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Memorandum of Understanding (MoU) between the Department for Business, Innovation and Skills (BIS) and UK Government Investments Limited (UKGI)

1. Purpose

- 1.1 This MoU sets out the broad terms of engagement between BIS and UKGI in relation to the services UKGI provides to BIS on a range of assets (the Assets) and projects (the Projects) (the Assets and Projects together, the Activities) that BIS Ministers are accountable for. It seeks to ensure that UKGI and BIS have a clear common understanding of the basis on which they will work together, including the roles and responsibilities, accountabilities, working relationships and scope of activities.
- 1.2 In addition to this MoU, BIS and UKGI may agree working protocol documents, including the governance, objectives, and timeframe of engagement, for each of the Activities set out in Annex 1.
- 1.3 Both parties are committed to delivering the terms of this MoU but it is not intended to create legal obligations or to be legally binding.

2. Background

- 2.1 UKGI is a limited company, wholly-owned by HM Treasury, which provides independent corporate finance and governance advice to government departments. UKGI does not charge departments for its core services.
- 2.2 To facilitate UKGI in managing its work and resources, and to enable the constructive engagement of UKGI with the departments it advises, memorandums of understanding are expected to be put in place for the benefit of UKGI and the departments it works with.

3. UKGI service

- 3.1 UKGI will provide independent advice to BIS and its Ministers to deliver BIS objectives. Any direct engagement with Assets or Projects will formally be as an agent of BIS.
- 3.2 UKGI will provide its advice in a manner consistent with the Civil Service's core values of integrity, honesty, objectivity, and impartiality.
- 3.3 UKGI will have access to sensitive or confidential information in respect of the Activities. UKGI must establish professional customer relationships and give departments confidence in its services. HM Treasury acknowledges that, when working for ministers in customer departments, UKGI will therefore treat its customer's sensitive or confidential information and advice to customers with the same degree of confidentiality as that minister might expect of his or her own officials, in accordance with the Civil Service Code.

4. Accountabilities and responsibilities

- 4.1 The accountability to Parliament for the Activities UKGI is involved in will be:
 - Ministerial level: BIS Ministers
 - Principal Accounting Officer level: BIS Permanent Secretary
 - Senior Official level: UKGI
- 4.2 At BIS's request, UKGI senior officials will join BIS in any investigation or representation of the Activities including, but not limited to, National Audit Office reports, Public Accounts Committee hearings, and Business, Innovation and Skills Committee hearings.
- 4.3 BIS Communications will manage communications relating to the Activities with input from UKGI on the relevant content. BIS and UKGI will cooperate, and where appropriate UKGI will lead, on preparing responses to parliamentary questions and freedom of information requests relating to the Activities on behalf of BIS.
- 4.4 Where necessary to carry out its work, UKGI will, as a practical matter, receive from the BIS Secretary of State power of attorney letters to sign documents on behalf of the BIS Secretary of State.

Execution Version

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- 4.5 UKGI staff may sit on a board or take the position of Senior Responsible Officer for individual Activities.

5. Finance and legal

- 5.1 Responsibility for the budget for these Activities will remain with BIS. BIS will communicate to the CEO of UKGI the details of the budget allocated to the Activities and ask that UKGI carry out its activities to ensure that the budgets are properly managed in accordance with all relevant standards and policies.
- 5.2 UKGI will work with BIS to deliver both routine and ad hoc financial reporting requirements.
- 5.3 For the avoidance of doubt BIS will retain control of, and is beneficially entitled to all financial distributions relating to, the Activities.
- ✕ 5.4 BIS is responsible for paying consultancy and advisors' fees incurred by UKGI in respect of the Activities. UKGI will keep BIS regularly informed and consulted on the levels of any such fees incurred.
- 5.5 Where BIS Legal provides advice in respect of the Activities BIS shall remain both the client owed duties by BIS Legal and the beneficiary of any such advice. The parties agree that the sharing of such advice with UKGI will not remove legal privilege from said advice.

6. Working relationships

- 6.1 BIS and UKGI agree to work together as one team to ensure the delivery of the objectives set for the Activities. The parties shall endeavour to make the working arrangements function as efficiently, openly and collaboratively as possible.
- 6.2 UKGI may, where appropriate, advise BIS Ministers and the BIS Secretary of State directly in relation to the Activities. UKGI will ensure that the relevant BIS officials for each of the Activities are sighted on all such direct advice before it goes up and also copied in. Where UKGI provides advice to BIS which BIS does not wish to follow, this will be recorded in the relevant submissions or internal notes/briefings as appropriate.
- 6.3 UKGI will work directly with the Assets or Projects acting as an agent on behalf of BIS, and UKGI will be the main point of day to day contact between BIS and the Assets or Projects.
- 6.4 BIS will ensure that UKGI are invited to all meetings and sighted on all documents relevant to the Activities.
- 6.5 UKGI will provide BIS with regular and ad hoc reporting and information in relation to the Activities as specified within the working protocol documents.
- 6.6 UKGI will ensure that all its documents are filed on UKGI's systems in such a way as to ensure business continuity at the end of any arrangement.
- 6.7 UKGI and BIS will periodically review UKGI's engagement with BIS. Both parties will jointly:
- Monitor progress against objectives for the Activities;
 - Identify areas where further UKGI support is required or where an existing arrangement is no longer required;
 - Plan and prioritise future objectives for the Activities; and
 - Provide timely and high quality feedback on the relationship.

7. Scope of services

- 7.1 Where agreed between the parties, UKGI will provide the following types of services:
- Preparing and executing BIS corporate asset sales;
 - Advising BIS on major financial interventions into corporate structures;
 - Performing the shareholder role for BIS assets or projects with a meaningful shareholder function and/or undergoing a complex commercial or governance transformation; and
 - Advising BIS on major negotiations with corporates.
- 7.2 As at the date of entry into this MoU, the Activities in relation to which UKGI will provide its services to BIS are set out in Annex 1. As the profile of work UKGI undertakes for BIS alters over

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time the updated position will be reflected in UKGI's annual reports and accounts in lieu of updating Annex 1 to this MoU.

- 7.3 Except to the limited extent set out in the working protocol documents UKGI will have no responsibility for developing or formulating policy in relation to the Activities but will work to ensure that BIS and Government objectives are taken into account in providing its services.

Signed by

GRO

GRO

for and on behalf of The Secretary of State for the Department for Business, Innovation and Skills

Date: 1 April 2016

Signed by

GRO

GRO

for and on behalf of UK Government Investments Limited

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Annex 1

Activities as at 1 April 2016

Assets

British Business Bank plc
BIS (Postal Services Act 2011) Company Limited
Companies House
Enrichment Holdings Limited (holding company through which HMG's stake in Urenco Limited is held)
Land Registry
Ordnance Survey Limited
Postal Services Holding Company Limited
Post Office Limited
Pre 2012 ICR Student Loans Book
The Insolvency Service
UK Export Finance (a ministerial department whose Secretary of State is the BIS Secretary of State)
UK Green Investment Bank plc

Projects

Airbus
Special Situations (financial interventions into corporate structures)
Women Onboard