

TPAS OPERATING PRINCIPLES AND CODE OF CONDUCT FOR BOARD MEMBERS

Introduction

This document details the main principles under which the Board operates and sets out a code of conduct for the directors of the Board. The principles and code apply to both executive and non-executive directors.

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I OPERATING PRINCIPLES

1. Status

- 1.1 TPAS was established in 1990 as a company registered by guarantee. The members of the Board are therefore directors of a limited company. The company is registered at Companies House.
- 1.2 TPAS is funded by means of an annual grant-in-aid from the Department of Work and Pensions (DWP). The relationship between TPAS and the DWP is defined by a Management Statement and Financial Memorandum.
- 1.3 Because TPAS receives its funding direct from the DWP, TPAS has been designated as a Non Departmental Public Body.

2. TPAS's Authority and Responsibilities

- 2.1 TPAS derives its authority from a variety of sources:
 - As a limited company it is bound both by its own Memorandum and Articles of Association and by the Companies Act 2006.
 - By virtue of being funded by the DWP it is bound by the Management Statement and Financial Memorandum between TPAS and the DWP
 - As a NDPB, it has to comply with Managing Public Money (previously Government Accounting), and both Cabinet Office and Treasury Guidelines on NDPB's.

3. Make up of the Board

- 3.1 The company Articles do not provide for a maximum number of board members. However the TPAS Board has determined that there should be:
 - Up to 8 non-executive directors including the Chairman.
 - One executive director, the Chief Executive.
- 3.2 The Chairman of the board will be recruited by open competition and the appointment will be made by the Secretary of State (SoS) for the Department for Work and Pensions (DWP). The appointment will be made for an initial period of three years but subject to SoS approval can be reappointed for a further three years.
- 3.3 The remaining seven non executive directors will be recruited by open competition and will be subject to approval by the SoS. In accordance with the Articles of Association two of the positions will be offered to TPAS Volunteer Advisers, subject to them having the required experience and skills. If no suitable candidates are put forward, the positions will, as with the remaining non executive positions, be advertised externally.
- 3.4 The seven non-executives will be appointed for an initial period of three years and subject to approval by the SoS can be reappointed for further periods up to an overall maximum of ten years
- 3.5 The board can appoint a deputy chairman as it thinks fit.

4. Remuneration

- 4.1 The Chairman and other non-executive directors will receive a fee for their services at a rate agreed with DWP. They are also entitled to claim reimbursement for out of pocket expenses. The Directors are subject to the approved staff Travel and Subsistence Regulations. Further details on the financial arrangements are at Appendix 1.

5. Terms of Reference

5.1 The Board's terms of reference are attached at Appendix 2.

6. Frequency of Meetings

6.1 The Board will normally meet six times a year and as frequently as is necessary to discharge its functions.

6.2 Meetings will normally be held at Belgrave Road. Dates for the normal meetings will be agreed 12 months in advance. The Board will be notified of the date and time of any special meeting.

7. Attendance at Meetings

7.1 Unless there is a conflict of interest (see paragraph 7.4) all Directors shall be entitled to attend, speak and vote on any matter at all meetings.

7.2 The Board may invite other persons to attend a meeting. Such persons may speak, but shall not be entitled to vote, on any matter.

7.3 The Chairman shall preside at each meeting. In her/his absence, the Deputy Chairman (if there is one) shall chair the meeting. In the absence of either the Chairman or Deputy Chairman the Board should appoint a non-executive director to preside at the meeting.

7.4 A director having a personal interest in the subject matter under discussion at the meeting shall disclose that interest prior to consideration of that matter or as soon as the interest is evident and shall withdraw from the meeting if requested to do so by the Chairman. Any director who has withdrawn from the meeting shall not be counted in the quorum present in the meeting for that particular matter. However, no infringement is caused if the matter under consideration has been authorised by the non-conflicted directors.

8. Decision Making

8.1 The quorum for a meeting shall be a minimum of four directors of which at least three must be non-executive directors.

