

Company No. 9774296

UK Government Investments Limited

(the “Company”)

27-28 Eastcastle Street, London W1W 8DH

Paper for the Board of Directors

Topic: UKGI Draft Framework Document

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Category: Paper circulated for discussion [and approval subject to amendments and further discussion with HM Treasury]

1. The draft UKGI Framework Document sets out the Company's relationship with its Shareholder and operating framework, has been developed in consultation with HM Treasury, and is attached at Annex A.
2. The Board is invited to consider the attached draft and provide instructions to inform and further discussions and iterations, should this be necessary.
3. In particular, the Board should note that the Framework Document includes:
 - the reserved matters for the Shareholder, which relate to Board appointments and their terms, approval of changes to the Company Objectives and approval of the Budget and remuneration framework;
 - detail on Board appointments, composition and responsibilities; and
 - operating and frameworks and activities including audit procedures, management and financial responsibilities.
4. The Treasury Officer of Accounts (TOA) is expected to provide further comment before a final version is agreed for submission to HM Treasury Ministers for approval and sign-off.
5. A final version will be presented at the next UKGI Board meeting, with iterations with any significant amendments circulated by correspondence beforehand.

UK Government Investments – Framework Document (DRAFT)

Contents

[To add when finalised]

Introduction

1.1 This framework document (the “**Framework Document**”) has been drawn up by HM Treasury in consultation with UK Government Investments Limited (“**UKGI**”) (the “**Company**”) a private limited Government-owned company.

1.2 This document sets out the broad framework within which UKGI will operate. The document does not convey any legal powers or responsibilities. It is signed and dated by HM Treasury and UKGI. Copies of the document and any subsequent amendments have been placed in the Libraries of both Houses of Parliament and made available to members of the public on the gov.uk website.

1.3 This Framework Document should be interpreted in the light of the Company’s articles of association and English company law and is without prejudice to the statutory and other rights and obligations of HM Treasury or the Company.

Background

2.1 The Prime Minister and Chancellor of the Exchequer announced in May 2015 that the Shareholder Executive group from the Department for Business, Innovation and Skills would form the basis of UK Government Investments Limited, a new Government company owned by HM Treasury. The Chancellor of the Exchequer also announced that UK Financial Investments Limited, a company owned by HM Treasury would become a subsidiary of the new company and the two would merge over time.

2.2 From 1 April 2016, the functions and operations of the Shareholder Executive, formerly a group within the Department for Business, Innovation and Skills, were transferred to the Company.

2.3 Furthermore, on 1 April 2016, HM Treasury's entire shareholding in UK Financial Investments Limited ("UKFI") was transferred to the Company. UKFI is now a wholly-owned subsidiary of the Company. Together both companies make up the UKGI group (the "**Group**").

2.4 UKFI's relationship with HM Treasury and the terms under which UKFI operates are detailed in the separate UKFI framework document dated [1 April 2016], as amended, updated or replaced from time to time (the "**UKFI Framework Document**").

2.5 While the UKFI Framework Document remains in place, advice to HM Treasury on UKFI matters will be the responsibility of the UKFI board of directors (the "**UKFI Board**") and will not be subject to further approval by the Company's board of directors (the "**Board**").

2.6 Where this Framework Document refers to the Company it does not, unless explicitly stated otherwise, include UKFI.

2.7 [HM Treasury has secured a power in section [XX] of the [Enterprise Act 2016] to fund UKGI.]

Purpose and objectives

Purpose

3.1 The Company's overarching purpose is to be the UK Government's centre of excellence in corporate finance and corporate governance.

3.2 To realise this purpose, the Company must operate in a way that is consistent with the Government's policy objectives, including, but not limited to, the promotion and preservation of orderly, competitive markets.

Objectives

3.3 To realise this purpose, the Company will deliver, as agreed with HM Treasury, against the following objectives ("Objectives") to:

- prepare and execute all significant corporate asset sales by the UK Government;
- advise on all major UK Government financial interventions into corporate structures;
- act as shareholder for those arm's length bodies of the UK Government that are structured to allow a meaningful shareholder function and for other UK Government assets facing complex transformations (especially if governance is at the heart of a model change); and
- advise on major UK Government negotiations with corporates.

