

## **NS&I APPOINTMENTS AND REMUNERATION COMMITTEE TERMS OF REFERENCE**

### **Context**

1. The NS&I Chief Executive bears personal responsibility as Accounting Officer and Consolidation Officer for the National Savings & Investments Agency and for the business of National Savings & Investments, as determined from time to time by the Treasury through Government Accounting and other guidance. He (she) also bears legal responsibilities as Director of Savings.
2. The Chief Executive therefore remains ultimately accountable for the achievement of the Agency's objectives, and for ensuring that the Agency manages its people to achieve its strategic objective by having in place effective systems for appointment, pay, performance management, succession planning, and staff development. In discharging this responsibility, the Chief Executive will work with the Appointments & Remuneration Committee (the A&RC), which is a sub-Committee of the Board.
3. The Cabinet Office has issued guidance on the setting up and constitution of Senior Civil Service (SCS) pay committees. The A&RC is intended at a minimum to fulfil the role of SCS pay committee. Thus the following Terms of Reference are framed to comply with that guidance
4. NS&I is regulated by HM Treasury which requires it to aim to comply with Financial Conduct Authority requirements where applicable and appropriate on a voluntary basis. NS&I's Board Operating framework reflects the FCA requirements for corporate governance – it has a shadow compliance regime in place whereby all colleagues are expected to behave in accordance with the FCA's conduct rules and other key requirements.
5. Therefore, the Non-Executive Chair of the Appointments and Remuneration Committee is a pseudo SMF 12 (Chair of the Remuneration Committee) role in the NS&I Senior Manager Regime with prescribed responsibility SYSC 4.7.7R(10) for overseeing the development of, and implementation of the firm's remuneration policies and practices in accordance with SYSC 19D (Remuneration Code). The Chair is also a pseudo SMF 13 (Chair of the Nominations Committee) function. The Appointments and Remuneration Committee complies with relevant requirements of SYSC 4.3A.8 (Nomination Committee). As NS&I is a government department, these functions and responsibilities are discharged subject to the Civil Service rules on pay and appointments.

### **Role and Responsibilities**

6. The role of the A&RC is to act on behalf of and report to the Board in discharging its responsibilities e.g.

- 6.1 Determining the Agency's Pay Strategy, including the parameters for determining salary on appointment or promotion of senior roles;
  - 6.2 Advising on the role and appointment of executive NS&I Board members;
  - 6.3 Assessing the relative contribution of the Agency's executive Board members in achieving its corporate objectives;
  - 6.4 Making final pay decisions for the Agency's executive Board members;
  - 6.5 Reviewing succession planning arrangements for senior staff within NS&I;
  - 6.6 Reviewing the incentives for staff provided by the remuneration policies of NS&I.
7. To discharge its role, the A&RC pays full regard to diversity considerations, and:
- 7.1 Advises the Chief Executive, where appropriate via the Board, on the appointment and remuneration of executive members of the Agency's Board and other NS&I senior roles, taking account of the such things as market data, pay developments and structure and internal pay relativities, and succession plans;
    - 7.1.1 For executive members of the Agency's Board the A&RC will be involved from the outset in appointment, remuneration and contract issues, including renewal. One of the non-executive directors will normally be involved in the selection process;
    - 7.1.2 For other Agency senior role appointments and contract renewals, the Chief Executive will normally act on behalf of the A&RC and advise the A&RC after an appointment has been made. In exceptional circumstances, where the level of remuneration is outside the norms defined in the NS&I pay strategy, the A&RC will be consulted as necessary;
  - 7.2 Reviews the Agency's executive Board members performance management and reward arrangements at the start of each performance year, taking into account the NS&I plan and targets and ensuring performance measures have business relevance and added value;
  - 7.3 Reviews the Agency's executive Board members performance and development needs at the mid-point of the reporting year;
  - 7.4 At the end of the performance year reviews the collective and individual performance of the Agency's executive Board members taking into account achievement of Agency plans and targets and agrees pay and bonus awards taking account of recommendations from the Chief Executive and line management;

- 7.5 Reviews the Agency's performance management and the reward policy and strategy and its management, the risk assurance of the incentives framework for NS&I staff, and the appropriateness and cost/benefit of proposed developments and changes, on an annual basis;
- 7.6 Reviews the Agency's arrangements for succession planning and personal development at Executive Committee and Executive Director level;
- 7.7 Discusses wider HR policies and practices, in particular the performance of the Agency in meeting diversity objectives;
- 7.8 Absent the Chief Executive, gives HM Treasury such advice as they may seek on the objectives, targets, performance pay and bonus recommendations in respect of the Chief Executive.

## Membership

- 8. The Appointments & Remuneration Committee comprises:
  - 8.1 Two Non-executive Directors, one of whom acts as Chair (SMF 12 and 13) and one of whom is the Board Chairman (SMF 9)
  - 8.2 The NS&I Chief Executive (SMF 1)
  - 8.3 The People and Strategy Director (SMF 3)
- 9. The Committee is supported by:
  - 9.1 Independent external advice to provide information to the Committee on good practice and wider market trends in appointment and remuneration.
  - 9.2 A Secretary from the People and Strategy team who convenes meetings, sends out agendas, records actions, researches and prepares papers as necessary, advises on the costs and benefits of proposed developments and changes and ensures compliance with wider Government policies
  - 9.3 Other members of NS&I may be invited to attend meetings for specific agenda items, and in particular, the Board Secretary will be invited when wider governance issues are involved.

## Meetings

- 10. The A&RC meets a minimum of three times a year in March, May and November, and more frequently if necessary.

## Written Procedure

- 11. Urgent or straightforward issues or matters only involving the provision of information can be considered by written procedure. Urgent issues, as agreed by

the Chair (or their representative), which require approval between meetings can be obtained from the Committee (by a majority response) by email via the Committee Secretary and a formal record will be produced at the next available meeting.

### **Papers and minutes**

12. All A&RC agendas and minutes (excluding any personal data) will be circulated to NS&I Board members and the NS&I Board Secretary.
13. Minutes of A&RC meetings will normally be produced in draft within three days of the meeting.

### **Review**

14. These terms of reference will be reviewed as required but no less frequently than annually.
15. The terms of reference were last updated on 1 June 2017.

**Approved by the Board on 6 June 2017**