8.2 If unanimity cannot be achieved decisions shall be decided by a vote. In the event of a vote any resolution must be passed by a simple majority. If the voting is tied the Chairman of the meeting will have a deciding vote. Any Director may request the way he/she has cast his/her vote be recorded in the minutes of the meeting.

9. Board Committees

9.1 The board may delegate any of its powers to any committee consisting of not less than two directors of the Board. Non directors can be invited to become members of the committee.

9.2 All acts and proceedings of each Board committee are to be reported to the next meeting of the Board.

9.3 Currently the Board has established two committees, the Remuneration and Appointments Committee and the Audit and Risk Management Committee. The terms of reference for these committees are at Appendices 3 and 4.

10. Removal of Directors

10.1 The removal of directors before their term of office expires is governed by the Companies Act 2006, and the company's own Memorandum and Articles of Association.

10.2 A director can be removed from the board if

- (i) that person ceases to be a director by virtue of any provision of the Companies Act 2006 or is prohibited from being a director by law;
- (ii) a bankruptcy order is made against that person;
- (iii) a composition is made with that person's creditors generally in satisfaction of that person's debts;
- (iv) a registered medical practitioner who is treating that person gives a written opinion to the company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months;
- (v) by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have;
- (vi) notification is received by the company from the director that the director is resigning from office, and such resignation has taken effect in accordance with its terms;
- (vii) following a review of the director's performance the directors decide to remove that person as a director;
- (viii) in the case of the Chairman, the Secretary of State determines the Chairman to be unfit to hold that office;
- (ix) that person's term of appointment has ceased and he is not reappointed as a director;
- (x) that person has served the maximum period permitted under these articles.
- (xi) he has been absent without permission of the directors from three consecutive meetings of the directors and the directors pass a resolution that his office shall be vacated.

II CODE OF CONDUCT

1. Public Service Values

1.1 Directors of the Board of TPAS will at all times:

- i) observe the highest standards of propriety involving impartiality, integrity and objectivity in relation to the stewardship of public funds
- ii) maximise value for money through ensuring that services are delivered in the most economical, efficient and effective way, within available resources
- iii) be accountable through DWP, to Parliament, Members of TPAS, users of the services, individual members of the public and staff for the activities of TPAS, its stewardship of public funds, and the extent to which key performance targets and objectives have been met.

2. Relationship with DWP

2.1 The Secretary of State for Work and Pensions is answerable to Parliament for the policies and performance of TPAS, including its use of resources and the policy framework within which it operates. The respective roles of the Department and TPAS are set out in a Framework Document consisting of a Management Statement and Financial Memorandum, a copy of which can be seen on our website www.pensionsadvisoryservice.org.uk.

3. The role of the Chairman

3.1 The Chairman has particular leadership responsibility on the following matters:

- i) formulating the board's strategy
- ii) ensuring that the Board, in reaching decisions, takes proper account of guidance provided by the Secretary of State or DWP
- iii) promoting the efficient and effective use of staff and other resources
- iv) encouraging high standards of propriety
- v) representing the views of the Board to the general public
- vi) assessing the performance of individual Board members
- vii) ensuring that when directors take up office, are fully briefed on the terms of their appointment and on their duties, rights and responsibilities, and receive proper induction training, including on the financial management and reporting requirements of public sector bodies and on any differences which may exist between private and public sector practice.
- viii) assess the performance of individual directors when they are being considered for reappointment to the Board.

3.2 The Chairman and other directors should each have copies of the:

- i) operating principles and code of conduct
- ii) Company's Memorandum and Articles of Association
- iii) latest Corporate Plan and Annual Reports and Accounts
- iv) latest casework Report
- v) Board and its committees terms of reference
- vi) Levels of financial authority
- vii) The Framework Document

- viii) The Treasury's memorandum "The Responsibilities of a NDPB Accounting Officer."

