

Shareholder Executive

HM Government

1 Victoria Street, London SW1H 0ET

TEL:

FAX:

Philip Remnant

PERSONAL

Patrick O'Sullivan

GRO

4 October 2011

GRO

CHAIRMAN, SHAREHOLDER EXECUTIVE

I am very pleased to write formally to confirm the invitation to you to become Chairman of the Shareholder Executive. As you are aware, this role is advisory.

Your term of appointment will begin on 1 March 2012 for a period of two years, until 27 February 2014, unless terminated before that date. Full details of the terms of reference for the appointment are enclosed.

I should be grateful if you would reply formally to this letter accepting the terms of reference for the appointment enclosed, and include a list of all directorships or other offices you currently hold and a note of the names of any companies in which you have shareholdings or other beneficial interests. Throughout the duration of your appointment, I would be grateful if you could please keep the Permanent Secretary, Martin Donnelly, advised of any new directorships, offices or fresh acquisition of shares. This information will, of course, be held in confidence.

Once again, I am very pleased to offer you this appointment.

GRO

PHILIP REMNANT
Chairman

Mr. Douglas noted this

1/2 300/ask

bcc m.a. 28.8

Department for Business, Innovation and Skills

Terms of reference for appointment of Chairman of the Shareholder Executive

Patrick O'Sullivan

This document sets out your principal terms and conditions of appointment.

1. Commencement of appointment

1.a You are appointed by the Secretary of State for the Department of Business, Innovation and Skills (BIS) as Chairman of the Shareholder Executive. Your appointment will begin on 1 March 2012.

2. Duration

2.a Subject to earlier termination your appointment will be for a fixed period of two years with the possibility of extension. It will run from 1 March 2012 to 27 February 2014 ("the fixed period").

3. Job title and duties

3.a You are appointed as Chairman of the Shareholder Executive. The Board will meet approximately every 2 months and meetings will be held in Central London. The time commitment is likely to be around one day per week.

3.b As Chairman, your key role will be to provide high level strategic direction to the Shareholder Executive. Key responsibilities of the post will include:

- lead the Board of Directors, ensuring their effectiveness in all aspects of their advisory role;
- lead bi-monthly Board meetings in determining future strategy and direction for the Shareholder Executive;
- facilitate, promote and ensure the effective contribution of all Executive and Non-Executive Directors and ensure that constructive relations exist between them;
- develop a constructive, frank and open relationship with the Chief Executive, holding him/her accountable for the effective implementation of decisions;
- be actively available for the continued mentoring and support of Shareholder Executive colleagues;
- maintain and develop successful relationships with the Chairs of portfolio businesses and to offer mentoring where appropriate;
- maintain and develop robust relationships with the Permanent Secretaries and senior Government Officials of HM Treasury, the Cabinet Office and No.10.

3.c You are not an employee. Accordingly nothing in this letter or its annexes shall be construed as, or taken to create, a contract of employment between yourself and the Department or Her Majesty's Government.

4. Remuneration

- 4.a. Your remuneration will be £40,000 a year. This will be paid monthly in arrears.
- 4.b. You will be notified in writing of any change to your remuneration.
- 4.c. This appointment is classed as an "Office Holder" for tax and National Insurance purposes and, as such, under Section 19(1)1 Income and Corporation Taxes Act 1988, the fee is liable to tax under Schedule E and attracts Class 1 National Insurance liability.
- 4.d. Please notify the Shareholder Executive (address in paragraph 4.f), by completing Annex 1, if you would like the remuneration from this appointed role paid into a particular bank or building society account.
- 4.e. Your remuneration will not attract any eligibility for or benefits from the Principal Civil Service Pension Scheme.

Expenses and Subsistence

- 4.f. The Department will reimburse all reasonable expenses (including travel, subsistence and other expenses) properly and necessarily incurred in respect of your appointment. A completed Travel and Subsistence form together with supporting receipts should be sent to Sharon Archer, Shareholder Executive, Upper Ground Abbey 1, Victoria Street, London SW1H 0ET.
- 4.g. As an "Office Holder", payments made to you in respect of your travel and subsistence expenses to and from the usual place of work for this appointment are taxable under Schedule E and also attract Class 1 National Insurance liability (this is not likely to be the case for activities in relation to this appointment which take place away from the usual place of work). However, the amount you receive for travel and subsistence in these circumstances should be equivalent to the amount you actually spend. The Department has therefore entered into special arrangements with HM Revenue and Customs which means that effectively it can pay the tax on your behalf by paying it to HM Revenue and Customs at a special rate. The Department will also pay your share of the National Insurance contributions that are due.
- 4.h. If you wish to continue to participate in these arrangements, you will need to sign an agreement with HM Revenue and Customs. The agreement should be that travelling, subsistence and other expenses paid to you, which come within its scope, would not form part of your income for tax purposes. This would mean that:
 - you would not have to pay tax on these expenses; and
 - you would not be able to reclaim the tax we have paid on your behalf;
 - any National Insurance contributions paid on your behalf will not be recorded in the National Insurance computer system.
- 4.i. If you decide to adopt the agreement for this appointed role, please complete Annex 2 and return it to the Shareholder Executive (address in paragraph 4.f). If you do not wish to enter into this agreement, the Department shall operate PAYE in respect of these expenses in the same way as it shall operate it on the remuneration paid to you.

