EXPLANATORY MEMORANDUM TO

THE METEOROLOGICAL OFFICE TRADING FUND (MAXIMUM BORROWING) (REVOCATION AND SAVING) ORDER 2025

2025 No. 842

1. Introduction

1.1 This explanatory memorandum has been prepared by the Department for Science, Innovation and Technology and is laid before the House of Commons by Command of His Majesty.

1.2 This memorandum contains information for the Select Committee on Statutory Instruments.

2. Declaration

2.1 Lord Vallance of Balham, Minister of State for Science, Research and Innovation at the Department for Science, Innovation and Technology confirms that this Explanatory Memorandum meets the required standard.

2.2 Lindsay Jamieson, Deputy Director for Science and Innovation Sponsorship, at the Department for Science, Innovation and Technology confirms that this Explanatory Memorandum meets the required standard.

3. Contact

3.1 Paul Riches at the Department for Science, Innovation and Technology, Telephone: 020 7215 4538 or email: sponsorship@dsit.gov.uk, can be contacted with any queries regarding the instrument.

Part One: Explanation, and context, of the Instrument

4. Overview of the Instrument

What does the legislation do?

4.1 This instrument revokes the Meteorological Office Trading Fund (Maximum Borrowing) Order 2024 (SI 2024/1174, the '2024 Order'), with a saving for the substantive effect of that Order, to address an error in the drafting of that Order which stated it was required to be laid in both Houses of Parliament.

4.2 Under section 6(3) of the Government Trading Funds Act 1973 it should only have been laid in the House of Commons. The Select Committee on Statutory Instruments drew the special attention of the House of Commons to the 2024 Order on the ground that laying the Order in both Houses of Parliament failed to comply with proper legislative practice.

4.3 This instrument gives substantive effect to the recommendation of the Select Committee that the 2024 Order should be revoked and replaced, by revoking the 2024 Order with a saving for the maximum borrowing limit of £400,000,000 established by that Order.

4.4 By way of general background, the Meteorological Office Trading Fund was established by the Meteorological Office Trading Fund Order 1996, (SI 1996/774) on 1st April 1996. That Order set the maximum borrowing limit which the Met Office

can borrow. The 2024 Order increased the maximum amount that the Met Office may borrow from £300,000,000 to £400,000,000.

4.5 The Met Office is responsible, on behalf of the UK Government, for subscriptions to international satellite programmes. The Met Office is the UK representative within the European Organisation for the Exploitation of Meteorological Satellites (EUMETSAT) (EUMETSAT is independent of the EU). Satellite programme subscription costs vary during their lifetime. Substantial upfront investment is required prior to launch and operation of the satellites. The cost of UK subscriptions are also subject to currency exchange fluctuations. The most efficient mechanism for the Met Office to manage these necessary payments is to borrow funds from the owning Department for Science, Innovation, and Technology (DSIT). These loans are then repaid to DSIT from income derived from contracts with customers for Met Office services that utilise the data from these satellites once they become operational.

Where does the legislation extend to, and apply?

4.6 The extent of this instrument (that is, the jurisdiction(s) which the instrument forms part of the law of) is England and Wales, Scotland, and Northern Ireland.

4.7 The territorial application of this instrument (that is, where the instrument produces a practical effect) is England and Wales, Scotland, and Northern Ireland.

5. Policy Context

What is being done and why?

5.1 This instrument revokes the 2024 Order with a saving for the substantive effect of that the Order. This gives effect to the recommendation of the Select Committee on Statutory Instruments that the 2024 Order should be revoked and replaced (see paragraph 4.2 above). The maximum borrowing limit for the Met Office remains set at £400,000,000.

5.2 The maximum borrowing limit of £400,000,000 was set following current financial forecasts, whereby the Met Office's UK subscription commitments to EUMETSAT will take the Met Office beyond its previous borrowing limit of £3000,000,000 in FY2025/2026. Met Office currently services its commitments to EUMETSAT through loans from DSIT, which are then repaid from revenue generated through the contracting out of its services. EUMETSAT satellite programmes have a high initial cost to take the projects through development, build and launch, and are shared between member states. Met Office is only able to generate the revenues that can repay the loans to DSIT at the point that the satellites come into service and are producing data. Two recent satellite projects (Meteosat 3rd Generation and Polar 2nd Generation) have encountered delays ahead of becoming operational. This has delayed the start of repayments on their associated loans. This means that the Met Office needed to increase its borrowing to accommodate the additional funding needed to support their commitments and enable repaying the loans for the Meteosat and Polar satellites.