4. Corporate responsibilities of the Directors

4.1 The directors of TPAS have corporate responsibility for ensuring that TPAS fulfils its objectives as set out in its corporate plan and for promoting the efficient and effective use of staff and other resources by TPAS. To this end, the board shall:

- i) establish the overall strategic direction of TPAS within its policy and resources framework
- ii) ensure that the Secretary of State is kept informed of any changes which are likely to impact on the strategic direction of TPAS or on the attainability of its targets, and determine the steps needed to deal with such changes
- iii) ensure that any statutory or administrative requirements for the use of public funds are complied with; that the board operates within the limits of its Memorandum and Articles of Association and any delegated authority agreed with the sponsor department, and in accordance with any other conditions relating to the use of public funds, and that, in reaching decisions, it takes into account guidance issued by the sponsor department
- iv) ensure that it receives and reviews regular financial information concerning the management of TPAS; is informed in a timely manner about any concerns about the activities of TPAS; and provides positive assurance to the DWP that appropriate action has been taken on such concerns
- v) demonstrate high standards of corporate governance at all times, including by using the TPAS audit and risk management committee to help it address the key financial and other risks facing TPAS
- vi) promote the interests of TPAS
- vii) be the ultimate decision making body for TPAS; establish an audit and risk management committee and a committee to deal with remuneration and appointments; establish other board committees as TPAS considers appropriate to fulfil its functions
- viii) receive reports from these committees
- ix) delegate such powers as it sees fit
- x) appoint members of the board in accordance with the Articles of Association and with the approval of DWP Ministers
- xi) act as the ultimate authority for disciplinary appeals; with the approval of DWP Ministers appoint the Chief Executive of TPAS and, in consultation with the Department, set performance objectives and remuneration terms linked to the above objectives which give due weight to the proper management and use of public monies.
- xii) if appropriate inform the Department of its intentions to dismiss the Chief Executive.

5. Responsibilities of individual Directors

5.1 Individual directors should be aware of their wider responsibilities as directors. Like others who serve the public, they should follow the Seven Principles of Public Life set out at Appendix 5. The directors should:

- i) comply at all times with the TPAS operating principles and code of conduct and with the rules relating to the use of public funds and to conflicts of interest
- ii) not misuse information gained in the course of their public service for personal gain or political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations
- iii) comply with the Board's rules on the acceptance of gifts and hospitality
- iv) act in good faith and in the best interests of TPAS.

6. Political activity

- 6.1 By virtue of the office held TPAS directors are disqualified from election as a Member of Parliament, the European Parliament, the Scottish Parliament, the Welsh Assembly and the Northern Ireland Assembly.
- 6.2 Directors are not expected to occupy paid party political posts or hold particularly sensitive or high roles in a political party whilst a director of TPAS. Subject to the foregoing, they are free to engage in political activities provided that they are conscious of their general public responsibilities and in particular the principles referred to at Appendix 5 and exercise a proper discretion, particularly with regard to the work of the Board.
- 6.3 All directors are expected at all times to maintain high standards of integrity and conduct.
- 6.4 All directors are expected to consult the Chairman if they have any queries or doubts in relation to these requirements.

7. Conflicts of Interest

- 7.1 Directors of TPAS are entitled to manage their own affairs in privacy. However, their work must be carried out in an environment which is free from any suggestion of improper influence. Those providing information must be confident that it will be properly handled and conflicts of interest must be identified immediately they arise and be properly managed.
- 7.2 A conflict of interest arises when the work for TPAS could be affected by a personal interest or personal association. It becomes significant if an independent third party reasonably takes the view that there is a risk that a Director's resultant actions (or those of a personal associate) might be affected whether or not they have been affected.
- 7.3 Conflicts of interest may arise for example as a result of:
- i) a direct or indirect financial interest
 - ii) a significant relationship with those affected or likely to be affected by the matter.
- 7.4 Common law requires that:
- i) members of public bodies should not participate in the discussion or determination of matters in which they have a pecuniary interest; and
 - ii) when an interest is not of a direct pecuniary nature, Directors should consider whether participation in the discussion or determination of a matter would suggest a real danger of bias.
- 7.5 The TPAS Memorandum and Articles of Association require a director, who is party to, or otherwise interested in, any transaction or arrangement or proposed transaction or

arrangement with TPAS or in which TPAS is otherwise interested shall declare the nature of his/her interest to the Board.

