



UK Hydrographic  
Office

October 2023

# UK Hydrographic Office Board Charter

For safe, secure and thriving oceans



# 1. Role and Responsibilities of the UKHO Board

## 1.1 Role of the UKHO Board

The full role and responsibilities of the UKHO Board are set out in the Terms of Reference at Annex A.

The role of the Board is to challenge and support the Executive Leadership Team, and carefully scrutinise its proposals and performance using best governance and risk assessment practice.

In exercising this role, the Board ensures that our Minister (acting as MOD Owner) is given full and accurate advice on matters requiring their attention.

## 1.2 Membership and Composition

The UKHO Board Chair will agree the size and composition of the Board with the Chief Executive. At a minimum, the UKHO Board will comprise:

- › An independent, non-executive, Chair
- › UKHO Chief Executive
- › UKHO National Hydrographer
- › MOD Sponsor (NED)
- › Hydrographer of the Navy representing Defence Customer as a formal NED and, as Chair of SONAC, providing wider stakeholder input into the Board
- › Independent NEDs with a range of experience and expertise appropriate for the activities that UKHO undertakes. The role of the NEDs is to provide expert advice, guidance and challenge to the Executive Leadership Team
- › UKHO Director of Finance & Corporate Services

Full attendance at formal Board meetings is expected. Absence is exceptional and must be agreed in advance with the Chair.

## 1.3 Conduct

Members of the UKHO Board will be expected to comply with the Cabinet Office's Code of Conduct for Board Members of Public Bodies<sup>1</sup>, which are based on the Seven Principles of Public Life:

- › Selflessness

Holders of public office should act solely in terms of the public interest.

- › Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

- › Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

<sup>1</sup>[Code of conduct for board members of public bodies - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/281222/code_of_conduct_for_board_members_of_public_bodies.pdf)

- › Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

- › Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

- › Honesty

Holders of public office should be truthful.

- › Leadership

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

a. In addition, the Board will observe and respect all of UKHO's culture and values as set out in Annex B.

### **1.4 Effectiveness and performance**

The effectiveness of the Board and its Sub-Committees will be assessed annually by the respective Chairs. At least every three years, the Board review will include input that is independent from that of UKHO Board members. Any deficiencies in the Board's performance or composition, or of its Sub-Committees, will be addressed by the Chair.

The performance of the independent Chair and the independent NEDs will be assessed annually on whether each continues to demonstrate appropriate commitment to the role (including commitment of time for Board and Committee meetings and other duties) and contributes effectively. The performance of the Chair will be assessed by the MOD Sponsor on behalf of the Owner, while the Chair will assess the performance of the independent NEDs.

## **2. Schedule of Matters Reserved for the Board**

### **2.1 The following matters will be brought to the Board for approval<sup>2</sup>:**

- › UKHO 3-5 year Corporate Plan and annual one-year Business Plan
- › Hydrographic Office Board (HOB) Terms of Reference
- › Framework Document and Public Task alterations
- › UKHO Annual Reports and Accounts
- › Development of other major business strategies, plans or proposals in support of the approved Corporate Plan with a value above a certain defined threshold as set out in the framework document. This includes endorsement of some proposals and the development of recommendations to the Owner where appropriate, as outlined at annex C of the UKHO Framework Document.

<sup>2</sup> The issues described are those where the UKHO Board consideration and agreement is required before action is taken.

## **2.2 The following matters will be brought to the Board for discussion:**

- › UKHO’s purpose, strategic direction, and governance and assurance arrangements, as well as relevant good practices and operational constraints across the Government and private sectors
- › Priorities and delivery of UKHO’s Public Task, including value to Defence and SOLAS obligations
- › Developments in the maritime industry relevant to UKHO’s customers and operation
- › Performance against UKHO’s Corporate and Business Plans, and escalation of any performance issues to MOD Head Office
- › UKHO’s risk appetite, and the controls that are in place to manage strategic and corporate risks including escalation to MOD Head office (delegated to ARAC)
- › The governance and performance of UKHO’s subsidiaries and any potential strategic commercial partnerships and/or joint ventures
- › Recruitment, retention and development of a high-quality, diverse and inclusive workforce (led by REMNCO)
- › Scope and required skills for executive and non-executive roles (led by REMNCO)
- › UKHO’s alignment with functional standards set by government and MOD
- › Significant litigation

## **2.3 The following matters will be provided to the Board for information:**

- › Monthly operational and financial performance
- › Reports from the Audit and Risk Assurance Committee (ARAC) and the Remuneration and Nominations Committee (REMNCO); and the Safety of Navigation Committee (SONAC)
- › UKHO Safety Update
- › UKHO Market Trends update

# **3. Sub-committees**

## **3.1 Reporting Responsibilities**

The Board delegates some activities to Sub-Committees of the Board; these are the Audit and Risk Assurance Committee (ARAC) and Remuneration and Nominations Committee (REMNCO).

