ROYAL HOUSEHOLD

Framework Agreement

relating to the

Sovereign Grant

Last Updated: 9 March 2020
6. FRAMEWORK AGREEMENT RELATING TO THE
SOVEREIGN GRANT

Purpose of the Sovereign Grant

1. The purpose of the Sovereign Grant for a financial year is to provide resources for use by the Royal Household in support of Her Majesty’s official duties, including the maintenance of the Occupied Royal Palaces, thereby enabling Her Majesty to perform Her duties as Sovereign effectively, efficiently and with appropriate dignity.

2. Income and expenditure pertaining to the Privy Purse and to the Royal Collection Trust are outside the scope of this framework agreement.

Legislative authority

3. The statutory authority that governs the Sovereign Grant is the Sovereign Grant Act 2011.

4. Treasury Ministers are responsible to Parliament for the Sovereign Grant.

5. This Memorandum should be reviewed at the end of each review period, normally 5 years beginning with the end of the preceding review period, the next review ending 31 March 2021, and modified, if required, in the interim in the light of changing circumstances.

6. This memorandum is published on the Royal Household’s website.

Governance and Accountability

7. The Royal Household’s objectives in managing the Sovereign Grant are as follows:

   • to give excellent support to The Queen to enable Her Majesty to serve the Nation as Head of State, while ensuring that value for money is achieved;

   • to maintain the Occupied Royal Palaces as buildings of State to a standard consistent with the Household’s operational requirements and with the royal, architectural and historic status of the buildings in a manner which ensures value for money; and

   • to seek to contract in the most economical and efficient manner for the supply of all services, consistent with the appropriate safety and security requirements.

Ministerial responsibility and relationship with the Treasury

8. The Permanent Secretary to the Treasury is accountable to Parliament for the payment of the Sovereign Grant. These responsibilities include:

   • providing information about the Sovereign Grant to Parliament as required; and

   • laying of the Annual Report and Accounts before Parliament.

9. The Permanent Secretary to the Treasury, as Principal Accounting Officer, is responsible for the propriety and regularity of expenditure against the Treasury’s Vote, and for securing prudent and economic administration of the available resources. These responsibilities include:

   • ensuring that the financial and other management controls applied by the Treasury are appropriate and sufficient to safeguard public funds and for ensuring the Royal Household’s compliance with those controls; and
• ensuring that the internal control systems applied by the Royal Household conform to the requirements of regularity, propriety and good financial management.

10. The Treasury Officer of Accounts is the primary source of advice to the Permanent Secretary for the Treasury on the discharge of the Treasury’s responsibilities in respect of the Sovereign Grant and the primary point of contact for the Royal Household itself within the Treasury. The main functions of the Treasury Officer of Accounts are:

• to communicate and maintain an effective relationship with the Royal Household and to ensure timely consultation about policy, resources and other relevant matters;
• to communicate relevant Government policy to the Royal Household and advise on the interpretation of that policy and to provide specific advice as necessary;
• to monitor and review the Royal Household’s performance against targets and against its resources and to take action where appropriate; and
• to advise Treasury ministers about the statutory reviews of the Sovereign Grant and about associated matters.

11. The timing and phasing of payments in respect of each Sovereign Grant yearly sum are agreed annually between the Treasury and the Royal Household following the confirmation of the amount payable for that year as determined by the Royal Trustees. The Royal Trustees are the Prime Minister, the Chancellor of the Exchequer and the Keeper of the Privy Purse.

The Keeper of the Privy Purse’s Sovereign Grant role and responsibilities

12. The Keeper of the Privy Purse as Accounting Officer of the Royal Household is responsible for:

• safeguarding the public funds for which he has charge;
• ensuring propriety and regularity in the handling of those funds; and
• the day-to-day operations and management of The Sovereign Grant.

He should ensure that the Sovereign Grant is managed on the basis of the standards, in terms of governance, decision-making and financial management that are set out in Chapter 3 of Managing Public Money.