7.6 Clause 175 of the Companies Act 2006 reinforces this when it states that a director “must avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the company.”

7.7 Directors are therefore required to declare any personal or business interests which may conflict with their responsibilities as Directors, whenever they become relevant and must on appointment complete a declaration of interests form which will be maintained in a register of board members’ interests (see Appendix 6.)

8. Personal liability of Directors

8.1 Public Indemnity insurance is in place to protect Directors of the Board, who have acted honestly and in good faith in exercising their Board functions against civil liability.

9. Openness and Responsiveness

9.1 As a public body, TPAS is subject to a number of legal requirements in relation to the information it holds, including the Freedom of Information Act 2000 and the Data Protection Act 1998. Subject to these requirements, directors and staff are expected to conduct all their dealings with the public in an open and responsible way.

This should include:

- i) following best practice in making available information to the public
- ii) specifically making publicly available:
 - the annual report and accounts
 - the annual casework report
 - our corporate and business plans
 - any arrangements with our sponsoring body e.g. the Framework Document
- iii) maintaining well publicised and easy to use complaints procedures

10. Accountability of Public Funds

10.1 The directors have a duty to ensure the safeguarding of public funds, and the proper custody of the assets which have been publicly funded. They must take appropriate measures to ensure that TPAS at all times conducts its operations as economically, efficiently and effectively as possible with full regard to the relevant guidance in Managing Public Money

10.2 The Board should ensure it can demonstrate that TPAS’s resources are used to good effect and without grounds for criticism that public funds are being misused

11. The role of the Chief Executive

11.1 The Chief Executive has responsibility, under the Board, for the overall organisation, management and staffing of TPAS and for its procedures in financial and other matters, including conduct and discipline. This involves the promotion by leadership and example of the values embodied in the Seven Principles of Public Life (Appendix 5)

11.2 The Chief Executive is normally designated as the Accounting Officer for TPAS by DWP and is responsible to Parliament and the Accounting Officer of DWP for the resources under his control.

11.3 The Chief Executive will endeavour to act in accordance with all relevant government guidance on the role of the Accounting Officer.

12. The Board as Employer

12.1 It is the Board's duty to ensure that:

- i) the organisation complies with all relevant legislation and that it employs suitably qualified staff who will discharge their responsibilities in accordance with the high standards expected.
- ii) TPAS adopts management practices which use resources in the most economical, efficient and effective way.
- iii) TPAS's rules for the recruitment and management of staff provide for appointment and advancement on merit on the basis of equal opportunity for all applicants and staff.
- iv) it is satisfied, in filling senior appointments, that an adequate field of qualified candidates is considered.
- v) its staff and the Directors have appropriate access to expert advice and training opportunities in order for them to exercise their responsibilities effectively.

12.2 The Board has a responsibility to monitor the performance of the Chief Executive and other senior staff. It will carry out this responsibility through the advice of the Remuneration and Appointments Committee.

FINANCIAL ARRANGEMENTS FOR NON-EXECUTIVE DIRECTORS

1. Payment of Fees

- 1.1 With effect from 1 January 2010, the Chairman will be paid a fee of £30,000 per annum. From 1 July 2010, all non-executive directors will be paid a fee of £5,000 per annum. The fee will be reviewed annually and may be increased, although any increase is at the absolute discretion of the Secretary of State and there shall be no right to any increase. Payment is subject to the conditions outlined in paragraph 2.1

2. Tax Status

- 2.1 From 1 July any director who receives remuneration will be treated similar to an employee. As such the director will be required to complete as appropriate a P45 or P46. Tax and National Insurance will then be deducted if appropriate. If a director incurs and claims for any expenditure and benefits not covered by the TPAS dispensation with HMRC, a return detailing the amounts made, will be made to HMRC at the end of the relevant tax year. Regardless of the amount of fee paid and whether tax or NI is payable, HMRC will need to be issued with a return at the year end detailing the fees paid to all non executive directors. Directors will be informed of any returns made.

