

NPL FRAMEWORK DOCUMENT

1.1 This Framework Document has been drawn up by the Department for Business, Innovation and Skills (BIS) in consultation with the National Physical Laboratory (NPL). This document sets out the broad framework within which the NPL will operate. 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 NPL website.

1.2 The legal entity which delivers the functions of NPL is NPL Management Limited (Company Registration No. 02937881) which is 100% owned by the Secretary of State for Business, Innovation and Skills ("the Shareholder").

1.3 This Framework Document:

- sets out NPL's core responsibilities as the UK's National Measurement Institute;
- describes the governance and accountability framework that applies between the Shareholder and NPL;
- sets out how the day to day relationship works in practice, including management and financial matters; and
- develops the framework established in the Articles of Association of NPL Management Limited and establishes the shareholder reserved matters and delegated authorities.

2 ROLE OF NPL

2.1 NPL is the UK's National Measurement Institute (NMI). NPL is a world-leading centre of research excellence, developing and applying the most accurate measurement standards, science and technology available. Its mission is to provide the measurement capability that underpins the UK's prosperity and quality of life. Although NPL's primary focus is measurement, it also undertakes work more generally to deliver social and economic impact through innovative applied research and knowledge services. To fulfil this role, NPL:

- undertakes research;
- develops and maintains the nation's measurement infrastructure;
- supports a system of traceable measurement throughout the UK and the world;
- ensures accurate and consistent measurements that enable effective trade; and
- shares its expertise with government, business and society to enhance economic performance and quality of life.

2.2 NPL delivers this mission through revenue earned from both core NMS contracts and from competitively-won business, services and knowledge transfer.

2.3 NPL is responsible for leading the development of the UK Measurement Strategy in consultation with the UK Designated Institutes. NPL works closely with BIS and other

government departments to ensure that the Strategy aligns with and strongly supports government policy objectives.

2.4 NPL and BIS have entered into a strategic partnership with the Universities of Strathclyde and Surrey to help deliver BIS's ambitions for NPL. This is targeted at enhancing NPL's science and impact, notably through a much stronger regional activity, joint research and an innovative post-graduate institute.

3 GOVERNANCE FRAMEWORK

Ministerial Responsibility

3.1.1 The Secretary of State for Business, Innovation and Skills is the Minister with formal responsibility for NPL ("the Secretary of State"). Day-to-day ministerial oversight and the formal ownership role are delegated to Minister of State for Universities and Science ("the Minister").

3.1.2 The Secretary of State and the Minister are answerable to Parliament for all matters relating to NPL and hold Ministerial policy responsibility for NPL.

BIS accounting officer's specific accountabilities and responsibilities as Principal Accounting Officer ("PAO")

3.2.1 The PAO is responsible for advising the Secretary of State and the Minister:

- on an appropriate framework of objectives and targets for NPL in the light of BIS's wider strategic aims and priorities; and
- on how well NPL is achieving its strategic objectives and whether it is delivering value for money.

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

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

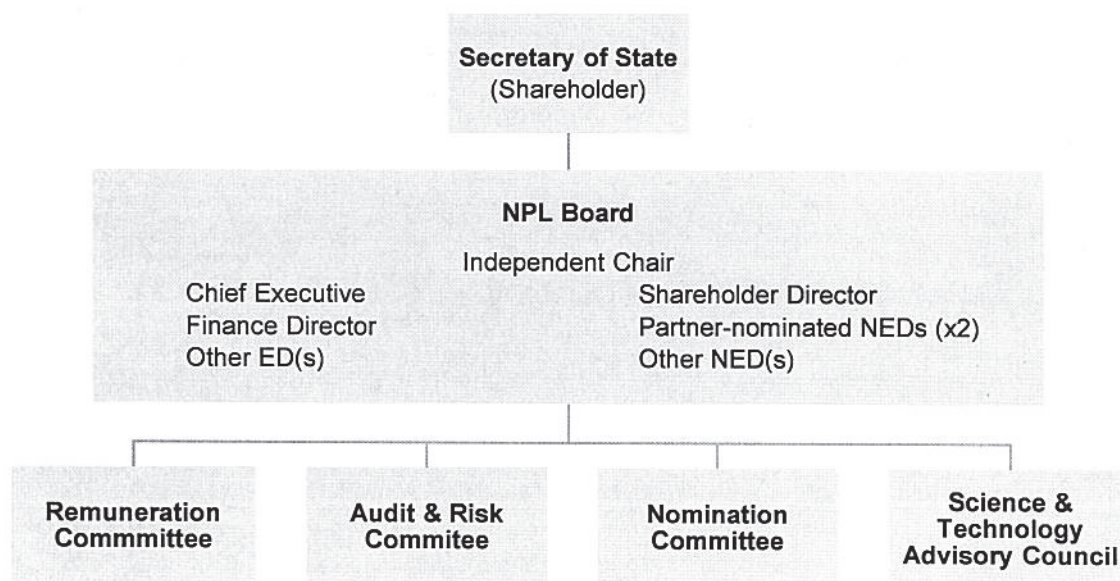
3.2.3 BIS policy is for all of its Partner Organisations to reflect Accounting Officer requirements. Thus, the PAO has appointed the Chief Executive as NPL's Accounting Officer,

and has set out the responsibilities of the role in the letter of appointment. The Accounting Officer of NPL shall have specific responsibilities to account to Parliament as covered by the letter of appointment and as described in *Managing Public Money*¹. The Accounting Officer responsibilities are outlined in *Managing Public Money*, Chapter 3, Box 3.1.