Governance and accountability

Ministerial responsibility

4.1 The Chancellor of the Exchequer will account for the activities of the Group in Parliament. Responsibility may be delegated to another HM Treasury Minister.

Principal Accounting Officer

4.2 The Principal Accounting Officer (“PAO”) of HM Treasury has designated the chief executive as UKGI’s accounting officer. The PAO is accountable to parliament for the issue of any grant-in-aid to UKGI. The PAO is also responsible for advising the responsible Minister on:

- an appropriate framework of objectives and targets for UKGI in the light of the department’s wider strategic aims and priorities;
- an appropriate budget for UKGI in the light of the department’s overall public expenditure priorities; and
- how well UKGI is achieving its strategic objectives and targets, and whether it is delivering value for money.

4.3 The PAO is also responsible for ensuring arrangements are in place in order to:

- monitor UKGI’s activities;
- address significant problems in UKGI, making such interventions as are judged necessary;
- periodically carry out an assessment of the risks both to the department and UKGI’s objectives and activities;
- inform UKGI of relevant Government policy in a timely manner; and
- bring concerns about the activities of UKGI to the full UKGI board, and, as appropriate, to the departmental board requiring explanations and assurances that appropriate action has been taken.

4.4 The Enterprise and Growth Unit in the department is the primary contact for UKGI. It is the main source of advice to the responsible Minister on the discharge of his or her responsibilities in respect of UKGI. They also support the PAO on his or her responsibilities toward UKGI.

Accounting Officer responsibilities in the UKGI Group

4.5 The chief executive as Accounting Officer for UKGI is personally responsible for safeguarding the public funds for which he or she has charge; for ensuring propriety, regularity, value for money and feasibility in the handling of those public funds; and for the day-to-day operations and management of UKGI.

4.6 As Accounting Officer, the chief executive has specific responsibilities to account to Parliament as covered by the Accounting Officer's letter of appointment and as described in *Managing Public Money*, noting that such responsibilities are also borne collectively by the Board.

4.7 The UKFI Accounting Officer will be delegated by the Principal Accounting Officer all matters reserved for UKFI in accordance with the UKFI Framework Document, and will report on these directly to the Principal Accounting Officer.

4.8 The UKFI Accounting Officer will be a director on the Board and will provide the Board with assurance as to the UKFI directors' duties, in relation to the Company's shareholding in UKFI.

4.9 Unless agreed by HM Treasury, UKGI will follow the principles, rules, guidance and advice in *Managing Public Money* to the extent applicable, referring any difficulties or potential bids for exceptions to the sponsor team in HM Treasury in the first instance.

4.10 The Company chief executive will be authorised to act as the "qualified person" under section 36(5)(o) (iii) of the Freedom of Information Act.

Corporate Governance

Shareholder relationship

5.1 HM Treasury's relationship with the Company will be underpinned by the principles of the UK Corporate Governance Code, so far as applicable to its circumstances. HM Treasury will not interfere with the day to day running of the Company and any decisions taken by the Board (or any committee of the Board) will be taken in accordance with the directors' statutory, common law and fiduciary duties

5.2 The Company will operate a corporate governance structure that provides a relationship between its Board and HM Treasury which, so far as practicable and in the light of the other provisions of this Framework Document or as otherwise may be agreed with HM Treasury, accords with best corporate governance practice.

5.3 Interactions between the Company and HM Treasury must be conducted in a professional, efficient, and trust-based dialogue:

- professional: professional people engaged in dialogue relevant to delivering the Company's objectives, with commitments delivered on time and to specification.
- efficient: both parties ensuring a joined-up and efficient approach amongst their respective constituent elements.
- trust-based: open dialogue, based on a shared commitment to providing the Company with the ability to realise its purpose and pursue its Objectives effectively.