13. The responsibilities for accounting to Parliament include:

• signing the accounts and ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by the Treasury;
• signing a Statement of Accounting Officer’s responsibilities, for inclusion in the annual report and accounts;
• signing a Governance Statement regarding the governance of the Sovereign Grant and its system of internal control, for inclusion in the annual report and accounts;
• acting in accordance with the terms of this document, Managing Public Money and other instructions and guidance issued from time to time by the Treasury;
14. The Keeper of the Privy Purse will assist the Permanent Secretary to the Treasury and the Treasury Officer of Accounts in respect of Sovereign Grant matters that arise before the Public Accounts Committee or other Parliamentary Committees.

**Reporting Arrangements**

15. As soon as practicable after the end of a financial year, the Keeper of the Privy Purse must:
   a. prepare a statement of accounts relating to the use of the Sovereign Grant for that year, and
   b. give a copy of the statement to the Comptroller and Auditor General.

16. The statement of accounts must:
   a. state the amount of net relevant expenditure for the financial year;
   b. outline main activities and performance during the previous financial year and set out in summary form forward plans:
   c. comply with the Accounts Direction given by the Treasury to the Keeper of the Privy Purse.

17. The Accounts Direction may include directions as to:
   a. the information to be contained in the statement and how it is to be presented,
   b. the methods and principles in accordance with which the statement is to be prepared; and
   c. any additional information that is to accompany the statement.

18. The amount of net relevant expenditure for a financial year is:
   a. the amount of resources used for that year by the Royal Household in support of Her Majesty’s official duties, minus
   b. the amount of income of the Royal Household insofar as it relates to the support of Her Majesty’s official duties for that year (excluding the Sovereign Grant).

**Risk Management**

19. The Royal Household ensures that the risks that it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance, and operates a risk management strategy. It adopts and implements policies and practices to safeguard itself against fraud and theft.

20. The Royal Household:
   a. has an Audit and Risk Assurance Committee, which is a sub-committee of the Lord Chamberlain's Committee, with either non-executive or independent member chair;
   b. maintains arrangements for internal audit in accordance with the Treasury's *Government Internal Audit Standards (GIAS)*;
   c. reports annually to the Audit and Risk Assurance Committee on fraud and theft in the area of expenditure supported by the Sovereign Grant and notifies the Audit and Risk Assurance Committee of any unusual or major incidents as soon as possible.
External audit

21. The Comptroller & Auditor General (C&AG) audits the Sovereign Grant annual accounts.

22. The C&AG:
   a. has a statutory right of access to relevant documents, including by virtue of section 25(8) of the Government Resources and Accounts Act 2000, held by another party in receipt of payments or grants from the Sovereign Grant;
   b. shares with the Treasury 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 Treasury’s responsibilities in relation to financial systems within the Sovereign Grant;
   c. where asked, provides the Treasury and other relevant bodies with Regulatory Compliance Reports and other similar reports which the Treasury may request at the commencement of the audit and which are compatible with the independent auditor’s role.

23. The C&AG may also carry out examinations into the economy, efficiency and effectiveness with which the Sovereign Grant 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.

24. In addition, the Royal Household uses 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.

Management and Financial responsibilities

25. Unless agreed by the Treasury, the Royal Household shall follow the principles, rules, guidance and advice in Managing Public Money, referring any difficulties or potential bids for exceptions to the Treasury Officer of Accounts in the Treasury in the first instance.

26. Once the budget has been approved by the Treasury, the Royal Household shall have authority to incur expenditure approved in the budget without further reference to the Treasury, on the following conditions:
   a. the Royal Household shall comply with the delegations set out in Appendix A for all Sovereign Grant expenditure other than expenditure on the Buckingham Palace Reservicing Programme for which separate arrangements are set out in sections 66 to 71 of this agreement;
   b. these delegations shall not be altered without the prior agreement of the Treasury;
   c. approval of the budget shall not remove the need to seek formal approval by the Treasury where any proposed expenditure is outside the delegated limits;
   d. the Royal Household shall provide the Treasury with such information about its operations, performance of individual projects or other expenditure funded from the Sovereign Grant as the Treasury may reasonably require; and
   e. any novel or contentious expenditure is cleared with the Treasury before it is undertaken.
Corporate and business plans

27. The Royal Household will submit the annual budget for the forthcoming year for the Sovereign Grant and the plan for the next three years to the Treasury.