3. Claimable Expenses

- 3.1 All non-executive directors may claim reimbursement for out of pocket expenses incurred in carrying out their duties as Directors of TPAS. The following expenses are claimable:
- i) Rail Travel – Standard Class for journeys under 50 miles and first class for journeys over 50 miles.
 - ii) Public transport – reimbursement of bus fares, tube fares and taxis (you will need to decide whether it is appropriate to travel by taxi).
 - iii) Motor Car Mileage – 40p per mile for the first 10,000 miles, 25p thereafter (please note you are responsible for ensuring your motor insurance covers business travel).
 - iv) Air Travel – standard fare.
 - v) Hotel Expenses – where it is necessary to stay overnight for a meeting, the cost of a reasonably priced hotel (normally not exceeding 4*). These should be booked via the TPAS Admin team. We have an arrangement with Expotel whereby we get reduced rates. Any director requiring a hotel should therefore contact the TPAS finance section on either 0207 630 2253 or 020 7630 2286.
 - vi) Subsistence – reasonable expenses for meals and refreshments away from the TPAS offices (see below for further guidance).
- 3.2 The above expenses are covered by the dispensation with HMRC . Providing claims for reimbursement is limited to the above, it will not be necessary to declare the expenses to HMRC.
- 3.3 In purchasing meals/refreshments and in considering the use of taxis, directors should have recourse to the fact that public funds are involved and should avoid an appearance of extravagance, which could give rise to criticism that TPAS non-executive Directors are benefiting at the levy payer's expense. Common sense should prevail in deciding the

level of refreshments required in travelling to and from meetings. Expenses claimed should be reasonable and modest. It is possible that a parliamentary question could be asked, or a request made under the Freedom of Information Act, seeking figures for the TPAS Board expenses. The payment of fees and expenses claimed by Directors will be reported quarterly on the TPAS web site www.pensionsadvisoryservice.org.uk.

4. Hospitality

- 4.1 Hospitality is defined as the provision of refreshments/meals to or from a third party.
- 4.2 It would be rare for non-executive directors to offer hospitality to an outside body. However, there may be occasions where hospitality is provided by an outside body. It is important that the Directors are seen to be independent and not influenced by the acceptance of hospitality. Where hospitality is being offered to a non-executive director in their capacity as a director of TPAS, he/she should clear this with the Chairman before accepting such hospitality. Hospitality that is frequent, disproportionately prolonged, or lavish must not be accepted. There are separate rules relating to the giving and acceptance of hospitality by senior staff.
- 4.3. All acceptances of hospitality should be reported to the Finance Manager and will be recorded on the register of gifts and hospitality.

5. Acceptance of Gifts

- 5.1 It is possible that non-executive directors may be offered gifts in connection with their activities as directors of TPAS.
- 5.2 TPAS has a policy on acceptance of gifts which applies to staff, volunteers and directors. They must report all offers of gifts to the Finance Manager, however trivial and whether accepted or not. The Finance Manager maintains a register of gifts and hospitality received and an annual return is made to DWP.
- 5.3. Directors must not accept gifts or hospitality or receive other benefits from anyone which might reasonably be seen to compromise their personal judgement or integrity.

6. Attending meetings on behalf of TPAS

- 6.1 It is important that the Chairman is aware of individual non executive directors' activities on behalf of TPAS (that is, any activities other than meetings of the full Board or Board committee meetings) to ensure conflicts of interest are avoided and to manage the Board's communication with other organisations. It is expected that these occasions will be rare but if they do take place the Chairman should be made aware of them.