5.4 HM Treasury will regularly monitor the Company's performance against the Objectives by the following means:

- quarterly shareholder meetings between representatives of HM Treasury and the Company to discuss the Company's activities and performance against the Objectives. Each meeting is primarily intended to be weighted towards being a forward-looking and risk-based analysis of progress against the UKGI Budget and Objectives;
- the Company must provide reports to HM Treasury containing such information as the Company, in consultation with HM Treasury, decides is appropriate to enable the monitoring of progress towards the Objectives;
- the Company will promptly and without delay disclose to HM Treasury any information regarding the Company that would otherwise may have a significant bearing on the delivery of, or may have a significant impact, on the Objectives;

- in addition to the regular shareholder meetings, at HM Treasury's request, the directors or other representatives of the Company will meet HM Treasury representatives to discuss the affairs of the Company; and
- in addition to the monitoring procedure described above, HM Treasury will be entitled on reasonable notice to such information in relation to the affairs of the Company as it may consider necessary or desirable from time to time.

5.5 HM Treasury has the following rights (the "**Shareholder Reserved Matters**"):

- appointment of the Company's Chair;
- appointment of the Company's Chief Executive;
- appointment of the Shareholder Representative Director;
- approval of other appointments to the Board;
- approval of or amendments to any new Objectives, forward strategy or high level priorities;
- approval of the terms (including remuneration and policy regarding payment of expenses) of all appointments to the Board;
- approval of the remuneration framework for all staff including executive directors;
- approval of the Company's budget and funding.

5.6 In view of HM Treasury's broader functions, including its functions in relation to financial stability and financial and economic policy, HM Treasury reserves the right, on an exceptional basis, to give the Board directions of a general or specific nature from time to time. The Board will comply with such directions or resign. HM Treasury will, in making any such direction, have regard to the Objectives. Such directions will be given in writing and will be promptly published by HM Treasury unless financial stability or economic conditions require that publication is delayed or withheld.

Customer responsibilities

5.7 The Company will provide independent advice to Government departments and their Ministers to deliver such department's objectives. Any direct engagement with assets or projects will formally be as an agent of the relevant client departments.

5.8 To facilitate UKGI in managing its work and resources, and to enable the constructive engagement of UKGI with the departments it provides advice to, memoranda of understanding will be put in place for the benefit of UKGI and the departments it works with.

5.9 The Company will have access to sensitive or confidential information through working with Government departments and their assets or projects. The Company must establish professional customer relationships and give departments confidence in its services. HM Treasury acknowledges that, when working for Ministers in other Government departments, the Company will therefore treat its customers' advice and sensitive, inside or confidential information with the same degree of confidence as that Minister might expect of his or her own officials, in accordance with the Civil Service Code.

The UKGI Board

Board appointments

6.1 The UKGI chair and board members are appointed for a period of three years by the responsible Minister. Such appointments will comply with the Commissioner for Public Appointments *Code of Practice for Ministerial Appointments to Public Bodies* and will be subject to regulation by the Office of the Commissioner for Public Appointments.

6.2 The Chief Executive is appointed by the responsible Minister in consultation with the Chair.

Board composition

6.3 In line with the Government's *Code of good Practice*¹ The composition of the Board is a critical factor for HM Treasury. The aim is to secure an environment in which HM Treasury and the Chair share a common view regarding the composition of the Board and proposals for succession, taking into account the balance of experience, skills, diversity and background required. To this end, the following will apply:

- i. the Board will consist of no fewer than 5 directors;
- ii. the Chair and other independent, non-executive private sector directors are to constitute the majority of the Board;
- iii. HM Treasury will appoint the Company's Chair, Chief Executive and Shareholder Representative Director, and will approve other appointments to the Board;
- iv. the Chair of UKFI will serve as the non-executive deputy Chair of the Company;
- v. the nominations committee of the Board will be responsible for considering and making recommendations to the Board in respect of appointments to the Board and approving executive appointments.
- vi. HM Treasury will consult with the Chair about the identity of the proposed Shareholder Representative Director;

¹ [Add Link]

- vii. the Chair and HM Treasury will discuss the proposals for appointments and succession on a regular basis;
- viii. the Board must ensure that at least annually suitably rigorous appraisals are made of the effectiveness of the Board, its committees and individual members of the Board;
- ix. the Chair is responsible for periodic internal and external reviews of Board performance, composition and succession planning; and
- x. HM Treasury retains responsibility for conducting overall evaluation and review of the Chair's performance.