28. The following key matters should be included in the plans:
   a. key objectives and associated key performance targets for the forward years, and the strategy for achieving those objectives;
   b. a review of performance in the preceding financial year, together with
   c. an estimate of performance in the current year;
   d. an assessment of the risk factors that may significantly affect the execution of the plan but that cannot be accurately forecast; and
   e. to continue to make property investment decisions based on the approved prioritisation matrix and estate planning tool; and
   f. other matters as agreed between the Treasury and the Royal Household.

Reporting performance to the Treasury

29. The Royal Household operates management, information and accounting systems that enable it to review in a timely and effective manner the Sovereign Grant’s financial and non-financial performance against the budgets and targets set out in the three year plan.

30. The Royal Household provides the Treasury with the following:
   a. monthly management accounts including explanations of major variances against budget; and
   b. cashflow information supporting the monthly Sovereign Grant requirement.

Delegated Authorities

31. The delegated authorities for Sovereign Grant expenditure, other than expenditure on the Buckingham Palace Reservicing Programme, are set out in Appendix A. The Royal Household obtains the Treasury’s prior written approval before:
   a. entering into any undertaking to incur any expenditure that falls outside the delegations; or
   b. carrying out policies that go against the principles, rules, guidance and advice in Managing Public Money.

32. The delegated authority for expenditure on the Buckingham Palace Reservicing Programme is set out in sections 66 to 71.

Personnel matters

33. Staff in the Royal Household provided for from the Sovereign Grant are members of The Queen’s Household and not civil servants. Their terms and conditions of employment are a matter for the Royal Household.

34. The Royal Household will have responsibility for the recruitment, retention and motivation of its staff.

35. The broad responsibilities toward its staff are to ensure that:
a. the rules for recruitment and management of staff create an inclusive culture in which diversity is fully valued and there is no discrimination on grounds of gender, marital status, sexual orientation, race, colour, ethnic or national origin, religion, disability, community background or age;
b. appointment and advancement is based on merit;
c. 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;
d. the performance of its staff at all levels is satisfactorily appraised and the Household’s performance measurement systems are reviewed from time to time;
e. its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve the Household objectives;
f. proper consultation with staff takes place on key issues affecting them;
g. adequate grievance and disciplinary procedures are in place;
h. whistle-blowing procedures consistent with the Public Interest Disclosure Act are in place; and
i. a code of conduct for staff is in place.

Housekeeping issues

36. It is the Royal Household’s policy to retain primary accounting documents for at least 7 years.

Sovereign Grant Reserve

37. The unused funds held by the Royal Trustees as the Sovereign Grant Reserve are held in an account with the Government Banking Service.

38. Withdrawals of funds from the Sovereign Grant Reserve for spending in advance of the audited annual accounts are subject to prior Treasury approval.
THE ROYAL HOUSEHOLD’S INCOME

The Sovereign Grant

39. The Sovereign Grant for the year to 31 March 2021 is set at £85.9 million.

40. Thereafter, the amount of the Sovereign Grant for a financial year is determined by the Royal Trustees and will normally be equal to a prescribed percentage. Initially this was set at 15% of the income account net surplus of the Crown Estate for the financial year two years previous. However, the Royal Trustees have agreed that from 2017-18, the Sovereign Grant will be calculated based on 25% of the income account net surplus of the Crown Estate for the financial year two years previous, with the additional 10% to be used to fund the reserving of Buckingham Palace over a period of ten years to 2026-27.

41. To ensure that the Grant remains at an appropriate level, the amount will be subject to the following adjustment mechanisms.

- A capped Sovereign Grant Reserve managed by the Royal Trustees. If the Sovereign Grant proves greater than required in a given year, the surplus will be paid into the Reserve, which may be drawn down in future years as required. If the adjusted value of the Sovereign Grant Reserve at the end of the base year (the financial year two years previous) exceeds 50% of the audited net relevant resources used for the base year, the Royal Trustees may reduce the Sovereign Grant by such amount as they consider will result in the adjusted value of the Reserve Fund at the end of the next financial year being about 50% of the audited net relevant resources used for that year.