BIS Innovation Sponsorship Team

3.3.1 The BIS Innovation Sponsorship Team (the “Sponsorship Team”) is the primary contact for NPL in BIS. They are the main source of advice to the Secretary of State and the Minister on the discharge of his or her responsibilities in respect of NPL. They also support the PAO on his or her responsibilities towards NPL. The Sponsorship Team works in partnership with NPL officials in supporting the effective operation of NPL.

3.3.2 The Sponsorship Team acts as NPL’s champion within BIS, helping NPL to navigate and actively network with people in BIS who do business with them beyond the Sponsorship Team. The Sponsorship Team balances acting as NPL’s advocate across BIS, Whitehall and other stakeholders with providing BIS with assurance that NPL is delivering the outcomes expected. The Sponsorship Team is part of BIS’ early warning arrangements, and fulfil their role in a way that manages risk appropriately. The Sponsorship Team acts as NPL’s “critical friend”, using evidence to provide effective challenge and support.



¹ <https://www.gov.uk/government/publications/managing-public-money>

Shareholder

3.4.1 The Shareholder:

- sets and reviews the top level strategic objectives;
- appoints the independent Chair to the NPL Board in compliance with the guidance set by the Office of the Commissioner for Public Appointments;
- appoints the Shareholder Director;
- approves of major business decisions including the long term business strategy, (5 year) Corporate Plan and any modifications to it, and Business Performance Measures; and
- receives an Annual Report from the Chief Executive on the business of NPL and lays copies of every such report before Parliament.

3.4.2 Board appointments, including the Chief Executive, will usually be made by Board but the Shareholder reserves the right, in line with the Articles of Association, to appoint or remove members of the Board. The Shareholder may remove the Chief Executive from office if the Chief Executive is unable or unfit to discharge his or her functions.

Chair

3.5.1 The Chair is appointed for a period of three years by the Shareholder. The appointment will comply with the Commissioner for Public Appointments *Code of Practice for Ministerial Appointments to Public Bodies*².

3.5.2 The Chair is responsible to the Shareholder for leading the Board and ensuring it is effective in discharging its role. This includes ensuring the Board acts in line with the best practice set out in *Corporate governance in central government departments: code of good practice 2011*³ as well as working with the Board to ensure appropriate oversight and governance of the strategy, plans and performance of NPL.

Shareholder Director

3.6.1 The Shareholder Director shall:

- represent the Shareholder as a non-executive director on the Board;
- liaise with the Shareholder and provide advice in relation to the Company's performance and any Shareholder reserved matters; and
- provide advice to the Board to ensure that they have all the necessary information concerning HM Government objectives insofar as they may impact or relate to NPL.

² <https://www.gov.uk/government/publications/code-of-practice-for-ministerial-appointments-to-public-bodies>

³ <https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments>

3.6.2 The Shareholder Director will be a BIS Senior Civil Servant and will be represented by an alternate in the event that the Shareholder Director is unable to fulfil his or her role.

3.6.3 Where the Shareholder Director receives information:

- in his or her capacity as the Shareholder Director, he or she shall be authorised to share this information with the Shareholder; or
- other than in his or her capacity as the Shareholder Director and where that information is subject to a duty of confidentiality, he or she shall not be obliged to disclose the information to the Company.

NPL Board

3.7.1 The Board ensures that NPL is working within a framework of effective governance arrangements. These governance arrangements will enable risk to be appropriately assessed and managed. The Board will also support, constructively challenge and provide strategic leadership to the NPL executive team. The Board is led by an independent, non-executive Chair.

3.7.2 The Board's responsibilities include addressing:

- NPL's long term aim and objectives;
- NPL's (5 year) Corporate Plan;
- NPL's Annual Budget and Business Performance Measures;
- Performance against the Corporate Plan, Annual Budget and Business Performance Measures;
- Significant risks borne by NPL in pursuit of its strategic objectives;
- Extension of NPL's activities into new business areas;
- Cessation of NPL's activities in any major existing business areas; and
- Significant changes in accounting policies and practices.

3.7.3 Decisions of the management of the Company will be taken by the Board in accordance with their statutory, common law and fiduciary duties.

Composition of the Board

3.8.1 The size and broad composition of the Board will be agreed with the Shareholder by the Chair.

3.8.2 The Chair will ensure that there is an appropriate balance of the necessary skills and experience, and between executives and non-executives. In line with best practice it is expected that there will be a majority of non-executive members. As a minimum it will comprise:

- Independent non-executive Chair;
- Chief Executive;
- Finance Director;
- Other executive director(s) as required and agreed by the Chair;
- Shareholder Director (non-executive); and
- Other non-executive directors – chosen to ensure that the Board has an appropriate mix of skills and experience and including senior (typically at Vice-Chancellor or Principal level) representatives from the University of Strathclyde and the University of Surrey. The role of the non-executive directors is to provide expert advice, guidance and challenge to the Executive team.