THE PENSIONS ADVISORY SERVICE – BOARD TERMS OF REFERENCE

1. To define and direct the overall strategy for TPAS.
2. Within the overall strategy, to develop other strategies and policies as it thinks fit.
3. To promote the interests of TPAS.
4. To be the ultimate decision making body for TPAS.
5. To establish such committees as it thinks fit and to define objectives, powers and limitations of these committees.
6. To receive reports from its committees.
7. To appoint and, if appropriate, dismiss the Chief Executive, Technical Director and Director of Administration.
8. To delegate such powers as it sees fit.
9. To approve the three year Corporate Plan, the Annual Business Plan and Annual Bid for Funding.
10. To approve the Annual Directors' Report and Financial Statements.
11. To appoint members of the Board in accordance with the Articles of Association.
12. To comply with relevant legislation and the TPAS Memorandum and Articles of Association.
13. To act as the ultimate authority for disciplinary appeals.
14. To ensure TPAS complies with the Framework Document between TPAS and the DWP.
15. To monitor the effectiveness of corporate governance throughout the organisation and to monitor its own performance.

Chairman

The Chairman of TPAS will normally chair meetings. In his/her absence, the Deputy Chairman of TPAS if there is one, will act as Chairman. In the absence of both, the meeting will be chaired by a non executive member of the board. If there is more than one non executive board member present, they should agree among themselves who is to chair the meeting.

Voting

All members of the board are eligible to vote on resolutions put to the board. In the event of a vote, any resolution must be passed by a simple majority. If the voting is tied, the Chairman of the meeting will have a deciding vote. All decisions will be recorded.

Quorum

The quorum for a meeting is four of which at least three must be non-executive members.

REMUNERATION AND APPOINTMENTS COMMITTEE

Terms of Reference

1. Constitution

- 1.1** The Board hereby resolves to establish a Committee of the Board to be known as the Remuneration and Appointments Committee.

2. Membership

- 2.1** The members of the Committee will be appointed by the Board from amongst the Non-Executive Directors of TPAS, and will consist of not less than three members. While a member of this committee, no member of the committee will be able to serve on the Audit and Risk Management Committee.
- 2.2** One of the members will be appointed Chairman of the Committee by the Board. If he/she is absent from the meeting, the remaining committee members will appoint from amongst themselves a person to chair the meeting. All members will be appointed for a three year term, which can be extended for up to a maximum further three years

3. Authority

- 3.1** The Committee is authorised by the Board to review and approve any activity within its terms of reference. In so doing, the committee is authorised by the board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this is necessary within an overall budget of £5,000 per project.

4. Meetings and Quorum

- 4.1** The committee shall meet regularly at least two times in each financial year. The Chairman of the Committee may convene additional meetings as considered necessary.
- 4.2** Two members of the Committee will comprise a quorum for the transaction of business

5. Attendance

- 5.1** The Chairman and Chief Executive may attend meetings but will not be members of the committee. The Committee may require any member of staff to attend meetings as it deems appropriate.
- 5.2** The Committee may ask any or all of those who normally attend and who are not members of the Committee, to withdraw to facilitate open and frank discussion of

particular matters. No attendee should be present for discussion of his/her own remuneration and conditions of service.

6. Administration

6.1 The agenda and meeting papers should be issued to members at least seven calendar days prior to the meeting.

7. Secretarial

7.1 Committee secretary support will be provided by a member of the Director of Administration's team.

7.2 The Secretary shall minute the proceedings and resolutions of all Committee meetings including the names of those present and in attendance.

7.3 Minutes of every Committee meeting shall be circulated to all members of the committee.

8. Reporting

8.1 The Committee will report back to the Board after each meeting.

8.2 The Committee shall report on its activities, to the extent that it can, without breaching confidentiality, in the TPAS Annual Report and Accounts.