- A cash terms floor. The grant amount will not fall in cash terms on the amount in the previous year, unless the Royal Trustees have specified a lesser amount to manage the Reserve in the way described above.

- Regular reviews by the Royal Trustees. The Royal Trustees are bound to consider the suitability of the percentage at regular intervals and to propose a new percentage where necessary. The first review took place within 4 years of 1 April 2012 and looked at how the grant had been managed over the four years (2012-13 to 2015-16). It also looked at expected costs over the next 5 year review period (2016-17 to 2020-21), including a business case for carrying out essential reserving works on Buckingham Palace. The Royal Trustees concluded that the percentage used to calculate the Sovereign Grant should be temporarily increased to 25% for the duration of the reserving works. The Statutory Instrument setting out the change in the percentage from 15% to 25% of the income account net surplus of the Crown Estate was passed on 16 March 2017. The amount of Sovereign Grant will be reconsidered at future reviews, in accordance with the Sovereign Grant Act. It is however, the intention of the government to bring forward legislation to reset the level of the Sovereign Grant in cash terms once the reserving works have been completed, which is expected to be in 2026-27.

42. Prior to the start of each financial year and as soon as is practicable, the Royal Household shall provide the Treasury with a profile of the expenditure of the Sovereign Grant in the year ahead. The Sovereign Grant, as calculated by the prescribed formula, will be paid to the Royal Household in monthly instalments based on this profile unless agreed otherwise.

43. The Royal Household’s annual profile of expected expenditure should be signed by the Keeper of the Privy Purse, the Deputy Treasurer to The Queen or by a person previously notified by the Keeper to the Treasury as authorised to sign on the Keeper’s behalf.
44. The annual profile of expected expenditure and draw-down submitted to the Treasury must be updated if it becomes clear that spending or draw-down patterns will be significantly different from the forecast.

45. Recharges to other entities operating at the Occupied Royal Palaces are used to offset Sovereign Grant expenditure and aim to recover only the actual costs incurred in providing the goods and/or services, including administrative costs.

**Other Income**

46. The Royal Household should seek to optimise income from non-Treasury sources where this is consistent with the main functions of the Sovereign Grant.

**Fees and Charges**

47. Fees and charges for services supplied by the Royal Household will be determined in accordance with Chapter 6 of *Managing Public Money*.

**EXPENDITURE - GENERAL PRINCIPLES**

**Value for Money**

48. The Keeper of the Privy Purse has a responsibility to ensure good value for money, which is the optimum combination of whole life cost and quality to meet the user’s requirement – it is not the lowest price alone. Therefore activities should be benchmarked, periodically and where practicable, against best practice elsewhere. They should be contracted out where the conclusion is reached that this would provide better value for money. Procurement of works, equipment, goods and services (including consultant’s fees) should be based on value for money. Appropriate option appraisal procedures should be carried out before procurement decisions are taken.

**Procurement**

49. The Royal Household will wherever possible observe best practice on public procurement in line with guidance issued from the Crown Commercial Service and the Treasury.

50. All high risk procurement projects and large IT procurement projects should follow a recognised method of project control such as Prince II and professional practice methodologies.

51. Before entering into any lease (e.g. for equipment hire) the Royal Household must establish that it offers better value for money than purchase.

52. The Keeper of the Privy Purse has authority to let or vary contracts and may delegate such authority to other members of the Household.

**Competition**

53. Contracts should always be placed on a competitive basis, unless there are convincing reasons to the contrary. Tenders should be accepted from suppliers who provide best value for money overall.

54. However, the Treasury recognises that in certain circumstances, for example, decisions on the destination or mode of travel or security considerations may often limit the potential choice of suppliers. In these cases, the Household will ensure that appropriate procedures are in place to ensure that all alternatives are fully considered before decisions are made.
Prudence

55. The Royal Household shall take all reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter into a contract.

Timeliness in Paying Bills

56. The Royal Household should aim to collect receipts and pay all matured and properly authorised invoices in accordance with the terms of contracts or within 30 days of receipt of an approved invoice.

