

The board of the Pensions Regulator Standing orders

Contents

1. Status of standing orders
2. Role of the board
3. Meetings of the board
4. Determinations panel
5. Committee structure
6. Appointments committee
7. Delegations
8. Voting
9. Meeting adjournment
10. Quorum
11. Decisions where members are not physically together
12. Minutes of board meetings and committees
13. Attendance of outside interested parties at meetings
14. Appointment and removal of corporate secretary and of internal auditors
15. Secretarial support
16. Declaration of interests
17. Confidentiality

Appendix A: Terms of reference of the non-executive committee of the Pensions Regulator

Appendix B: Audit committee – terms of reference

Appendix C: Terms of reference of the remuneration committee of the Pensions Regulator

**To be reviewed: as required, but at least on an annual basis.
Agreed by the board in December 2011.**

1. Status of standing orders

These standing orders are made under the board's powers, under Schedule 1 paragraph 18 of the Pensions Act 2004 (PA 04), to regulate its own procedure and that of any of its committees.

The board also has the power under paragraph 20 to delegate its functions and powers, and maintains a schedule of delegations.

These standing orders may at any time be amended or varied by the board as it may determine, to aid the efficient execution of its duties.

2. Role of the board

The board's key responsibilities include:

- Setting the strategic direction of the Pensions Regulator and approving the Corporate Plan and Business Plan.
- Setting priorities, high level objectives and key operational targets.
- Monitoring performance against the key operational targets (or other output measures) by which the success of the Pensions Regulator is to be judged.
- Overseeing management of corporate risk.
- Ensuring adequate resourcing and effective resource management.
- Ensuring that a sound framework is in place to manage the exercise of regulatory functions.
- Making arrangements for and approving the appointment of the chief executive and executive directors.
- Ensuring appropriate standards of governance, including keeping its own performance under review.
- Ensuring timely submission of annual reports and accounts to the Secretary of State and the Comptroller and Auditor General.

3. Meetings of the board

The full board will meet on a regular basis, to a schedule as agreed from time to time by the board. In the absence of the chair the board will nominate a member to chair the meeting, from amongst the non-executive membership.

4. Determinations panel

The board is responsible for maintaining a determinations panel. The board will establish an appointments committee (see section 6 below) on each occasion that a chair of the panel needs to be appointed. The committee will nominate the panel chair

and the board will then appoint the panel chair. On each occasion that members of the panel need to be appointed, the panel chair will nominate members and the board will appoint them. Subject to Schedule 1 (PA 04), the panel will determine its own procedures.

5. Committee structure

This paragraph does not apply to the determinations panel or the appointments committee.

There will be the following standing committees:

- non-executive committee
- audit committee
- remuneration committee

The audit and remuneration committees shall be sub-committees of the non-executive committee. The membership of these committees shall not include executive members of the Regulator.

- The board may establish any additional committees as it sees fit.
- Committees may establish sub-committees as they see fit.
- Members can be co-opted on to any committee at any time.

With the exception of the non-executive committee and its sub-committees, members of any committee may include individuals who are not members of the board. Members of sub-committees may include individuals who are not members of the committee. The majority of any committee or sub-committee must consist of individuals who are members of the board or staff of the Regulator.

The terms of reference of the non-executive committee are set out at **Appendix A**.

The terms of reference of the audit committee are set out at **Appendix B**.

The terms of reference of the remuneration committee are set out at **Appendix C**.

6. Appointments committee

An appointments committee will be established by the board whenever there is a need to appoint a determinations panel chair.

The committee will regulate its own procedure.

The committee shall consist of a chair, appointed by the chair of the Regulator from the non-executive members of the Regulator, and one or more persons appointed by the chair of the Regulator. At least one of the committee members, other than the chair, must be someone who is not a member of the Regulator, but must not be a member of the Regulator's staff.