The UKHO Chair will ensure that the Board receives adequate and timely feedback on the work of these Sub-Committees and that it is able to consider their recommendations. Each of these Sub-Committees has its own Terms of Reference.

## **3.2 Audit and Risk Assurance Committee (ARAC)**

The role of the Audit and Risk Assurance Committee (ARAC) is to support the UKHO Board and Chief Executive, as the Accounting Officer, in monitoring the organisation’s corporate governance and control systems. Its remit extends to Admiralty Holdings Limited (AHL), its subsidiaries and any joint ventures.



The Committee is chaired by an independent Non-Executive Director (NED) with relevant experience. The ARAC Chair is elected by the UKHO Board Chair. Members are responsible for reviewing and assessing the comprehensiveness, reliability and integrity of controls, and promoting their improvement, as well as reviewing the financial statements. At least one member of the ARAC shall have recent, relevant, finance experience.

The Audit and Risk Assurance Committee is authorised:

- › to investigate and report on any activity outlined within its Terms of Reference
- › to call any employee to provide information or evidence at a meeting of the Committee as and when required

### **3.3 Remuneration and Nominations Committee (REMNCO)**

The role of the Remuneration and Nominations Committee (REMNCO) include ensuring there are satisfactory systems for identifying and developing leadership and high potential, scrutinising the remuneration and broader incentive structure of the organisation, reviewing UKHO's people strategy, talent management and succession planning for the board and the senior leadership of the organisation.

The Committee is chaired by an independent Non-Executive Director (NED) with relevant experience. The REMNCO Chair is elected by the UKHO Board Chair.

The Remuneration and Nominations Committee is authorised:

- › to seek any relevant information it requires from any employee of UKHO or its subsidiaries, in order to perform its duties
- › to obtain, at the UKHO's expense, outside legal or other professional advice on any matter within its terms of reference
- › to call any employee to provide information or evidence at a meeting of the Committee as and when required

## UK Hydrographic Office Board (HOB) – Terms of reference

### Purpose

1. The overriding purpose of the UKHO Board is to provide the strategic direction for UKHO in delivering its objectives. It provides a forum for independent, non-executive support and constructive challenge to UKHO's Chief Executive and his or her Executive Directors. These Terms of Reference define the purpose, membership, administration and duties of the UKHO Board within the overall governance structure of the UKHO in accordance with the UKHO Framework Document.

### Membership

2. The Chair will agree the size and composition of the Board with the Chief Executive, at a minimum, the UKHO Board will comprise:
  - a. An independent, non-executive, Chair
  - b. UKHO Chief Executive
  - c. UKHO National Hydrographer
  - d. UKHO Director of Finance and Corporate Services
  - e. Formal MOD Non-Executive Director (NED)
  - f. Hydrographer of the Navy representing Defence Customer as a formal NED and, as Chair of SONAC, providing wider stakeholder input into the Board
  - g. Independent NEDs with a range of experience and expertise appropriate for the activities that UKHO undertakes. The role of the NEDs is to provide expert advice, guidance and challenge to the Executive
3. The Chair will appoint one of the NEDs to act as lead in his or her absence, using the following order of hierarchy: ARAC Chair, REMNCO Chair, other publicly appointed non-executive directors.
4. Only members of the Board have the right to attend Board meetings. However, other individuals may be invited to attend all, or part, of any meeting as and when deemed appropriate and necessary by the Chair.
5. A recognised Trade Union may be invited to nominate a representative to attend meetings of the UKHO Board or will be provided with copies of the minutes of meetings.