STAFF COSTS

Pay and conditions of service

57. Staff in the Royal Household whose salaries are met from the Sovereign Grant are employees of The Queen's Household and are not Civil Servants. Their terms and conditions of employment will be a matter for the Royal Household.

58. Subject to its delegated authorities, the Royal Household shall ensure that the creation of any additional posts does not incur forward commitments that will exceed its ability to pay for them.

59. Staff terms and conditions are set out in an Employee Reference Manual and on the Royal Household Intranet.

Pensions, redundancy and compensation

60. Until 31 March 2002, all full-time permanent employees were entitled to be members of:
   a. a scheme managed by the Government analogous to the Civil Service pension scheme (the Royal Household Pension Scheme); or
   b. a scheme managed by trustees on behalf of the Royal Household (the Royal Households Group Pension Scheme).

61. Both pension schemes provide similar pension benefits based on final pay. The Royal Household Pension Scheme is contributory for employees and the Royal Households Group Pension Scheme is non-contributory for employees (except in respect of widows’/widowers’ benefits for the Government managed scheme). Full-time permanent employees joining from 1 April 2002 are entitled to be members of the Royal Household Defined Contribution (Stakeholder) Pension Scheme.

EXPENDITURE OTHER THAN ON STAFF

Capital Expenditure

62. Capital expenditure is defined as expenditure on new construction, land, extensions of, and alterations to, existing buildings and the purchase of any other fixed assets (e.g. machinery, plant, and vehicles) with an expected working life of more than one year.

63. Expenditure over £5,000 (net of recharges) on improvements to the Estate is capitalised, except where the improvements are incidental to general repair and refurbishment work. Costs capitalised include related fees and VAT.

64. Expenditure on Major Restoration – the cost of associated major repairs and refurbishment is charged in the Statement of Income and Expenditure in the year in which it is incurred.
includes costs relating to the infrastructure such as electrical and data cabling and pipework associated with heating and drainage systems which are deemed to be part of the fabric of the building. Where improvements are made to the buildings that are deemed to be on separately identifiable items of plant and equipment or relate to the conversion of bedrooms to offices, they are capitalised respectively as plant and machinery or property improvements within Non-current assets, held at historical cost and depreciated over 10 to 30 years.

65. The Royal Household’s delegated limit for capital expenditure is shown in Appendix A, other than expenditure on the Buckingham Palace Reservicing Programme. Above that level, prior approval must be obtained from the Treasury before expenditure (excluding that financed by non-Sovereign Grant funds) is incurred.

**Buckingham Palace Reservicing Programme Expenditure**

66. The funding requirement for the programme to reservice Buckingham Palace in the 10 years to 2026-27 is £369 million including VAT.

67. Risks to the programme will be managed and minimised. The Palace will be occupied throughout the programme, and the Royal Household’s operations will continue with as little disruption as possible. The programme will be delivered by the Royal Household through a dedicated Project Management Office (PMO). Management of the risk will not be transferred to a separate delivery authority, and specifically will remain with the Senior Responsible Owner (SRO) and the Accounting Officer, both of whom will be accountable to HM Treasury and Parliament. The SRO and the Accounting Officer, as members of the Lord Chamberlain's Committee, will provide regular reports on the programme's progress and the impact on the Royal Household's operations.

68. In addition to the maintenance and continual monitoring of a comprehensive risk register, programme risks will be mitigated through the PMO's careful management of the procurement and construction process, and the programme being delivered sequentially in phases. The phased approach also provides the flexibility required to adapt the programme as a consequence of any significant unplanned circumstances.

69. A series of formal Gateway Reviews and Checkpoint audits by independent consultants will take place at key points throughout the programme and will be submitted to HM Treasury for approval before funding is committed on each phase. The first three Programme Assessment Reviews were completed in December 2017, June 2018 and December 2018.