Board responsibilities

6.4 The Board will meet at least eight times per year.

6.5 The Board must provide strategic direction to the Company, and ensure it is equipped to perform its functions, including having sufficient resourcing and a suitable organisational structure.

6.6 The Board should enable effective arrangements to be put in place to provide assurance on risk management, governance and internal control. The Board is expected to assure itself of the effectiveness of the internal control and risk management systems.

6.7 The Board will have specific responsibility for Group matters, including:

- i. recommendations to HM Treasury of appointments to the Group Boards; and
- ii. reviewing and managing Group risk.

6.8 The Board will have specific responsibility for Company matters including:

- i. monitoring and reviewing performance of the Company;
- ii. agreeing the Business Plan and accounts, seeking agreement from HM Treasury as required in this Framework Document;

- iii. establishing and delivery of the Company Objectives, ensuring that the responsible Minister is kept informed of any significant changes which are likely to impact the attainability of Objectives;
- iv. in-depth consideration of Company matters including new projects, exiting projects, approvals and endorsement of advice, that the Board deems significant;
- v. demonstrating high standards of corporate governance at all times, including by using the audit committee to help the Board to address key financial and other risks; and
- vi. ensuring that any statutory or administrative requirements for the use of public funds are complied with; that the Board operates within the limits of its authority and any delegated authority agreed with HM Treasury, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, the Board takes into account guidance issued by HM Treasury.

6.9 In addition, HM Treasury does not condone rewards for failure, and would expect the Board to support the removal of any director or member of senior management responsible for a failure to adhere to the Budget, comply with the arrangements in this Framework Document or for any other serious failure.

Responsibilities of the Chair

6.10 He or she is responsible for ensuring that policies and actions support the responsible Minister's and where relevant other Ministers' wider strategic policies and that the Board's affairs are conducted with probity. Where appropriate, these policies and actions should be clearly communicated and disseminated throughout UKGI.

6.11 In addition, the Chair has the following leadership responsibilities:

- formulating the Board's strategy;
- enabling the Board, in reaching decisions, to take proper account of guidance provided by the responsible Minister or the department;
- promoting the efficient and effective use of staff and other resources;
- delivering high standards of regularity and propriety; and
- representing the views of the Board to the general public.

Board members

6.12 Individual Board members should:

- comply at all times with the *Code of Conduct for Board Members of Public Bodies* and with the rules relating to the use of public funds and to conflicts of interest;
- not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations;
- comply with the Board's rules on the acceptance of gifts and hospitality, and of business appointments; and
- act in good faith and in the best interests of the Company.

Board Committees

6.13 The Board will have the following committees:

• **Remuneration committee**

The remuneration committee will be responsible for setting the remuneration framework for all employees, and for ensuring remuneration arrangements, including any incentivisation packages, are informed by relevant benchmarks.

The remuneration committee will also set policy and arrangements in accordance with the following criteria, such that remuneration levels:

- i. are sufficient to attract and retain the high calibre individuals necessary to drive the delivery of the Objectives;
- ii. are reconciled to performance, adherence to the Budget and delivery of the Objectives; and
- iii. deliver value for money.

The Board will appoint one of the Company's independent non-executive directors to chair the remuneration committee.

- **Audit and risk committee**

The audit and risk committee will be responsible for monitoring, oversight and advice to the Board for financial reporting, external and internal audit, internal control and risk, whistleblowing procedures and compliance.

A suitably qualified director of the Company will be appointed by the Board as the chair of the audit and risk committee.

- **Nominations committee**

The nominations committee will be responsible for considering and making recommendations to the Board in respect of appointments to the Board and approving executive appointments.

In addition, the nominations committee will make recommendations in respect of membership and chairmanship of Board committees.