5. Notice

- 5.a Either party may terminate this appointment before the expiry of the fixed period by giving one month's notice in writing.
- 5.b The Secretary of State may terminate your appointment immediately, by giving notice in writing, if you are guilty of any conduct that means that you are unsuitable to continue to hold this appointment.
- 5.c You will receive no notice if this appointment is terminated early by mutual consent.
- 5.d If the Secretary of State proposes to terminate your appointment prior to the expiry of the fixed term other than through immediate termination as a result of unsuitable conduct, you will be notified of the proposal and of the reasons for it, and if appropriate will be offered an opportunity to make representations before any final decision is taken. If your appointment is subsequently terminated, you will receive notice in writing.

6. Conduct

- 6.a It is essential that you are, and are seen to be honest and impartial in the exercise of your duties. You must not allow your judgement or integrity to be compromised or permit there to arise any reasonable grounds for suspicion as to the compromise of your judgement and integrity. The Seven Principles of Public Life, attached for your information at Annex 3, provide good guidance in the standards expected of the Chairman of the Shareholder Executive.
- 6.b If you believe you are being required to act in a way which:
 - is illegal, improper, or unethical;
 - is in breach of constitutional convention or a professional code;
 - may involve possible maladministration; or
 - is otherwise inconsistent with the Seven Principles of Public Life;

you should report the matter in writing to the Secretary of State.

7. Confidentiality / use of official information

- 7.a You are required to exercise care in the use of information that you acquire in the course of your duties and to protect information that is held in confidence.
- 7.b You are also subject to the Official Secrets Act 1989.

8. Conflicts of interest

- 8.a You must declare to the Secretary of State or Permanent Secretary, any personal or business interest which may, or may be perceived (by a reasonable member of the public) to influence your judgement in performing your functions and obligations under this agreement. These interests include (without limitation), personal direct and indirect pecuniary interests, and, any such interests of your close family members and/or of people living in the same household as you or as your close family members.
- 8.b Accordingly, when replying to this letter, please include a list of all directorships or other offices held and a note of the names of any companies in which you have shareholdings or other beneficial interests. You should also keep the Permanent Secretary advised of any new directorships, offices or fresh acquisition of shares. This information will, of course, be held in confidence.
- 8.c In this regard, you have made us aware of your position as a non-executive director of The Bank of Ireland, which has significant commercial dealings with Post Office Ltd, one of the Shareholder Executive portfolio businesses. In accepting these terms of appointment, you are agreeing that you will absent yourself from any discussions (whether at Board meetings or more widely in your role as Chairman) on Post Office matters which relate to, or could relate to, that relationship. Provided these procedures are followed, your appointment as Chairman should involve no conflict with your position at The Bank of Ireland.
- 8.d You must inform the Secretary of State or Permanent Secretary, in advance of any new appointments that may impinge on your performance of your functions and obligations under this Agreement.
- 8.e If at any time you feel that you may have a conflict of interest in any of the issues to be considered by the Board, you should bring this matter to the attention of the Permanent Secretary. If this should occur during a meeting itself you should bring the matter to the attention of the Board, which will decide whether or not it would be appropriate for you to withdraw from the meeting.
- 8.f All information on potential conflicts of interest will be held by the Permanent Secretary's office and could be disclosed to the public under the Freedom of Information Act (2000). In entering in to this agreement and accepting this appointment you, thereby consent to this disclosure.

9 Declaration of Political Interests

- 9.a You are expected not to occupy paid party political posts or hold particularly sensitive or high roles in a political party. Subject to the foregoing, you are free to engage in political activities provided that you are conscious of your general public responsibilities and exercise proper discretion, particularly with regard to the work of the Shareholder Executive.

Signed _____

(Date)

Annex 1

Details of part time appointees for AMEY to process fees and/or T&S claims

PLEASE COMPLETE IN BLOCK CAPITALS (other than e-mail address)

Members Full Name	
Residential Address	
E-mail Address	
Date of Birth	
National Insurance Number	
Bank Name	
Bank Address	
Bank Sort Code	
Bank Account Name	
Bank Account Number	

Signed.....

Date.....

Annex 2

AMEY Plc
Paramount House
Pascal Close
Paramount Business Park
St Mellons
Cardiff CF3 OLW

I am writing to let you know that:

(* Please sign only under the option you wish AMEY to apply)

- (a) I wish to have tax and NICs due on travelling and subsistence expenses I receive paid by the Department for Business, Innovation and Skills under the PAYE Settlement Agreement [PSA] they have with HMRC
- (b) I understand that I will not be entitled to receive repayment of the tax paid on my behalf in any circumstances.
- (c) I will write to let you know if I wish to withdraw from this arrangement. I understand that in those circumstances this arrangement will cease from 6th April following your letter to me confirming your agreement to my withdrawal.

*Signed

or

- (d) I do not want to have tax and NICs due on travelling and subsistence expenses I receive paid by the Department for Business, Innovation and Skills under the PAYE Settlement Agreement [PSA] they have with HMRC

*Signed

Date

Name (in block capitals)

Date of Birth

National Insurance Number

Address

.....

.....

Annex 3 - 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 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.

Leadership

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

