complete access to all relevant records.

Legal Services

Wilton Park may use the FCO's legal services as required.

Dealing with the Media

The Chief Executive may deal directly with the media on subjects relating to Wilton Park activities. Where media enquiries may raise issues concerning the FCO, the Chief Executive will consult with the FCO Head of Press and Digital Department.

Human Resources Management

All Staff at Wilton Park are Civil Servants with Civil Service terms and conditions of employment. The Chief Executive is responsible for all human resource matters in respect of Wilton Park staff, including the pay and grading of posts and the recruitment and promotion of

staff. The Chief Executive in exercising these responsibilities will have regard to guidance and regulations issued by the FCO, Cabinet Office, HM Treasury and the Civil Service Commissioners. This function may be delegated to a Human Resource Officer, but the overall responsibility remains with the Chief Executive.

Wilton Park is committed to providing equal opportunities for all staff. Employment and promotion will be on the basis of ability, competence, qualification and suitability for the job. Wilton Park must comply with UK employment legislation and rules for the Civil Service. Wilton Park policy provides that there shall be no discrimination on the grounds of the protected characteristics set out in The Equality Act 2010

Recruitment

Recruitment of staff will be carried out by fair and open competition by Wilton Park in accordance with the recruitment principles specified by the Civil Service Commissioners. For recruitment at Programme Director level (D6) and above, selection boards are required to include an FCO representative.

Training and Career Development

Wilton Park has been accredited as an Investor in People and is committed to maintaining this status. Arrangements will be made to ensure that staff have the training to ensure their personal development and professional expertise to enable Wilton Park to achieve its objectives and annual targets. Staff will have the option of participating in any career development training by attending courses, shadowing or on the job training within the FCO, on the Civil Service Learning Platform or elsewhere. Such FCO training may be funded jointly or by agreement.

Promotion

Staff may, where appropriate, be considered for progression, promotion or posting to other jobs within the FCO or at Wilton Park.

Appeals

Wilton Park staff have a right of appeal to the PUS and/or the Secretary of State, where such appeals are allowed under the 2010 Constitutional Reform and Governance Act.

Termination

FCO Human Resources Directorate will be consulted on any proposals, and for each staff case, concerning dismissal, early retirement or redundancy. The Diplomatic Service Trade Union Side will be consulted on any proposals concerning redundancy.

Employee Records

The Chief Executive will make available to FCO Human Resources Directorate such employee information as is reasonably required, taking account of the provisions of the Data Protection Act 1998, which are the subject of a supplementary note.

Employee Relations

The Chief Executive is responsible for good employee relations and will ensure there are suitable and lawful procedures for regular communication with employees and meetings with their representatives, including the Diplomatic Service Trade Union Side.

Pay and Grading

The Chief Executive may, subject to the agreement of the Wilton Park Board, introduce local pay and grading arrangements best suited to Wilton Park activities.

Pensions

Wilton Park staff are eligible to join the Principal Civil Service Pension Scheme (PCSPS).

Framework Document

Amendments and Frequency of Review

The Framework Document and its operation will be reviewed by the FCO, in consultation with Wilton Park, as a minimum at least every three years. The review should include an assessment of Wilton Park's track record in achieving its objectives.

The FCO or Wilton Park may propose changes to this Framework Document at any time. Changes will need to be approved by the Wilton Park Board. The FCO will be responsible for consulting all those concerned with proposals for amendments, including Cabinet Office and HM Treasury.

Publication

The FCO will place copies of this Framework Document and any subsequent amendment in the Libraries of both Houses of Parliament.

Printed copies can be obtained from Wilton Park, Wiston House, Steyning, West Sussex, BN44 3DZ.

The framework Document will be published on the Wilton Park website: www.wiltonpark.org.uk.

**The Rt Hon Hugo Swire MP
Minister of State
Foreign and Commonwealth Office**

30 April 2013

**Richard Burge
Chief Executive
Wilton Park**

30 April 2013

ANNEX A – COMPLIANCE GUIDANCE

Wilton Park Executive Agency complies with the following general guidance documents and instructions:

- This **Framework Document**;
- **Government Financial Reporting Manual**, HM Treasury;
- **Managing Public Money**, HM Treasury, including *Chapter 6: Fees, Charges and Levies*;
- Relevant “**Dear Accounting Officer**” letters, HM Treasury;
- Appropriate adaptations of sections of **Corporate Governance in Central Government Departments: Code of Good Practice 2011**, HM Treasury, July 2011;
- **Government Internal Audit Standards**, HM Treasury, February 2011;
- **The Orange Book: Management of Risk - Principles and Concepts**, HM Treasury, October 2004;
- **Managing the Risk of Fraud, A Guide for Managers: Assurance, Control and Risk**, HM Treasury, May 2003;
- **Regularity, Propriety and Value for Money**, HM Treasury, November 2004;
- **Principles of Good Administration**, Parliamentary & Health Service Ombudsman, February 2009;
- Relevant **Freedom of Information** guidance, Information Commissioner’s Office;
- Specific instructions and guidance issued by **FCO**; and
- Recommendations made by the **Public Accounts Committee**, or by other Parliamentary authority, that have been accepted by the Government.

