

Appendix B - Managing Public Money



HM Treasury

Managing public money

July 2013
with annexes revised as at August 2015

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Responsibilities

The relationship between the government, acting on behalf of the Crown, and parliament, representing the public, is central to how public resources are managed. Ministers implement government policies, and deliver public services, through public servants; but are able to do so only where parliament grants the right to raise, commit and spend resources. It falls to the Treasury to respect and secure the rights of both government and parliament in this process.

1.1 Managing public money: principles

1.1.1 The principles for managing public resources run through many diverse organisations delivering public services in the UK. The requirements for the different kinds of body reflect their duties, responsibilities and public expectations. The demanding standards expected of public services are set out in box 1.1.

Box 1.1: standards expected of all public services

honesty	impartiality	openness	accountability	accuracy
fairness	integrity	transparency	objectivity	reliability

carried out

- in the spirit of, as well as to the letter of, the law
- in the public interest
- to high ethical standards
- achieving value for money

1.1.2 The principles in this handbook complement the guidance on good governance in the *Corporate Governance Code*¹ applying to central government departments. Some of the detail applies to England only, or just to departments of state. There is separate guidance for the devolved administrations. Where restrictions apply, they are identified.

1.1.3 Much of this document is about meeting the expectations of parliament. These disciplines also deliver accountability to the general public, on whose behalf parliament operates. The methods of delivery used should evolve as technology permits. Public services should carry on their businesses and account for their stewardship of public resources in ways appropriate to their duties and context and conducive to efficiency.

1.2 Ministers

1.2.1 In the absence of a written constitution, the powers used to deploy public resources are a blend of common law, primary and secondary legislation, parliamentary procedure, the duties of ministers, and other long-standing practices. This mix may of course change from time to time.

¹ The Corporate Governance Code – see <https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments>

A4.15

Annex 4.15

Asset management

Each public sector organisation is expected to develop and operate an asset management strategy underpinned by a reliable and up to date asset register. The board should review the strategy annually as part of the corporate or business plan.

A4.15.1 Accounting officers of public sector organisations are responsible for managing their assets. This aspect of financial management covers the acquisition, use, maintenance, and disposal of assets for the benefit of the organisations and indeed for the Exchequer as whole.

A4.15.2 Each organisation needs to have a clear grasp of:

- the content of its current assets base;
- the assets it needs to deliver efficient, cost effective public services;
- what this means for asset acquisition, use, maintenance, renewal, upgrade and disposal;
- whether any gains could be achieved by working with other public sector organisations;
- how use of assets fits within the corporate plan.

A4.15.3 Normally, these responsibilities will be dispersed in an organisation through a system of delegations with appropriate reporting arrangements. Similarly, departments should ensure that each of their sponsored organisations has equivalent arrangements.

Asset registers

A4.15.4 It is good practice for each organisation to draw up, and keep up to date, a register of all the assets it owns and uses. This will usually be needed for preparation of its financial accounts. It is also essential to undertake regular stock taking of the organisation's current assets base and thus for planning change.

A4.15.5 The assets on an organisation's register should include both tangible and intangible assets, covering both owned assets and assets under its legal control such as leased or private finance assets. Box A.4.15A lists the main groups of assets but is not exhaustive. Each organisation should decide on a meaningful valuation threshold in line with best practice.

A4.15.6 In drawing up the asset register, particular care should be taken with two sorts of asset:

- attractive items, such as works of art and items similarly susceptible to theft. These may be included even if they are below the valuation threshold, in line with guidance provided by the Government Art Collection; and
- investments in the form of debentures and shares in commercial companies. These should be checked at least annually.

Box A4.15A: main categories of public sector assets**tangible assets**

- wholly owned land and buildings
- leased fixed assets (including those acquired through private finance)
- raw materials
- stocks and stores
- plant, machinery, equipment, tools
- furniture and fittings
- assets under construction
- donated physical assets
- heritage assets
- antiques and works of art
- economic infrastructure assets (including highways, railways, airports, utilities communication networks and power generation and transmission)

intangible assets

- copyrights, including Crown copyright
- trademarks
- franchises
- patents and other intellectual property rights, including in house software
- goodwill
- data and information
- knowledge and know-how
- software licences
- public dividend capital
- loans and deposits
- investments including shares and debentures in companies

Asset management strategies

A4.15.7 The asset management strategy of a public sector organisation should be integrated into its corporate and annual business plans. It should thus be possible to help plan change in asset use or deployment when necessary. Box A.4.15B suggests some key steps. The organisation's board should take stock of progress in delivering its asset management strategy from time to time, and at least annually.

Box A4.15B: steps for developing asset management plans

- Review the asset register to assess its adequacy for the organisation's objectives and functions.
- Plan how retained assets will be used efficiently for the organisation's core functions.
- Plan asset acquisitions, e.g. to extend, modify or replace the existing asset base.
- Identify disposals, and plan to use the proceeds. Once decided upon, disposals should be as swift as the market will allow with reasonable value for money). Treasury approval is required for spending or retaining receipts.
- Plan any loans of assets, with charges and conditions for their return, liability, damage.
- Consider whether any retained assets have potential to generate revenue through commercial services.

A4.15.8 Assets should be managed like other parts of organisation's business, with up to date and reliable information systems to provide feedback on performance, efficiency and value for money. The organisation is expected to:

- view value for money from the asset from the perspective of the whole Exchequer, taking account of opportunities to work with other public sector organisations to minimise the government's overall required asset base;

- manage the assets in a way which aims to optimise cost sustainability through their effective lives;
- use commercial terms for the delivery and support of assets;
- incorporate adequate flexibility to cope with the organisation's future change programme.

Efficiency improvements

A4.15.9 Efficiency in the use of workspace may make it possible for a public sector organisation to occupy less space. It is good practice to dispose of surplus property, or to share accommodation on the civil estate with other public sector organisations where this is practicable. It may be necessary to consider a budget transfer between organisations, with Treasury consent, to help meet the initial relocation costs.

A4.15.10 Prior to marketing any land or building asset, public sector organisations should also make use of the following:

- "Disposal of Surplus Public Sector Land and Buildings – Protocols for Land holding Departments"¹ which describes the procedures to be followed to dispose of land with development potential;
- The Cabinet Office's National Property Controls which detail the rules on lease extensions, lease renewals, acquisitions, disposals as well as required space standards associated with major refurbishments of buildings;
- The Register of Surplus Land, part of ePIMS (electronic Property Management Information Mapping Service), a mandatory central database recording information on the civil estate. The data base does not cover leasehold property with less than 99 years outstanding;
- the Civil Estate Occupancy Agreement governing relationships among Crown bodies sharing accommodation and the Civil Estate Coordination Protocol which is designed to improve the planning, acquisition, management, rationalisation and disposal of property and other workspace on the civil estate;
- latest guidance and advice available from the Government Property Unit.

Transfer of property

A4.15.11 Public sector organisations may transfer property among themselves without placing the asset on the open market, provided they do so at market prices and in appropriate circumstances. They should follow the guidelines in box A4.15C.

¹ <https://www.gov.uk/government/publications/disposal-of-surplus-public-sector-land-and-buildings-protocol-for-land-holding-departments>