7. Delegations

The board has the power to delegate decisions to committees of the board, executive members, and staff of the Regulator, in accordance with schedule 1, paragraphs 20 and 21, of the Pensions Act 2004. The board will maintain schedules of financial and other delegations setting out how these powers will be exercised.

8. Voting

Decisions of the full board or any committee will normally be taken by consensus but any member may call for a vote. Where necessary, voting will be by a show of hands and in any equality of voting the chair of each meeting shall have the casting vote. A full record of voting will be included in the minutes of that meeting.

9. Meeting adjournment

The chair of any meeting shall have the authority to adjourn the meeting for such period as he or she shall consider expedient. The chair shall fix the date and time at which the meeting shall be reconvened either at the time of the adjournment or at any time thereafter.

10. Quorum

The quorum for full board meetings will be two non-executive members and one executive. There will be no quorum unless at least one out of the chair and chief executive are present.

The quorum for all committee meetings will be two members of whom at least one should be a board member.

Apologies for absence shall be given in advance to the corporate secretary.

11. Decisions where members are not physically together

There may be occasions where it is not possible or practicable for a board or committee to physically meet together because of diary conflicts, time constraints or insufficient business. In such cases it may be an option to seek the board or committee's decision by post, telephone, or electronic means. In such cases all committee members must receive the same information, their views must be shared before a decision is made, and a full record of the decision must be taken and submitted to the next following meeting of the board or committee (as relevant).

12. Minutes of board meetings and committees

Minutes will record decisions reached, reports considered and where appropriate the main points of discussion. They will not generally record the name of the speaker unless specifically requested. Minutes will be despatched to board members as soon as possible after the meeting.

The minutes of a board meeting will be publishable only after those minutes have been approved by the board. Confidential items will be identified as such on the agenda and minutes of the discussion of these items will not be published. Board meeting minutes are generally summarised for publication on the Regulator's website.

The minutes of committee meetings will not be published routinely, but the chair of the Regulator may approve publication in any instance where that is considered to contribute to the effective carrying out of the Regulator's functions.

13. Attendance of outside interested parties at meetings

In addition to any staff of the Pensions Regulator who may be required to attend meetings, the board or the chair on their behalf may invite such individuals, members or officials of other organisations as they consider appropriate. However, such invitees will not be entitled to vote.

14. Appointment and removal of corporate secretary and of internal auditors

The Board, advised by the Audit Committee, will consider the appointment of the internal auditors and any questions regarding the resignation or dismissal of the internal auditors.

The Board, advised by the Chair and Chief Executive, will consider the appointment and any questions regarding the resignation or dismissal of the corporate secretary.

15. Secretarial support

The corporate secretary will co-ordinate the despatch of agendas, and attend and prepare minutes of all meetings of the full board, and the non-executive, audit, and remuneration committees. The secretary will not be entitled to vote. The secretary shall maintain minutes and other records associated with board and committee meetings, in accordance with the Regulator's current records management and retention policies. A member of the corporate secretariat team may deputise for any of these functions at the discretion of the chair.

16. Declaration of interests

In accordance with the code of conduct for members of the Pensions Regulator board, the chair and board members shall declare any personal or business interests which may conflict with their responsibilities as board members.

Board members and any invited attendees from other organisations should declare as soon as practicable after a meeting begins if they have an interest, financial or otherwise, in a matter being considered. Such declarations should include the interests of immediate family members and persons living in the same household.

As a general rule, members and other attendees should not take part in, and should not be present for, discussions or decisions if they have a financial interest in the matter under consideration, or other interest which is clear and substantial.

In cases of doubt as to the extent to which such members and attendees shall participate, the chair shall decide, and the test should be whether a member of the public, knowing the facts of the situation, might reasonably think that a particular interest could influence the judgement of other members present.

17. Confidentiality

Written material provided to and discussed by board members and invited attendees from other organisations, and that has not been published, is considered to be confidential to the Pensions Regulator. Such material, and any other matters which the chair of a meeting deems to be confidential, shall not be disclosed to any parties external to the Regulator. If in doubt a board member should consult the corporate secretary.