9. Responsibilities

9.1 The Committee shall

- Determine the terms of service and in consultation with the Chairman of TPAS, the setting of performance objectives, the appraisal of performance, and the remuneration, including any annual pay award/ performance bonus, of the Chief Executive. Any pay award must be consistent with any pay remit agreed with DWP. Performance bonus proposals for the Chief Executive will be subject to separate scrutiny by DWP
- Approve proposals for the setting of performance objectives, pay awards (annual or otherwise) and performance bonuses for the two TPAS Executive Directors.
- Approve the procedures/policies and any changes in procedure/policies for TPAS staff for
 - the setting of performance objectives
 - the appraisal of performance
 - the payment of performance bonuses
 - the scale rates applicable to the various grades within TPAS
 - the recruitment process (ensuring where possible that TPAS employs a diverse mix of staff from a variety of backgrounds); and
 - any other remuneration strategies and policies.
- Approve TPAS's employment policies and their revision from time to time.
- Approve the annual pay remit for submission to DWP.

- After consultation with DWP, advise the board on proposals for the annual remuneration for the Chairman and Directors of the Board.
- Where appropriate in consultation with DWP, approve the recruitment process for the Chairman/ Directors/Chief Executive/Executive posts, when a vacancy arises.
- Approve succession planning policy including those staff proposed for management succession.
- Approve the remuneration report in the TPAS Annual Report and Accounts, ensuring it fulfils all the disclosure requirements.
- On behalf of the board, conduct the appeal process in respect of disciplinary, pay or other employment matters relating to the Chief Executive and the Executive Directors in respect of any decision made by the Chairman of TPAS in respect of these posts.
- Periodically review Board Code of Conduct and other relevant TPAS policies.

10. Review

- 10.1** The Committee terms of reference will be subject to annual review. Proposals for amendment to the terms will be submitted to the Board for formal approval.

AUDIT AND RISK MANAGEMENT COMMITTEE

Terms of Reference

1. Constitution

- 1.1 The Board hereby resolves to establish a Committee of the Board to be known as the Audit and Risk Management Committee.

2. Membership

- 2.1 The members of the Committee will be appointed by the Board and will consist of not less than three of which at least two must be Non-Executive Directors of TPAS. While a member of this Committee, no member of the Committee will be able to serve on the Remuneration and Appointments Committee. Neither the Chairman of TPAS nor the Chief Executive will be a member of the Committee.
- 2.2 One of the members will be appointed Chairman of the Committee by the Board. If he/she is absent from the meeting, the remaining committee members will appoint from amongst themselves a person to chair the meeting. All members will be appointed for a three year term, which can be extended for up to a maximum further three years

3. Authority

- 3.1 The Committee is authorised by the Board to review and approve any activity within its terms of reference. The Committee will limit its remit to the areas of governance, audit and accounts and risk management. It will not have jurisdiction over the development of strategies or policies or areas more appropriate to the Board and/or the Remuneration and Appointments Committee. In so doing, the committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this is necessary within an overall budget of £5,000 per project.

4. Meetings and Quorum

- 4.1 The committee shall meet regularly at least three times in each financial year. The Chairman of the Committee may convene additional meetings as considered necessary.
- 4.2 Two members of the Committee will comprise a quorum for the transaction of business.

5. Attendance

- 5.1 The Chairman and Accounting Officer may attend meetings but will not be members of the Committee. The Committee may require any member of staff to attend as it deems appropriate.
- 5.2 A representative from DWP, NAO and the Internal Auditors will normally attend all meetings.

- 5.3 The Committee may ask any or all of those who attend and who are not members of the Committee, to withdraw to facilitate open and frank discussion of particular matters.

6. Administration

- 6.1 The agenda and meeting papers should be issued to members and all those attending at least seven calendar days prior to the meeting.

7. Secretarial

- 7.1 Committee secretary support will be provided by a member of the Director of Administration's team.
- 7.2 The Secretary shall minute the proceedings and resolutions of all Committee meetings including the names of those present and in attendance.
- 7.3 Minutes of every Committee meeting shall be circulated to all members of the committee.