5.3 Modelling the costs from the delays to these existing programmes showed that Met Office would go beyond the previous borrowing limit of £300m after April 2025. The increased borrowing limit will meet Met Office requirements in a worst-case scenario of a 2-year delay to the new EUMETSAT programmes which require the ability to borrow approximately £325m in 2025/2026, £360m in 2026/2027, and £380m in 2027/2028 and 2028/2029 before reducing. The £400m limit provides sufficient

headroom. The satellite loan drawdowns have a 10-year repayment period. To cover this requirement, the substantive effect of the 2024 Order is preserved.

5.4 The 2024 Order set the maximum borrowing limit of the Meteorological Office Trading Fund at £400,000,000. That limit remains in force following the making of this instrument. This enables the Met Office to continue the procedure to take appropriate loans in relation to the EUMETSAT subscription costs and any accompanying satellite maintenance and storage costs.

What was the previous policy, how is this different?

5.5 The effect of the previous policy change to increase the borrowing limit will remain, this instrument corrects a procedural error in the laying process only.

6. Legislative and Legal Context

How has the law changed?

6.1 This instrument does not change the maximum borrowing limit of the Met Office, which remains at £400,000,000.

Why was this approach taken to change the law?

6.2 This instrument gives substantive effect to the recommendation of the Select Committee on Statutory Instruments that the 2024 Order should be revoked and replaced.

7. Consultation

Summary of consultation outcome and methodology

7.1 Government stakeholders with a vested interest in the Met Office were informed of this proposed change to increase the borrowing limit to £400,000,000 at the Interdepartmental Met Office Strategy Group (IMOSG).

8. Applicable Guidance

8.1 No additional guidance is necessary as there is no policy change.

Part Two: Impact and the Better Regulation Framework

9. Impact Assessment

9.1 A full Impact Assessment has not been prepared for this instrument because there is no effect on policy and no impact on business, charities, or public bodies.

Impact on businesses, charities and voluntary bodies

9.2 There is no, or no significant, impact on business, charities or voluntary bodies because the instrument does not alter Government policy and relates to the operation of the Trading Fund. In addition, it does not change the Met Office's maximum borrowing limit.

9.3 The legislation does not impact small or micro businesses.

9.4 There is no, or no significant, impact on the public sector because the change relates to a financing mechanism concerning the mechanics and operation of the Met Office as a Trading Fund and its owning department.

10. Monitoring and review

What is the approach to monitoring and reviewing this legislation?

10.1 The approach to monitoring this legislation is conducted through existing owning Department responsibilities.

10.2 The instrument does not include a statutory review clause.

Part Three: Statements and Matters of Particular Interest to Parliament

11. Matters of special interest to Parliament

11.1 The Select Committee on Statutory Instruments reported the 2024 Order for failure to comply with proper legislative practice and recommended that the Department should revoke and remake that Order. DSIT acknowledges that the drafting of the italic wording created uncertainty regarding the correct procedure for the 2024 Order and did not reflect the constitutional position of the financial privilege of the House of Commons.

11.2 A Voluntary Memorandum has also been submitted by DSIT to the Select Committee which explains that the Department is of the view that it does not have the power to revoke and relay the 2024 Order and that it has therefore instead through this instrument given substantive effect to the recommendation of the Select Committee. This Voluntary Memorandum also sets out steps that DSIT intends to take to ensure that this issue does not reoccur.

12. European Convention on Human Rights

12.1 As the instrument is subject to the negative resolution procedure in the House of Commons and does not amend primary legislation, no statement is required.

13. The Relevant European Union Acts

13.1 This instrument is not made under the European Union (Withdrawal) Act 2018, the European Union (Future Relationship) Act 2020 or the Retained EU Law (Revocation and Reform) Act 2023 ("relevant European Union Acts").