

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 ensuring the Agency's compliance with best corporate governance practice through an annual review
 - 4.7 supports the maintenance and development of relationships with stakeholders
 - 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
 - 6.3 up to two representatives of HM Treasury, including at least one from Debt & Reserves Management (DRM). Only one of which shall be obliged to attend a Board meeting at any one time.

Others, from inside or outside NS&I may be invited to attend meetings and contribute to discussions, either in connection with particular items or as standing invitees.

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 Corporate Services Director.
- 8 Non-executive Directors assist the Board by:
- 8.1 providing constructive challenge across the Board's business
 - 8.2 providing an objective perspective and new ideas
 - 8.3 seeking to add rigour to Board processes
 - 8.4 bring their specific expertise and experience to Board discussions
 - 8.4 advising executive directors on specific matters by mutual agreement

QUORUM

- 9 The Board will be properly constituted when three or more of the members are in attendance. Of these there must be an independent Non-executive Director and the Chief Executive or, in her/his absence an Executive Director nominated by the Chief Executive for that purpose.

BOARD CHAIRMAN

- 10 In addition to his (her) role as a Non-executive Director the Chairman of the Board:
- 10.1 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
 - 10.2 agrees the final version of the agendas and minutes
 - 10.3 provides a focal point for Board members to discuss any concerns about the operation of the Board, on both a business and personal basis
 - 10.4 reports annually to the Board on its performance and effectiveness, based on individual discussions with all other Board members and the Board Secretary

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 and strategic sessions, which may be chaired by any of the Board members as appropriate, to discuss specific issues.

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.

REVIEW

- 14 The Board will conduct an annual evaluation of its performance and every two years it will formally consider its remit, constitution and operating procedures unless an earlier review is considered necessary. Membership will be reviewed annually in relation to the balance of skills, training needs, succession management and talent development.

MINUTES

- 15 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

- 16 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

BOARD TERMS OF REFERENCE
(As Approved on 29 May 2012)



and propriety.

- 17 The Board Secretary will also
- 17.1 support the Chairman and Chief Executive in the construction of the Board calendar and agendas
 - 17.2 call for and monitor the distribution of Board papers, as required by the agenda
 - 17.3 issue invitations to attend meetings
 - 17.4 prepare minutes
 - 17.5 act as secretary to the Audit Committee
 - 17.6 attend meetings of the Appointments and Remuneration Committee as required
- 18 The Chief Executive's assistant will provide administrative support to the Board Chairman.

Approved by the Board on 29 May 2012
Reviewed 2013