### Secretary

6. The HOB Secretary will be provided by the UKHO Secretariat. The Secretary will take minutes of the meeting.

### Quorum

7. The quorum necessary for the transaction of business, including papers taken out of committee, comprises:
  - a. The Chair or a lead NED appointed in the absence of the Chair; and
  - b. One NED; and
  - c. The Chief Executive or, in his absence, the Deputy Chief Executive; and
  - d. One Executive

### **Frequency of meetings**

8. The frequency and timing of meetings will be decided by the Chair after consultation with Board members; the Board will meet a minimum of six times per year. In addition, the Board shall meet at such times as requested by the Chair or Chief Executive providing at least 7 days' notice is given.
9. The Board will normally hold one meeting each year with the UKHO Executive to discuss strategic direction for the forthcoming year.

### **Notice of meetings and receipt/distribution of papers**

10. Meetings of the Board are convened by the HOB Secretary, on behalf of the Chair. The meeting dates will be issued prior to the beginning of each calendar year, earlier if possible.
11. The Chair and the Chief Executive are responsible for agreeing the agenda.
12. Papers should be available for review by the Chair at their request no later than 14 working days before the date of the meeting. The Chair reserves the right to decline papers received less than seven working days in advance of the meeting.
13. Notice of each meeting confirming the venue, time and date of the meeting, together with the agenda and papers, are forwarded to each member of the Board, and any other person required to attend, no later than five working days before the date of the meeting.

### **Minutes of meetings**

14. The HOB Secretary will record minutes of the meeting including the names of all attendees.
15. The HOB Secretary and Chair will agree draft minutes and circulate to Board members.
16. The approved minutes will be maintained as a soft copy for the record and available to internal and external auditors on request.

### **Duties**

17. The scope of the Board's support and challenge will include:<sup>3</sup>
  - a. UKHO's purpose and role, the policy and commercial constraints under which it operates, and relevant good practice across the Government and private sectors
  - b. Development of the UKHO rolling five-year Corporate Plan, Budget and annual performance measures and targets. The board will endorse it prior to submission to the Owner for approval
  - c. Development of other major business strategies, plans or proposals in support of the approved Corporate Plan with a value above certain defined thresholds (see Annex C of the Framework Document reproduced below), including endorsing some proposals and the development of recommendations to the Owner where appropriate
  - d. UKHO's risk appetite and the controls that are in place to manage risks and threats and to address opportunities
  - e. UKHO's performance against the Corporate and Business Plans
  - f. The UKHO Annual Reports and Accounts
  - g. The governance arrangements, role, strategic direction and performance of UKHO, its subsidiaries and joint ventures

<sup>3</sup>Corporate governance in central government departments: Code of good practice. HM Treasury and Cabinet Office, July 2011.

## Reporting responsibilities

18. In discharging its purpose and duties, the Board delegates some activities to Sub-Committees of the Board; these are the ARAC and REMNCO. The UKHO Chair will ensure that the Board receives adequate and timely feedback on the work of these Sub-Committees and that it is able to consider their recommendations. Each of these Sub-Committees has its own Terms of Reference.

## Other matters

19. Members of the UKHO Board will be expected to comply with the Cabinet Office's Code of Conduct for Board Members of Public Bodies<sup>4</sup>.
20. The effectiveness of the Board and its Sub-Committees will be assessed annually by the Chairs. At least every three years, the review will include input that is independent from that of UKHO Board members. Any deficiencies in the Board's performance or composition, or of its Sub-Committees, will be addressed by the Chair.
21. The performance of the independent Chair and the independent NEDs will be assessed annually on whether each continues to demonstrate appropriate commitment to the role (including commitment of time for Board and Committee meetings and other duties) and contributes effectively.  
  
There will be a documented performance appraisal of the Chair by the Owner, against MOD priorities outlined in the annual Chair's letter. The Chair will assess the performance of the independent NEDs and document this.
22. If a Board member has a direct or indirect interest in any proposed discussion, he or she has a duty to declare both the nature and extent of that interest to the other Board members. Board members are required to update their declarations of interest as and when they change. These should include any general interests in a standing register of interests, as per the Code of Conduct, and should be published on gov.uk.

## Authority

23. UKHO's Framework Document sets out the MOD's expectation of the Trading Fund, the governance, policy and financial arrangements such as spend decisions and controls. These are in place to ensure the effective and efficient delivery of those expectations, including financial approval thresholds that apply in relation to certain business decisions. Where thresholds are exceeded, the Chief Executive must either seek endorsement from the UKHO Board or first seek endorsement from the UKHO Board prior to seeking approval from the Owner.

<sup>4</sup>Code of Conduct for Board Members of Public Bodies, Cabinet Office, June 2011.