The chair of the nominations committee will be the Chair.

UK Financial Investments Limited (UKFI)

6.14 The UKFI Board will be responsible for the day-to-day operations of UKFI, consistent with the existing UKFI Framework Document and other UKFI governance documents which will remain in place.

6.15 UKFI will provide updates on performance to the Board, as well as providing minutes of meetings of the UKFI Board to the Board subject to compliance with UKFI's confidentiality obligations. Where a Board member receives information in relation to UKFI, and where disclosure of that information is prohibited by a separate duty of confidentiality, that Board member is not obliged to disclose that information to the Board.

6.16 Proposals on future Group structure, where it relates to UKFI, will be approved by the Board, the UKFI Board and HM Treasury.

The Board's Freedom to Act

6.17 HM Treasury is committed to giving the Board the commercial freedom to adhere to the UKGI Budget and fulfil and deliver the activities and objectives set out in this Framework Document. In that context, and save as provided in this

Framework Document, HM Treasury will not interfere in day-to-day operational and commercial matters.

6.18 Subject to this Framework Document and the Company's and UKFI's respective articles of association, decisions on the day-to-day running of the Company will rest with the Board in accordance with the directors' statutory, common law and fiduciary responsibilities.

Annual report and accounts

7.1 The Company must publish a consolidated annual report of its activities together with its consolidated audited accounts after the end of each financial year.

7.2 The annual report and accounts must:

- cover any corporate, subsidiary or joint ventures;
- comply with statutory requirements as detailed in the Companies Act 2006 and any other relevant legislation (as amended or replaced from time to time);
- [apply International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB)] [follow the principles in HM Treasury's Financial Reporting Manual as set out in the Financial Delegation Letter to the Accounting Officer]; and
- outline main activities and performance during the previous financial year and set out summary form forward plans.

7.3 Information on performance against key financial targets is within the scope of the audit and, subject to commercial confidentiality, should be included in the notes to the accounts. The report and accounts will be laid in Parliament and made available on the UKGI website.

Internal audit

7.4 UKGI will:

- establish and maintain arrangements for internal audit in accordance with the *Treasury's Public Sector Internal Audit Standards (PSIAS)*² through the Government Internal Audit Agency;
- forward the audit strategy, periodic audit plans and annual audit report, including the UKGI Head of Internal Audit opinion on risk management, control and governance as soon as possible to HM Treasury; and
- keep records of, and prepare and forward to HM Treasury an annual report on fraud and theft suffered by UKGI and notify HM Treasury of any unusual or major incidents as soon as possible.

7.5 The internal audit service, including where the service is contracted out, has a right of access to all documents.

² <https://www.gov.uk/government/publications/public-sector-internal-auditstandards>

External Audit

- 7.6 The Company must arrange audits of its accounts in accordance with statutory requirements. The Comptroller & Auditor General (C&AG) audits UKGI's annual accounts and passes the audited accounts to HM Treasury who will lay the accounts together with the C&AG's report before Parliament.
- 7.7 UKGI will permit audit procedures of the Group to be carried out by the National Audit Office (with or without the involvement of external professional advisers) as required.
- 7.8 HM Treasury has the right of access to all UKGI Group records and personnel for any purpose including, for example, sponsorship audits and operational investigations.

Management and financial responsibilities

Budget

8.1 HM Treasury will approve the overall budget for the Company (the “**Budget**”). The Budget will be fully funded by HM Treasury (and as such the Company will not make profits or losses from its operations). Resources will be overseen by the Board and discussed with HM Treasury as necessary.

8.2 Once the Budget has been approved, UKGI can incur expenditure approved in the Budget without further reference to HM Treasury, on the following conditions:

- UKGI will comply with the delegations set out in Appendix []. These delegations must not be altered without the prior agreement of HM Treasury;
- UKGI will comply with *Managing Public Money* regarding novel, contentious or repercussive proposals;
- inclusion of any planned and approved expenditure in the Budget does not remove the need to seek formal HM Treasury approval where any proposed expenditure is outside the delegated limits or is for new schemes not previously agreed; and
- UKGI must provide HM Treasury with such information about its operations, performance individual projects or other expenditure as HM Treasury may reasonably require.