70. HM Treasury will also attend meetings of the Programme Challenge Board.

71. The Sovereign Grant Annual Report will separately identify expenditure on core Sovereign Grant activities and the Buckingham Palace Reservicing Programme.

**Disposal of Assets**

72. The Keeper of the Privy Purse shall ensure that in accordance with the *Crown Lands Act 1702*, property which is vested in The Queen by right of the Crown will not be sold nor leased for a period exceeding the greater of thirty one years or three lifetimes. The Treasury should be notified in writing of proposed changes to the categorisation of properties.

73. Disposals of items financed from the Sovereign Grant are at market value unless the Treasury agrees to another course. Disposal proceeds are retained by the Household for re-use.

**Borrowing, Lending, Guarantees, Indemnities and Contingent Liabilities (including Letters of Comfort)**

74. The Royal Household shall not borrow, lend money, charge any asset or security purchased with the Sovereign Grant. Similarly, subject to any agreed delegated authorities it should not, without
prior approval give guarantees or indemnities or letters of comfort, or incur any other contingent liability (as defined in Section 5.6 of Managing Public Money), whether or not in a legally binding form.

**Losses and Special Payments**

75. Subject to any delegation, the Royal Household should only write off losses or make special payments when satisfied that there is no feasible alternative. A record of losses should be maintained.

**Banking and Cash Management**

76. The Keeper of the Privy Purse as Accounting Officer is responsible for ensuring that the Sovereign Grant’s banking arrangements safeguard public funds and are carried out efficiently, economically and effectively.

77. The Royal Household may hold up to £2 million in bank accounts outside the Exchequer. Otherwise any funds drawn down and not used, including funds in the Sovereign Reserve, will be held with the Exchequer.

**Compliance with Instructions and Guidance**

78. The Royal Household shall comply with the following documents or their successors:

- This Framework Agreement;
- Managing Public Money;
- Public Sector Internal Audit Standards (PSIAS); issued by the Treasury;
- Finance Reporting Manual (FreM), issued by the Treasury;
- Relevant Dear Accounting Officer letters;
- Other relevant instructions and guidance issued by the Treasury;
- Recommendations made by the Public Accounts Committee or other Parliamentary authority which have been accepted by the Government and which are relevant to the Royal Household.
**APPENDIX A: DELEGATED FINANCIAL LIMITS**

All delegations are subject to the requirement that spending proposals falling within *Managing Public Money* Section A4.10.3 should be referred to the Treasury. These delegated limits are to be applied per transaction or project.