## Annex A – current composition of UKHO Board

Individual	Board roles	Other Executive or Governance roles	First appointed	End date
Marion Leslie	Board Chair	Head Financial Information and Executive Board Member, SIX Group Executive Board Member, SIX Digital Exchange Board Member, BME Board Member, ADVANCE	May 2022	Apr 2025
Paul Boyle	Independent Non-Executive Director (Finance) Chair of ARAC	Non-Executive Director, Mogo Holdings Ltd and Government Internal Audit Agency	Mar 2023	Aug 2026
Tash Toothill	Independent Non-Executive Director (Transformation) Chair of REMNCO	Non-Executive Director, Student Loans Company	May 2022	May 2025
Tom Loosemore	Independent Non-Executive Director (Cyber)		Aug 2017	Jul 2024
Tara Usher	Owner's Representative – MOD appointed	MOD – Head Enabling Organisation Sponsorship	Dec 2019	n/a
Captain Pat Mowatt	Customer Representative – RN appointed Chair of SONAC		Sept 2021	n/a
Peter Sparkes	UKHO Chief Executive		Jul 2021	
Rear Admiral Angus Essenhigh OBE	UKHO National Hydrographer		Jul 2023	
Stephen Potts	Director Finance and Corporate Services		Oct 2020	
Jane Lancaster	Trade Union Representative (Observer)			

## UKHO Audit and Risk Assurance Committee – Terms of Reference

### Establishment and Role

1. The role of the Audit and Risk Assurance Committee (ARAC) is to support the UKHO Board and Chief Executive, as the Accounting Officer, in monitoring the organisation's corporate governance and control systems. Its remit extends to Admiralty Holdings Limited (AHL), its subsidiaries and any joint ventures. The Committee is chaired by an independent Non-Executive Director (NED) with relevant experience. Members are responsible for reviewing and assessing the comprehensiveness, reliability and integrity of controls, and promoting their improvement, as well as reviewing the financial statements.

### Membership

2. The ARAC shall comprise a minimum of three members appointed from NED members of the UKHO Board, one of which must be the MOD's NED representative. At least one member of the ARAC shall have recent, relevant, finance experience. The Chair of the UKHO Board will elect one member to act as Chair.
3. The ARAC may co-opt additional members for limited periods to provide additional specialist skill, knowledge or experience, or procure specialist ad-hoc advice at UKHO's expense, subject to agreement by the UKHO Board.
4. Only members of the ARAC, UKHO Board members and a representative from DIA shall have the right to attend Committee meetings. Others may attend ARAC meetings by invitation; the UKHO Chief Executive, Chief Finance Officer, head of Internal Audit, and a representative of the External Auditor.
5. The Secretary shall be appointed by the ARAC and provided by the UKHO.

### Reporting

6. The Chair of the ARAC will formally report to the UKHO Board on the discharge of its duties following each meeting.
7. The Chair of the ARAC will formally report in writing to the Chief Executive when control issues arise between meetings.
8. The Chair of the ARAC will make a written annual report to the Chief Executive in support of his/her representations in the UKHO Annual Report; this is timed to support the finalisation of the Accounts and the Governance Statement, summarising its conclusions from the work it has undertaken during the year.
9. The ARAC proceedings, decisions and actions required from all meetings will be minuted and will include a record of the names in attendance. Any actual or potential or perceived conflicts of interest shall be identified at the start of each meeting and minuted.
10. Draft minutes will be circulated promptly to the Chair and once approved, to Committee meeting attendees and all Board members unless a conflict of interest or a matter of confidentiality exists.

### Responsibilities

11. The primary duties of the ARAC (among others) is to advise the Board and the Chief Executive on:
  - a. The strategic processes and assurance for risk management, control and governance and the Governance Statement;

<sup>4</sup>To be extended by up to 6 months subject to COO approval.