8.3 Each year, in the light of decisions by HM Treasury on updated corporate plans, it will send to UKGI [by date]:

- a formal statement of the annual budgetary provision allocated in the light of competing priorities across HM Treasury; and
- a statement of any planned change in funding policies affecting UKGI.

8.4 The approved annual business plan will take account both of approved funding provision and any forecast receipts, and will include a budget of estimated payments and receipts together with a profile of expected expenditure and of draw-down of any departmental funding and/or other income over the year. These elements form part of the approved business plan for the year in question.

Grant-in-aid and any ring-fenced grants

8.5 Any grant-in-aid provided by the department for the year in question will be voted in the department's Supply Estimate and be subject to Parliamentary control.

8.6 The grant-in-aid will normally be paid in monthly instalments on the basis of written applications showing evidence of need. UKGI will comply with the general principle, that there is no payment in advance of need. Cash balances accumulated during the course of the year from grant-in-aid or other Exchequer funds shall be kept to a minimum level consistent with the efficient operation of UKGI. Grant-in-aid not drawn down by the end of the financial year shall lapse. Subject to approval by parliament of the relevant Estimates provision, where grant-in-aid is delayed to avoid excess cash balances at the year-end, the department will make available in the next financial year any such grant-in-aid that is required to meet any liabilities at the year end, such as creditors.

8.7 In the event that separate grants for specific (ringfenced) purposes are provided, the department would issue the grant as and when UKGI needed it on the basis of a written request. UKGI would provide evidence that the grant was used for the purposes authorised by the department. UKGI shall not have uncommitted grant funds in hand, nor carry grant funds over to another financial year.

| Risk management

8.8 UKGI shall ensure that the risks that it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance, and develop a risk management strategy. It should adopt and implement policies and practices to safeguard itself against fraud and theft, in line with Treasury guidance on tackling fraud.

| Providing monitoring information to the department

8.9 As a minimum, the ALB shall provide the department with information monthly that will enable the department satisfactorily to monitor:

- UKGI's cash management;
- its draw-down of grant-in-aid;
- forecast outturn by resource headings;
- other data required for the Online System for Central Accounting and Reporting (OSCAR).

Delegated authorities

8.10 UKGI's delegated authorities are set out in [Appendix []]. UKGI shall obtain HM Treasury's prior written approval before entering into any undertaking to incur any

expenditure that falls outside the delegations or which is not provided for in UKGI's annual Budget as approved by the department.

Business plan

8.11 The Board must prepare a business plan to support the Objectives of, and control arrangements for, the Company (the "**Business Plan**"). The Business Plan is subject to review by, and the approval of, HM Treasury.

8.12 The Business Plan will cover a period of at least 12 months and will be reviewed by the Board on a regular basis to take account of any additional or amended obligations or responsibilities assumed by the Company. This will include key targets and milestones for the year immediately ahead and will be linked to budgeting information so that resources allocated to achieve specific objectives can readily be identified by HM Treasury.

8.13 UKGI will agree with HM Treasury the issues to be addressed in the Business Plan and the timetable for its preparation. The Treasury will be consulted on any significant changes to the Business Plan.

Staff

Board responsibilities

9.1 Within the arrangements approved by HM Treasury in this Framework Document, UKGI will have responsibility for the recruitment, retention and motivation of its staff. The broad responsibilities toward its staff are to ensure that:

- the rules for recruitment and management of staff create an inclusive culture in which diversity is fully valued; appointment and advancement is based on merit: there is no discrimination on grounds of gender, marital status, sexual orientation, race, colour, ethnic or national origin, religion, disability, community background or age
- the level and structure of its staffing, including grading and staff numbers, are appropriate to its functions and the requirements of economy, efficiency and effectiveness
- the performance of its staff at all levels is satisfactorily appraised and the UKGI performance measurement systems are reviewed from time to time
- its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve UKGI's objectives
- proper consultation with staff takes place on key issues affecting them
- adequate grievance and disciplinary procedures are in place
- whistle--blowing procedures consistent with the Public Interest Disclosure Act are in place; and
- a code of conduct for staff is in place based on the Cabinet Office's *Model Code for Staff of Executive Non-departmental Public Bodies*

Staff costs

9.2 Subject to its delegated authorities, UKGI must ensure that the creation of any additional posts does not incur forward commitments that will exceed its ability to pay for them.