All written material relating to the Pensions Regulator board meetings is subject to the Freedom of Information Act 2000. Some items may be published through the Regulator's publication scheme. Information that is not published will be considered for release on request, subject to the exemptions from release allowed for under the Act.

Board members and invited attendees from other organisations should refer any requests for information made to them, to the corporate secretary.

Agreed by the Board in December 2011.

Appendix A: Terms of reference of the non-executive committee of the Pensions Regulator

Status of the committee

The committee is established under section 8 of the Pensions Act 2004.

Membership

The committee shall consist of all non-executive members of the board. It will be chaired by the chair of the Regulator.

Attendance

The corporate secretary or a member of the corporate secretariat team will provide secretarial support to the committee.

The committee may invite executive members of the board or other staff of the Regulator to attend to provide advice.

The committee may ask any executives or other staff attending to withdraw to facilitate open and frank discussion of particular matters.

Meetings

The committee will meet at least once each year. The chair may convene additional meetings as deemed necessary, or as requested by a member of the committee.

Quorum

The chair and at least three other non-executive members of the board must be present for the meeting to be quorate.

Responsibilities

The committee's responsibilities are:

- to keep under review the regulator's internal financial controls and to assess whether they secure the proper conduct of its financial affairs;
- to determine the remuneration, subject to the approval of the Secretary of State, of the chief executive;
- to prepare a report on the discharge of the above functions for inclusion in the regulator's annual report.

The committee has established two sub-committees whose terms of reference have been endorsed by the full board. The first function above is delegated to the audit committee and the second to the remuneration committee.

The committee will review this arrangement each year and recommend any changes to the board.

Reporting

The non-executive committee will report to the board.

Agreed by Board in December 2011.

Appendix B: Audit committee – terms of reference

Status of the committee

The committee is established as a sub-committee of the non-executive committee of the Pensions Regulator, under section 8 (7) of the Pensions Act 2004.

Membership

The audit committee shall comprise between three and five non-executive board members, including the chair of the audit committee. The chair of the Regulator shall not be a member of this committee.

The non executive members of the Audit Committee are currently:

Chris Swinson (Chair)
Tony Brierley
Bruce Rigby

The committee members and chair are appointed by the non-executive committee.

The corporate secretary, who is also secretary to the board, or a member of the corporate secretariat team, will provide secretarial support to the committee.

Reporting

The audit committee will formally report back in writing to the accounting officer and the board after each meeting. A formal annual report of the committee's work (including an assessment of its effectiveness) will be provided to the accounting officer and the board at the end of each year to support the Statement on Internal Control. The committee chair will also provide a report to the non-executive committee.

Responsibilities

Under Section 8(8) of the Pensions Act 2004, the non-executive committee has delegated the discharge of its function as set out under section 8 (4) (a) of the Act to the audit committee.

In carrying out this function, the audit committee will advise the accounting officer and the board on:

- the strategic processes for risk management, internal 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 their submission for audit, the levels of error identified, and management's letter of representation to the external auditors;
- the planned activity and the results of both internal and external audit;

- the adequacy of management responses to issues identified by audit activity, including external audit's management letter;
- assurances relating to the corporate governance arrangements for the organisation;
- the effectiveness and independence of the external auditor and internal audit service, and;
- proposals for tendering internal audit services or for the purchase of non-audit services from contractors who provide audit services.

Rights

The Audit Committee may:

- Co-opt additional members for a period not exceeding a year to provide specialist skills, knowledge and experience.
- Procure specialist ad-hoc advice at the expense of the organisation, subject to budgets agreed by the Board.

Access

The head of internal audit and the representative(s) of external audit will have free and confidential access to the chair of the committee.

Meetings

The audit committee will meet at least four times each year. The chair of the audit committee may convene additional meetings, as deemed necessary.

At least half of the membership of the committee at the time should be present for the committee to be quorate.