- a. The accounting policies, the accounts, the financial statements and the Annual Report, including the process for review of the accounts prior to submission for audit, levels of errors identified and management letters of representation to the external auditors;
- b. The planned activity and results of both the external and internal audit, all relevant reports by the NAO or the appointed external auditor, including reports on the UKHO's accounts, achievement of value for money and the response to any management letters;
- c. Adequacy of management response to issues identified by audit activity, including external audit's management letter
- d. The comprehensiveness and appropriateness of the annual and long-term programme of the UKHO's internal audit function, the audit strategy and the results of internal audits;
- e. Assurances relating to the management of risk and corporate governance requirements for UKHO;
- f. Issues arising from reports from the Safety of Navigation Advisory Committee (SONAC) on matters relating to ARAC's Terms of Reference;
- g. (Where appropriate) proposals for tendering for Internal Audit services or for purchase of non-audit services from contractors who provide audit services
- h. Anti-fraud policies, whistle-blowing processes, and arrangements for special investigations
- i. The ARAC will also periodically review its own effectiveness and report the results of the review to the Board
- l. It is not the ARAC's responsibility to action recommendations arising in the Audit Reports, as that is a management function

## **Rights**

2. The ARAC is authorised to investigate and report on any activity within these Terms of Reference and has the right to access the information it requires from civilian or service personnel employed by the UKHO. It can require their attendance when necessary.
3. While the ARAC has, the responsibilities set out in these Terms of Reference, it is not the duty of the ARAC to plan or conduct audits or to determine that the UKHO's financial statements are complete, accurate and in accordance with International Financial Reporting Standards (IFRS) or the Accounts Direction issued by HM Treasury. The NAO and Internal auditors are responsible for planning and conducting audits. The Accounting Officer and UKHO management are responsible for preparing complete, accurate financial statements in accordance with IFRS and Treasury Guidance.

## **Access**

4. The Head of Internal Audit and the representative of External Audit will have free and confidential access to the Chair of the ARAC.
5. Since MOD's Defence Internal Audit (DIA) has remit from the Permanent Under-Secretary of State (PUS) and the Defence Audit and Risk Assurance Committee to carry out audits on all MOD departments, they are to have continuous unrestricted access to all records, personnel, property, operations of the UKHO and have the right for a DIA representative to attend ARAC meetings.

## **Meetings**

6. The Secretary will maintain a schedule of agenda items (Annex A), taking in to consideration any published guidance, to ensure that all objectives listed under the committee's purpose are achieved.
7. The ARAC shall meet at least four times yearly and at such times as requested by the Chairman, the Board, and the Chief Executive, and the External or Internal auditors. The Chair of ARAC may convene additional meetings, as they deem necessary.

8. A minimum of two members of the ARAC (including the Chair of the ARAC) will be present for the meeting to be deemed quorate.
9. By invitation, the Chief Executive/Accounting Officer and/or Chief Finance Officer, Director of Corporate Services, Risk Manager, the Head of Internal Audit and a representative of External Audit will normally attend meetings of the ARAC in order to provide information and to participate in discussions. Other members of the UKHO Board have the right to attend meetings.
10. The ARAC may ask any other officials of UKHO to attend to assist it with its discussions on any particular matter.
11. The ARAC may, if it so decides, meet with External and Internal auditors without UKHO staff present. It may also sit privately without non-members present, if required.
12. The ARAC 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.
13. The Board or the Chief Executive may ask the ARAC to convene further meetings to discuss particular issues on which they want the Committee's advice.

### **Information Requirements**

14. For each meeting the ARAC will be provided with:
  - a. A report summarising any significant changes to the UKHO's strategic risks and a copy of the details of two UKHO Corporate risks, on a rotational basis. Risks for review will be agreed at the preceding ARAC
  - b. Progress made by Internal Audit towards the completion of the agreed schedule of audits agreed at the start of each year. Each piece of work will be supported by a report summarising: work performed, key issues emerging, management response to audit recommendations and an overall assurance rating. Internal Audit will also report on any changes to the annual plan and any resourcing issues affecting the delivery of Internal Audit objectives
  - c. A progress report from the External Audit representative summarising work done and emerging findings
  - d. Standing agenda items covering management assurance e.g. SONAC (by exception), Legal Matters, Fraud and Safety & Security will be verbally reported by exception, where issues/updates are pertinent
15. Bi-Annually
  - a. Twice yearly or as required – a report summarising the UKHO's Corporate Risk Register
  - b. Cyber Security
  - c. Information Assurance and Risk
16. Annually (or as and when appropriate)
  - a. Annually - Internal Audit will provide the committee with an annual summary of work completed and an overall Audit Opinion
  - b. Business Continuity
  - c. Annually the Audit and Risk Assurance Committee will review:
    - i. The draft accounts of the organisation;
    - ii. The draft governance statement;
    - iii. A report on any changes to accounting policies;
    - iv. The external Audit's completion report;
    - v. A report on any proposals to tender for audit functions; and
    - vi. A report on co-operation between Internal and External Audit.
    - vii. The internal audit charter/strategy and the audit universe