<table>
<thead>
<tr>
<th>Description</th>
<th>Delegation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. <strong>Property and Other Fixed Asset Expenditure (paras 62-65)</strong></td>
<td></td>
</tr>
<tr>
<td>Expenditure on new construction, land, extensions of, and alterations to, existing buildings and the purchase of any other fixed assets (e.g. machinery, plant, and vehicles) with an expected working life of more than one year. Also includes exchanges of fixed assets.</td>
<td>£6,000,000</td>
</tr>
<tr>
<td>Excess expenditure on new works and maintenance projects over £350,000 excluding fees.</td>
<td>£50,000 and 10% whichever is greater related to the let tender amount.</td>
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<tr>
<td>2. <strong>Gifts</strong></td>
<td></td>
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<tr>
<td>In a financial year, any one gift or total of gifts to one person/organisation.</td>
<td>£100,000</td>
</tr>
<tr>
<td>Gifts received by the Royal Household.</td>
<td>Unlimited</td>
</tr>
<tr>
<td>Gifts to staff are subject to DAO (Gen) 13/01.</td>
<td></td>
</tr>
<tr>
<td>3. <strong>Non-Statutory Contingent Liabilities</strong></td>
<td>£250,000</td>
</tr>
<tr>
<td>4. <strong>Losses And Special Payments</strong> (Para. 75)</td>
<td></td>
</tr>
<tr>
<td>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 Keeper of the Privy Purse.</td>
<td></td>
</tr>
<tr>
<td>Classification of losses and special payments:</td>
<td></td>
</tr>
<tr>
<td><strong>A. LOSSES</strong></td>
<td></td>
</tr>
<tr>
<td>i. <strong>Cash losses.</strong></td>
<td></td>
</tr>
<tr>
<td>Physical losses of cash and equivalents (e.g. banknotes, postal orders, stamps) by any cause.</td>
<td>Unlimited</td>
</tr>
<tr>
<td>ii. <strong>Book keeping losses</strong></td>
<td></td>
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<tr>
<td>Because of unvouched or incompletely vouched payments, including cases where vouchers are missing.</td>
<td>Unlimited</td>
</tr>
<tr>
<td>Because of changes to estimates or other accounts to clear inexplicable or erroneous balances.</td>
<td>Unlimited</td>
</tr>
<tr>
<td>iii. <strong>Exchange rate fluctuations. (Losses due to fluctuations)</strong></td>
<td></td>
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<tr>
<td>iv. <strong>Losses of pay allowances and superannuation benefits:</strong></td>
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<tr>
<td>Loss Type</td>
<td>Limit</td>
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<td>--------------------------------------------------------------------------</td>
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<tr>
<td>Overpayments due to miscalculation, misinterpretation of Acts,</td>
<td>Unlimited</td>
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<tr>
<td>Regulations or scheme rules or the full facts not being known.</td>
<td></td>
</tr>
<tr>
<td>Unauthorised issues, e.g. payments not admissible under the Acts,</td>
<td>Unlimited</td>
</tr>
<tr>
<td>Regulations or scheme rules.</td>
<td></td>
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<tr>
<td>Loses arising from other causes, e.g. non-disclosure of full facts</td>
<td>Unlimited</td>
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<tr>
<td>by the beneficiary, short of proven fraud.</td>
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<td>v. Losses arising from overpayments of grants, etc. arising from</td>
<td>Unlimited</td>
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<tr>
<td>miscalculation, misinterpretation of Acts Regulations or scheme rules,</td>
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<td>or the full facts not being known.</td>
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<tr>
<td>vi. Losses arising from failure to make adequate charges for the use of</td>
<td>Unlimited</td>
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<td>public property or services.</td>
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<td>B. Losses of accountable stores:</td>
<td></td>
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<tr>
<td>i. Because of fraud, whether or not it has been possible to charge</td>
<td>Unlimited</td>
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<tr>
<td>anyone with an offence, or proven or suspected theft, arson or sabotage,</td>
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<td>or any other deliberate act (including repairable damage caused</td>
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<td>maliciously to buildings, stores; etc. which is not the subject of an</td>
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<tr>
<td>identifiable legal claim against some person); wherever possible</td>
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<tr>
<td>recovery must be effected and prosecution mounted.</td>
<td></td>
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<tr>
<td>ii. Losses arising from other causes.</td>
<td>Unlimited</td>
</tr>
<tr>
<td>C. Fruitless payments and constructive losses</td>
<td>£100,000</td>
</tr>
<tr>
<td>D. Claims waived or abandoned</td>
<td>£100,000</td>
</tr>
<tr>
<td>E. Special payments:</td>
<td></td>
</tr>
<tr>
<td>i. extra-contractual and ex gratia payments to contractors;</td>
<td>£100,000</td>
</tr>
<tr>
<td>ii. other ex gratia payments;</td>
<td>£100,000</td>
</tr>
<tr>
<td>iii. compensation payments;</td>
<td>£100,000</td>
</tr>
<tr>
<td>iv. extra- statutory and extra-regulatory payments.</td>
<td>£100,000</td>
</tr>
<tr>
<td>5. Contracts (Paras. 48- 56)</td>
<td></td>
</tr>
<tr>
<td>i. Single Tender Action (supplies and services)</td>
<td>£250,000</td>
</tr>
<tr>
<td>ii. Information technology and telecommunications</td>
<td>£6,000,000</td>
</tr>
<tr>
<td>iii. Single Tender Action (works)</td>
<td>£4,000,000</td>
</tr>
<tr>
<td>6. Disposal Of Assets (Paras. 62- 65)</td>
<td>£1,000,000</td>
</tr>
</tbody>
</table>