

# **NS&I Board Terms of Reference**

## **Context**

1. The NS&I Chief Executive, who is appointed by the Chancellor of the Exchequer, bears personal responsibility as Accounting Officer for the Agency, as determined from time to time by the Treasury through Managing Public Money and other guidance. (S)he also bears clear and separate legal responsibilities as Director of Savings which cannot be delegated.
2. The Chief Executive therefore remains ultimately accountable for the achievement of the Agency's objectives, but subject to paragraph 3 below is expected to accept the advice of the Board. To ensure good governance practice individual Board members act as if they have full corporate legal responsibilities, accepting the consequences of their actions, recommendations and decisions.
3. The Chief Executive is therefore expected to accept the majority view of the Board, except where (s)he sees this as conflicting with his/her Accounting Officer responsibilities. In such cases, the Board minutes will record why the Chief Executive has declined to accept the majority view.

## **Board responsibilities**

4. Operating within instructions and guidance from the Treasury, and in support of the Chief Executive in the achievement of the Agency's objectives, the Board:
  - 4.1 sets the Agency's overall culture and ethics
  - 4.2 approves the annual planning criteria and timetable
  - 4.3 assists in developing the Agency's vision, strategy and corporate policies for the NS&I business; annually reviews the 5 year strategic plan
  - 4.4 approves the annual business plan, ensuring consistency with 5-year Strategic Plan, including agreeing objectives, plans and milestones for major change programmes; and monitors progress; monitors progress against plan and budget via the Balanced Business Scorecard and Programme Report, reviewing major variances
  - 4.5 ensures that the Agency has in place robust systems aimed at compliance with legal, regulatory and government security requirements
  - 4.6 ensures the Agency's compliance with best corporate governance practice, by:
    - reviewing at least bi-annually the key operational and strategic risks (informed by reports from the Audit Committee and EMT on the management of the risks)
    - ensuring at least annually the adequacy of the Agency's System of Internal Control (SIC) and associated processes for identification and management of risk (informed by reports from the Audit Committee and the Executive Committee)
    - ensuring the Agency's compliance with best corporate governance practice through an annual review.

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4.7 supports the maintenance and development of relationships with stakeholders, including Ministers, official Treasury, Siemens IT Solutions and Services (SIS) and Post Office Ltd (POL)

4.8 adopts the Annual Report & Accounts and gives support to their signature by the Accounting Officer, taking into account the recommendations and comments from the Audit Committee

4.9 monitors, advises, supports, challenges and develops senior management; and ensures the existence of adequate succession plans

### **Board committees**

5. The Board has two sub-committees – the Audit Committee and the Appointments and Remuneration Committee, both of which are chaired by Non-Executive Directors other than the Chairman of the Board; and have separate Terms of Reference approved by the Board.

### **Membership**

6. The Board comprises

6.1 four independent Non-Executive Directors, one of whom will act as Chairman of the Board

6.2 the Chief Executive and other Executive Directors, one of whom has responsibility for security across the NS&I business

6.3 up to two representatives of HM Treasury, including at least one from Debt & Reserves Management (DRM)

Others, including members of NS&I, SIS, POL and relevant consultants, may be invited to attend all or part of specific meetings.

### **Non-Executive Directors**

7. The Non-Executive Directors are appointed by the Chancellor of the Exchequer through open public recruitment, and have the right of direct access to the Treasury Minister with responsibility for NS&I. They are appointed to serve a three year term, with the possibility of one three year extension; and undergo a standardised induction process overseen by the People & Environment Director.

8. Non-Executive Directors assist the Board by:

8.1 advising on the development of the overall Agency direction by bringing an external perspective to strategy and the delivery of objectives

8.2 highlighting the risks of implementing strategy

8.3 ensuring good governance practice

8.4 holding the executive to account

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### **Board Chairman**

9. In addition to his (her) role as a Non-Executive Director the Chairman of the Board:

9.1 chairs Board meetings, managing discussion to ensure all Board members have the opportunity to contribute as they wish; and that as far as is possible the meeting runs to time

9.2 agrees the final version of the agendas and minutes

9.3 provides a focal point for Board members to discuss any concerns about the operation of the Board, on both a business and personal basis

9.4 reports annually to the Board on its performance and effectiveness, based on individual discussions with all other Board members and the Board secretary

9.5 partakes in the recruitment process for the Chief Executive and Non-Executive Directors, including

- ◆ Agreeing timescales and advertising copy
- ◆ Long and short listing candidates
- ◆ Membership of the interview panel

9.6 in discussion with individual non-executives and the Chief Executive agrees non-executive representation on Board sub-committees

9.7 provides input to the Permanent Secretary of HMT as part of the Chief Executive's annual performance assessment

10. The principles guiding the Chairman of the Board's relationship with the Chief Executive are appended at Annex A to these Terms of Reference. In the unlikely event of a breakdown of this relationship either party may consult with HMT.

### **Meetings**

11. The Board normally meets on the first Tuesday of alternate months, starting in February, with allowance being made as necessary for the incidence of public holidays. The meeting schedule is published on a rolling annual basis, with the expectation that Board members will attend all meetings.

12. In addition, the Board will hold workshops, which may be chaired by any of the Board members as appropriate, to discuss specific issues; and will review its performance on a regular basis in accordance with corporate best practice. These meetings will be informed by the results of a confidential survey of Board members' views

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### **Voting**

13. The Board will operate on the principle of consensus. Where consensus is not achievable, a vote will be taken. Each Board member will have one vote. In the event of a tied vote the Chief Executive will have a casting vote. Except in the circumstances described in paragraph 3 above, the Chief Executive will accept the outcome of the vote.

### **Minutes**

14. Draft minutes of Board meetings and notes of workshops will normally be produced within three working days. They will comprise a summary of the topics covered and the resultant discussion; any decisions (including any dissension and the reasons for it); and action items and those responsible for their discharge. A summary version of the Board minutes will also be prepared consistent with the requirements of NS&I's Freedom of Information Act Publication Scheme.

### **Board support**

15. The Chief Executive will appoint a Board Secretary, who will advise on, and point out any breaches, or potential breaches of, best corporate governance practice, including regularity and propriety.
16. The Board Secretary will also
  - 16.1 support the Chairman and CEO in the construction of the Board calendar and agendas
  - 16.2 call for and monitor the distribution of Board papers, as required by the agenda
  - 16.3 issue invitations to attend meetings
  - 16.4 prepare minutes
  - 16.5 act as secretary to the Audit Committee
  - 16.6 attend meetings of the Appointments and Remuneration Committee as required.
17. The CEO's PA will provide administrative support to the Board Chairman and the Board Secretary.

Agreed by the Board on 5 October 2010

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## **Annex A**

### **Relationship of the Chairman of the Board and Chief Executive of NS&I – guiding principles**

- The two roles must be complementary. The Chairman of the Board is responsible for managing the business of the Board while the Chief Executive runs the agency's business. They should be seen to work closely together as a team
- Their relationship must be based on mutual respect and trust; it must be frank and open, with problem areas being addressed openly
- The Chairman of the Board shall have direct access to senior executives in the agency as (s)he deems necessary; in turn senior executives shall have direct access to the Chairman of the Board
- The Chief Executive is accountable to Parliament
- There should be shared vision and planning for the long term future of the agency
- There should be shared views on the fundamental strategy for the agency
- These guiding principles should only be modified by mutual agreement between the Chairman of the Board and Chief Executive and with the prior approval of the Board.