- i. UKHO's Risk Management Strategy  
 ii. Self-assessment checklist

<b>Audit and Risk Assurance Committee – Schedule of Annual Agenda Items</b>						
<b>No</b>	<b>Item</b>	<b>Owner</b>	<b>Mar</b>	<b>May</b>	<b>Sep</b>	<b>Dec</b>
1.	Apologies	Chair	✓	✓	✓	✓
2.	Minutes of the last meeting	Chair	✓	✓	✓	✓
3.	Declarations of Interest	Chair	✓	✓	✓	✓
4.	Matters Arising	Open	✓	✓	✓	✓
5.	Action Log	Chair	✓	✓	✓	✓
<b>Internal Audit</b>						
6.	Audit Management Actions Report	DCS	✓	✓	✓	✓
7.	Internal Audit Plan – audit charter universe	DIA	✓			
8.	Annual Report	DIA		✓		
9.	Update Report	DIA	✓	✓	✓	✓
10.	Recent Audit Reports	DIA	✓	✓	✓	✓
<b>External Audit</b>						
11.	Audit Planning Report on financial statement audit	NAO				✓
12.	Update Report	NAO	✓	✓	✓	✓
13.	Audit Completion Report	NAO		✓		
14.	ARAC Annual Report to Chief Executive	Chair		✓		
15.	Annual Report and Accounts Governance Statement/ Changes to accounting policies	Chair		✓		
16.	Review of ARAC Terms of Reference	Chair				✓
17.	ARAC Self-Assessment Check List	Chair				✓
<b>Risk</b>						
18.	Corporate Risk Review – 2 risks on rotation	CE	✓	✓	✓	✓
19.	Corporate Risk Register	CE	✓	✓	✓	
<b>Cyber Security and Information Risk Management</b>						
20.	Cyber Security Report	CIO	✓		✓	
21.	Information Assurance and Risk Report	DCS	✓		✓	
<b>Other Reports</b>						
22.	Business Continuity	DCS	✓			
<b>Verbal Updates – by exception, update provided if required</b>						
23.	SONAC	HofN	✓	✓	✓	✓
24.	Legal Matters	DCS	✓	✓	✓	✓
25.	Fraud	CFO	✓	✓	✓	✓
26.	Safety & Security	DCS	✓	✓	✓	✓
<b>Other Business</b>						
27.	Any Other Business		✓	✓	✓	✓
28.	Date of next Meeting		✓	✓	✓	✓

### Training

17. The UKHO will make resources available to provide Committee members with appropriate and timely training, in the form of a suitable induction process for new members and ongoing training as appropriate for existing members.

### Review and Approval

18. The ARAC will review these ToR annually.

### Abbreviations/Definitions

ARAC	Audit and Risk Assurance Committee
DIA	Defence Internal Audit
IFRS	International Financial Reporting Standards
MOD	Ministry of Defence
NAO	National Audit Office
PUS	Permanent Under Secretary
SONAC	Safety of Navigation Assurance Committee
ToR	Terms of Reference
UKHO	UK Hydrographic Office



## Remuneration and Nomination Committee (REMNCO) – Terms of Reference

### Purpose and Scope

1. The Remuneration & Nomination Committee of the UKHO Board is established under the Trading Fund Framework Document for the UKHO and exists to advise the UKHO Chair, Chief Executive and Board on those matters set out below.
2. The Committee will work within relevant published HMG guidance.

### Membership

3. Members of the Committee shall be appointed by the Board. The Committee shall be made up of at least three members and one shall be appointed to act as Chair.
4. One member shall be the Shareholder's representative, and all other members shall be independent non-executive members of UKHO Board.
5. Only members of the Committee have the right to attend Committee meetings but other individuals (e.g. Chair, Chief Executive and Chief People Officer) may be invited to attend all or part of any meeting as appropriate.

### Secretary

6. The Secretary shall be provided by the UKHO. The Secretary of the Committee will keep full minutes of all Committee meetings and circulate draft and final versions to all Members for their comment and records respectively, in both cases within a reasonable time after the meeting.