Pay and conditions

9.3 HM Treasury will delegate the remuneration policy for Company staff to the Board (which will be set within the agreed Budget), following agreement of a remuneration framework. Changes to the remuneration framework will require the consent of HM Treasury.

9.4 In respect of the rates of pay and non-pay allowances paid to the staff and to any other person entitled to payment in respect of travel expenses or other allowances, payment must only be made in a manner consistent with the *Civil Service*

*Management Code*³ except where prior approval has been given by HM Treasury to vary such rates.

9.5 Staff terms and conditions should be set out in an Employee Handbook, which should be provided to HM Treasury together with subsequent amendments.

9.6 UKGI will operate a performance-related pay scheme that will form part of the remuneration framework approved by HM Treasury.

9.7 UKGI will agree with HM Treasury how government policy in respect of pay and conditions of service will be applied to the Company.

Pensions, redundancy and compensation

9.8 UKGI staff should normally be eligible for a pension provided by its own scheme or PCSPS for staff transferring into the company from the Civil Service. Staff may opt out of the occupational pension scheme provided by UKGI, but the Company's contribution to any personal pension arrangement, including stakeholder pension shall normally be limited to the national insurance rebate level.

9.9 Any proposal by UKGI to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the prior approval of the HM Treasury and should comply with relevant government policy in respect of pensions, redundancy and compensation arrangements. Proposals on severance must comply with the rules in chapter 4 of Managing Public Money.

9.10 The cap of public sector exit payments will apply to UKGI.

³ <https://www.gov.uk/government/publications/civil-servants-terms-andconditions>

End Matters

10.1 This Framework Document may be amended or supplemented from time to time where required by HM Treasury. In particular, it is noted that amendments and supplements may be required: (i) if the activities of the Company are extended; and (ii) to reflect the current Business Plan.

10.2 Any amendments or supplements to this Framework Document resulting from the provisions of this section will be made having due regard to the Objectives except to the extent that these considerations are inappropriate when reflecting, or need not be taken into account in order to reflect, the Business Plan.

10.3 Any amendments, updates, or replacements of this Framework Document must be published in the same way as this document and copies must be placed in the Libraries of both Houses of Parliament.

Review of UKGI's status (and winding-up arrangements)

10.4 UKGI will be reviewed every 3 years. The date of the next review will be in 2019.

10.5 HM Treasury will put in place arrangements to ensure (if required) the orderly winding up of the Company. In particular, it should ensure that the assets and liabilities of the Company are passed to any successor organisation and accounted for properly. (If there is no successor organisation, the assets and liabilities should revert to HM Treasury.) To this end, the department must:

- ensure that procedures are in place in UKGI to gain independent assurance on key transactions, financial commitments, cash flows and other information needed to handle the wind-up effectively and to maintain the momentum of work inherited by any residuary body;
- specify the basis for the valuation and accounting treatment of the UKGI's assets and liabilities;
- ensure that arrangements are in place to prepare closing accounts and pass to the C&AG for external audit, and that, for non-Crown bodies, funds are in place to pay for such audits. It will be for the C&AG to lay the final accounts in Parliament, together with his or her report on the accounts; and
- arrange for the most appropriate person to sign the closing accounts. If another arm's length body takes on the role, responsibilities, assets and liabilities, the succeeding ALB AO should sign the closing accounts. If the department inherits the role, responsibilities, assets and liabilities, HM Treasury's AO should sign.

Signed.....

Date.....

(On behalf of HM Treasury)

Signed.....

Date.....

(On behalf of UK Government Investments
Ltd)