ANNEX B – FINANCE: MEMORANDUM OF UNDERSTANDING

This Memorandum sets out the way in which Intercompany accounting arrangements are intended to work and formalises the way in which Wilton Park (WP) handles and agrees specified transactions and balances with the FCO, including cash.

Agreement of the Memorandum

This Memorandum is intended to support the governance and control arrangements within the Wilton Park Framework Document.

This Memorandum is for the Finance Director of Wilton Park and the Finance Manager of FCO Engagement and Communications Directorate to agree amendments or variations.

The Memorandum applies to the financial year 2012-13 and thereafter, as amended.

Intercompany accounting arrangements

1. Accounts Consolidation:

The assets and liabilities, and operating results of WP are consolidated into the FCO accounts in full. The consolidated WP surplus/deficit (excluding non-cash) is reflected against the FCO Engagement and Communications Directorate budget, as is core sponsorship provided by the FCO to WP. Financial reporting arrangements are described below.

2. Net Parliamentary Funding:

WP elects to use the payroll services of the FCO for its permanent staff in line with the WP Framework Document. In order to minimise transfer of cash funding between WP and the FCO, the FCO does not require WP to reimburse the FCO monthly for pay disbursements made on behalf of WP. Conversely, the FCO does not transfer cash to WP for the value of agreed core sponsorship of the WP conference programme. WP is required to transfer excess cash balances held to the FCO. The sum of the above transactions is reflected in the WP Annual Report and Accounts as Net Parliamentary Funding received from the FCO.

3. Intercompany account controls:

The WP accounting system shows Net Parliamentary Funding as a movement in Reserves, with separate account codes to show: net pay/conference sponsorship; and cash transferred to the FCO. Corresponding balances are reflected in the FCO accounting system in a single WP Intercompany Account.

The consolidated assets and liabilities of WP are reflected in a single FCO account, with a separate account to show WP reserve movements and balances.

4. Agreement of Intercompany balances:

The FCO Corporate Service Centre reconciles the balances on the FCO Intercompany account quarterly, liaising with WP directly on any queries.

5. Quarterly reporting:

The WP Finance Director should advise FCO Engagement and Communications Directorate of the FCO core sponsorship reflected in the WP accounts in the relevant quarter, by no later than the last day of the relevant quarter.

WP should report quarterly to the FCO for accounts consolidation. WP should provide quarterly information to FCO Engagement and Communications Directorate at the latest by the end of the third week after the relevant quarter, unless otherwise agreed. Timings for the third quarter and year end consolidation will be subject to the wider accounts production time scales of the FCO central finance team, and the timing of WP interim and final audit.

The accounting information provided electronically by Wilton Park each quarter shall comprise:

- a trial balance download from the WP accounting system, as amended to reflect the position as reported to the WP Management Board and to the Wilton Park Board;
- the WP Conference Revenue Projection Sheet
- the WP Commercial Revenue Projection Sheet
- an updated WP Conference Sponsorship Analysis
- an updated WP fixed asset register

The trial balance sheet will form the basis for consolidation in the FCO accounts. The WP Finance Director should notify the FCO if there are proposed material changes to the WP chart of accounts.

The Conference Revenue Sheet will support the extent of FCO core sponsorship reflected in the relevant quarter.

Specified transactions and balances

6. Provisions:

Any provisions created in the WP accounts relating to transactions or balances with the FCO should be agreed between WP and the FCO before being recognised in the WP accounts. Agreements on any such provisions should specify how the provision will be cleared through respective accounts.

A separate account should be created in the WP books for the balance of all provisions; and a separate account code to reflect the creation, utilisation or write back of provisions, which will feature as non-cash entries in the WP accounts.

7. FCO Intercompany Accruals:

The value of Net Parliamentary Funding in a financial year shall reflect cash-based, rather than accrued, balances.

Any exceptional and/or unforeseen circumstances that require intercompany accruals must be agreed between WP and the FCO prior to being recognised in the WP accounts.

8. Other Intercompany Debtor and Creditor balances:

WP will agree the process for completion of VAT returns, and the payment of VAT balances, with the FCO Corporate Service Centre.

For all other transactions with the FCO, the presumption is that WP will invoice relevant FCO Directorates for the agreed value of conference, venue hire or other services provided. Equally, any services provided by the FCO to WP should be invoiced to WP, with the exception of non-cash charges reflected in the WP accounts as notional charges, covering for example, payroll and internal audit services.

9. Capital funding

As part of its budget setting process, the FCO provides WP with capital investment funding. This capital funding is included within the FCO Engagement and Communications Directorate budget baseline. The FCO will advise WP of the amount of capital funding approved, and which WP will include in its Corporate Plan.

WP will pay for capital investments from its overall cash balances. Capital investment spending will feature in the FCO accounts through the value of PPE additions in year.

Cash Balances

10. Cash management:

WP operates its own banking and cash management arrangements. It is for WP to manage those arrangements, and cash balances held, effectively and efficiently in line with the guidance in *Managing Public Money*. WP should keep the extent of cash held, and therefore outside of the HM Treasury banking structure, to a minimum. The balances held should be in line with their expected cash flows from operations. Any excess of cash held should be surrendered to the FCO.