### Quorum

7. The quorum necessary for the transaction of business shall be two members.

### Frequency of Meetings

8. The Committee shall meet at least twice a year with additional meetings to be held as required. Telephone conferences will be used wherever appropriate to optimise use of time and resources.
9. It is envisaged that meetings will be timed around UKHO Board meetings where possible.

### Responsibilities

10. Determine and agree the framework and broad policy for the remuneration packages of positions on the Executive Committee and the establishment of a formal and transparent procedure for developing policy on such remuneration and types of appointment e.g. Permanent, FTA, contractor etc.
11. Consider and recommend, consistent with Civil Service Guidelines, an appropriate performance-based remuneration scheme executive posts with reference to corporate goals and objectives.
12. Keep any agreed performance schemes for the Executives under regular review, including the review of targets and setting of hurdle rates. The degree of challenge within the hurdle rates to be transparently communicated to those staff holding executive posts.
13. Review objectives for all executive posts as proposed by the Chief Executive.
14. Based on recommendations from the Chief Executive, consider individual performance and recommend non-consolidated award payments for all Executives subject to and consistent with Civil Service Guidelines.

15. To advise the Chief Executive on the suitability and appropriateness of any proposed Special Bonus Award greater than £2000 in value.
16. Consider and advise on any other remuneration and conditions of contentious employment issues as directed by or requested by the UKHO Chairman or the UKHO Chief Executive.
17. Fully consider succession planning and talent management, taking into account the challenges and opportunities facing the company and what skills and expertise are needed on the Board and Executive Committee in the future;
18. Review the Advisory and Executive Boards, structure, size and composition, including the skills, knowledge and experience, periodically and recommend changes as appropriate;
19. Make recommendations to the Chair of the Board, as the case may require, regarding any changes, including, as appropriate, the re-appointment or otherwise of any non-executive director at the conclusion of his specified term of office or on a non-executive director's or executive director's retirement by rotation, subject to shareholder approval;
20. Ensure at least one Non-Executive Director is part of the selection process for UKHO SCS appointments in accordance with the Civil Service Commissioners Principles on recruitment;
21. Evaluate the balance of skills, knowledge and experience on the board and, in the light of this evaluation, prepare a description of the role and capabilities required for advertising any Executive or Non-Executive appointment;
22. Ensure that non-executive directors receive a formal letter on appointment to the Board that sets out clearly what is expected of them in terms of time commitment, committee service and involvement outside board meetings;
23. Reviewing and comment on the UKHO pay and reward strategy for delegated staff below SCS, providing advice to the UKHO Board and Chief Executive.

### **Guidance and Conditions**

24. No-one shall be involved in the determination of his/her own remuneration package.
25. The Committee has responsibility for the selection, appointment, terms of reference and dealings with any consultants who advise the Committee.
26. As a sub-committee of the main Board the Chair of the Committee shall report to the Board any matters of interest to the Board on its proceedings following each meeting.
27. The Committee itself and the Board shall at least once a year review the performance of the Committee and its Terms of Reference to ensure that it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

### **Reporting**

28. For remuneration issues associated with:
  - a. The Chief Executive, the Committee will report, alongside the UKHO Chair, directly to his 1<sup>st</sup> Reporting Officer
  - b. The others, the Committee will report, alongside the UKHO Chair, to the Chief Executive
29. The nomination issues associated with:
  - a. Non-Executive Directors, the Committee will report to the Chair
  - b. The Chair, the Committee will report to the Head of Enabling Organisations BSG

## Authorities

30. The Committee is authorised:

- a. To seek any relevant information, it requires from any employee of UKHO or its subsidiaries in order to perform its duties
- b. To obtain, at the UKHO's expense, outside legal or other professional advice on any matter within its terms of reference
- c. To call any employee to provide information or evidence at a meeting of the Committee as and when required

## Approval

REMNCO Terms of Reference will be reviewed and updated annually.

## Schedule and Agenda for REMNCO meetings

Agenda Item	Q1 June	Q2 Sept	Q3 Dec	Q4 Mar
Objective setting of ELT	✓			
Performance reviews and performance related pay awards of ELT		✓		
Mid-year performance review of ELT			✓	
Succession planning of NEDs and ELT including review of the balance of skills, knowledge and experience				✓
Review of Diversity and Inclusion of Board and ELT	✓			
UKHO pay and reward strategy review		✓		✓
Standing item: Update on current Board or ELT recruitment activity	✓	✓	✓	✓
REMNCO Tors: Review and update where applicable			✓	




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