Audit committee meetings will normally be attended by the accounting officer, the executive director for business support, the head of internal audit and representative(s) from external audit – including (if appropriate) any sub-contractor appointed by the National Audit Office (NAO).

The audit committee may ask any other executive member of the board or staff of the organisation, or any other person, to attend to assist it with its discussions on any particular matter.

The audit committee may ask any or all of those who normally attend but who are not members to withdraw to facilitate open and frank discussion of particular matters.

The accounting officer or the board or the non-executive committee may ask the audit committee to convene further meetings to discuss particular issues on which they want the audit committee's advice.

Information requirements

The audit committee will be provided with the following information in accordance with its agreed programme of business during the course of the year:

Internal audit

- progress reports from the head of internal audit summarising:
- work performed to date (and a comparison against work planned);
- key issues emerging from internal audit work;
- management responses to audit recommendations;
- any changes to the annual internal audit plan; and
- any resourcing issues (should they arise) that affect the delivery of internal audit objectives.
- the draft internal audit strategy, and the version that is agreed;
- the head of internal audit's annual opinion and report; and
- quality assurance reports on the internal audit function.

External audit

- external audit's draft Annual Strategy document (to include reference to audit fee and NAO engagement letter), and the version that is agreed;
- progress reports from the external audit representative(s) summarising work done and emerging findings, and;
- external audit's management letter and audit opinion.

Other key documents to be provided

- reports summarising any significant changes to the organisation's risk register;
- the draft Statement on Internal Control;
- the draft accounts of the organisation;
- reports on any changes to accounting policies;
- a report on co-operation between internal and external audit;
- a report on any proposals to tender for audit functions;
- reports on developments in corporate governance arrangements;
- proposals for the terms of reference of both internal and external audit;
- proposals for amendments to the committee's terms of reference, and;
- any other reports commissioned from time to time by the committee.

Agreed by the board in December 2011.

Appendix C: Terms of reference of the remuneration committee of the Pensions Regulator

Status of the committee

The committee is established as a sub-committee of the non-executive committee of the Pensions Regulator, under section 8 (7) of the Pensions Act 2004.

Membership

The committee shall consist of at least two non-executive members of the board. The chair of the board shall not be a member of this committee because of his role as line manager of the chief executive. No members of this committee may be executive members of the board or staff of the Regulator.

The membership and chair of the committee shall be agreed by the non-executive committee.

Attendance

The corporate secretary or a member of the corporate secretariat team will provide secretarial support to the committee.

The chair, chief executive, executive directors, or other staff of the Regulator may attend at the committee's request to provide advice.

The committee may ask any executives or other staff attending to withdraw to facilitate open and frank discussion of particular matters.

Meetings

The committee shall meet at least once a year.

Quorum

Two members must be present for the meeting to be quorate.

Responsibilities

Under Section 8 (8) of the Pensions Act 2004, the non-executive committee has delegated to the remuneration committee the discharge of its function as set out under Section 8 (4) (b) of the Act, which relates to any chief executive appointed under paragraph 8(4)(a) of Schedule 1 of the Act.

Under paragraph 20(1) of Schedule 1 of the Pensions Act 2004, the board has delegated to the remuneration committee, with the agreement of the non-executive committee, the following responsibilities:

- to advise the Secretary of State in relation to the pay of the chief executive including base salary, bonus and any other components, under the terms of his contract, and his performance against agreed objectives, and in relation to pay

levels for relevant comparable public and private sector roles, and pay increases awarded to Pensions Regulator staff.

- within the terms of the Pensions Regulator pay remit agreed with the Secretary of State, to review the pay and performance of the executive directors and approve their annual bonuses;
- to keep the Pensions Regulator's reward strategy under review; and
- to keep under review TPR's human resource strategy and to consider emerging strategic people issues, especially in relation to talent attraction, development and retention and long-term human resource planning, with a particular focus on leadership capability, and to update the Board accordingly.

Reporting

The committee shall report to the non-executive committee.

Agreed by the Board in December 2011.