8. Reporting

- 8.1 The Committee will report back to the Board after each meeting.
- 8.2 The Committee shall report on its activities, to the extent that it can, without breaching confidentiality, in the TPAS Annual Report and Accounts.

9. Responsibilities

- 9.1 The Committee shall advise the Board and Accounting Officer on:

- The strategic processes for risk, control and governance and the Statement on Internal Control;
- The accounting policies, the accounts, and the annual report of the organisation, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors;
- The planned activity and results of both internal and external audit;
- The adequacy of management response to issues identified by audit activity, including external audit's management letter;
- Assurances relating to the corporate governance requirements for the organisation;
- Proposals for tendering for Internal Audit services or for the purchase of non-audit services from contractors who provide audit services;
- Anti-fraud policies, whistle-blowing processes and arrangements for special investigations.

- 9.2 The Committee shall

- Review at least every two years TPAS's banking arrangements to ensure they represent good value for money;
- Be responsible for nominating candidates for the approval of the Board to fill vacancies within the Committee as and when they arise.

10 Review

- 10.1** The Committee terms of reference will be subject to annual review. Proposals for amendment to the terms will be submitted to the Board for formal approval.

THE SEVEN PRINCIPLES OF PUBLIC LIFE

Selflessness

Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other benefits for themselves, their family or their friends.

Integrity

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.

Objectivity

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

Accountability

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

Openness

Holders of public office should be as open as possible about all the decisions and actions that they should take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

Honesty

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

Interest

Holders of public office should promote and support these principles by leadership and example.

REGISTER OF INTERESTS DECLARATION FORM

Purpose

The purpose of the register is to ensure that TPAS has a record of board members' declarations of interest. It has been compiled in accordance with a requirement of the Cabinet Office Model Code of Practice for Board Members of Public Bodies, to provide a mechanism whereby possible conflicts of interest can be identified. The existence of the register does not remove the obligation on members to declare interests as they arise in the course of the board's work.

The Register

The register will list all interests that members of the public might reasonably think could influence board members' judgement. This will include:

- direct pecuniary interests
- indirect pecuniary interests (indirect pecuniary interests arise from connections with bodies which have a direct pecuniary interest or from being a partner of, or being employed by, a person with such an interest)
- non-pecuniary interests that relate closely to TPAS's activities (non-pecuniary interests include those arising from membership of clubs or other organisations).

The register will be held by the company Secretary. The register may be disclosed to the Chief executive, the Chairman, the internal auditor, or the Secretary of State, in the event that a complaint is raised concerning the conduct or judgement of a board member.

TPAS DECLARATION OF INTERESTS FORM

Name	
Education/Professional Qualifications/Decorations	
Trade or Profession	
Current Employment or Office	
Directorships	
Non-Profit Organisations	
Consultancies and sponsorships	
Declarable shareholdings	
Occupational Pension Schemes	
Personal or Stakeholder Pensions	

Terms Used

Current Employment or Office refers to any post, other employment or fiduciary positions which you hold, or have held in the past five years in connection with a relevant organisation

Directorships means remunerated directorships of companies, private or public, other remunerated posts, and public appointments held by the board member or connected persons, and which could come within the sphere of TPAS's operations

Non-profit organisations refers to offices held by board members in not-for-profit making organisations or trade associations or bodies whose activities could come within TPAS's sphere of operations or responsibilities

Consultancies and sponsorships refers to current professional clients of the board member whose business interests could come within the sphere of TPAS's work

Declarable shareholdings' means the names of companies or other bodies in which the board member has a beneficial interest or shareholdings. This does not include shareholdings through collective investment schemes (e.g. unit trusts) or other arrangements where the member has no influence on financial management of the investment

Occupational pension schemes means the names of any occupational pension schemes of which the board member or connected person is a scheme member or trustee in which he/she holds office

Personal or stakeholder pensions refers to the names of providers of personal or stakeholder pensions held by a board member or connected person