Accountabilities within the Board

3.9.1 Individual Board members are expected to act in line with the highest standards of corporate governance and shall:

- comply with the *Code of Conduct for Board Members of Public Bodies*⁴ 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; and
- comply with the Board's rules on the acceptance of gifts and hospitality, and of business appointments.

3.9.2 The objectives of the Chair will be agreed with the BIS Innovation Director who will also assess performance annually against these objectives.

3.9.3 The performance of the other Board members, apart from the Shareholder Director, will be assessed annually by the Chair.

Committees of the Board

3.10.1 The Board will constitute Audit & Risk, Remuneration and Nomination committees and the Science and Technology Advisory Council ("STAC").

3.10.2 The membership and terms of reference of each committee shall be determined by the Board and reviewed by the Board, on at least an annual basis, except that the Shareholder Director may always be a member of the Audit & Risk, Remuneration and Nomination committees. NPL will consult the Sponsorship Team on the draft terms of reference of the Board and its committees.

⁴ <https://www.gov.uk/government/publications/board-members-of-public-bodies-code-of-conduct>

3.10.3 The Audit & Risk Committee will be responsible for the oversight of audit and risk management in accordance with its terms of reference and section 4.7 below. It will be chaired by an independent non-executive director. The Board is expected to assure itself of the effectiveness of the internal control and risk management systems.

3.10.4 The Remuneration Committee approves the remuneration and incentives for employees and, in particular, for the executive directors in accordance with its terms of reference, which will include the remuneration criteria such that remuneration levels:

- are aligned with the objectives of NPL;
- are sufficient to attract and motivate high calibre individuals to drive the delivery of the activities and objectives of NPL;
- are structured to link remuneration of the executive directors to performance in line with the Corporate Plan;
- deliver value for money; and
- take account of remuneration levels within comparable public sector institutions and are set with wider public sector pay policy in mind.

3.10.5 The Nominations Committee is responsible for leading the appointment process for each of the Board members and for making recommendations to the Board, including in relation to the terms of service or appointment of Board members, except in relation to the Chair or the Shareholder Director. In respect of the Chair, the Shareholder will engage with and involve the Nominations Committee in the appointment, where appropriate.

Chief Executive

3.11.1 The role of the Chief Executive is to lead and manage NPL in order to ensure delivery of the objectives and targets and, in particular, the successful implementation of the approved Corporate Plan and compliance with this Framework Document.

3.11.2 The Chief Executive is appointed by the Board, consulting the Shareholder and the PAO, where appropriate.

4 POLICY & FINANCIAL FRAMEWORK

4.1.1 NPL will:

- operate within the approved Corporate Plan; and
- take account of the principles set out in *Managing Public Money*, including those regarding novel, contentious or repercussive proposals.

4.1.2 A list of other guidance and instructions with which NPL should consider or comply with where appropriate is given in Appendix 1.

Corporate Plan and Annual Budget

4.2.1 Each year NPL will prepare a Corporate Plan covering strategic issues over a period of five years. The Corporate Plan will include:

- NPL's aims and strategic objectives;
- The strategy for meeting its objectives;
- Performance indicators (financial and non-financial);
- Commercial strategy and objectives;
- A demonstration of how NPL contributes to BIS's priorities;
- A review of performance and outturns, or forecasts where necessary, for the two years preceding the first year of the Plan;
- Analysis of commercial and regulatory environment including the Board's view of market evolution and competitors and proposed responses;
- Investment projects and/or programmes, new activities or other decisions that will deliver the strategy and targets;
- Forecasts of anticipated resource needs, including staff requirements
- Strategic approach to remuneration (including senior pay framework);
- Proposed capital expenditure requirements; and
- Other matters as agreed between BIS and NPL.

4.2.2 The first year of the Corporate Plan, amplified as necessary, will form the Annual Budget.

4.2.3 The Corporate Plan will be approved by the Board and then by the Shareholder before the start of the first year of the Plan.

4.2.4 The Plan must include such information as BIS is likely to require for it to consider the Plan fully. BIS may require further information and discussions with the Board prior to approval.

4.2.5 Subject to any commercial considerations, a digest of the Corporate Plan should be published by NPL on its website and separately be made available to staff.

4.2.6 In some of its markets now and potentially increasingly in the future, NPL operates in a competitive environment. For reasons of commercial confidentiality for NPL and its partners, the full version of the Corporate Plan will not be published.

4.2.7 Once the Annual Budget has been approved by BIS, NPL shall have authority to incur expenditure without further reference to BIS, on the following conditions:

- Inclusion of any planned and approved expenditure shall not remove the need to seek formal BIS approval where any proposed expenditure is outside the Annual Budget limits or is for significant new activities not previously agreed; and
- NPL shall provide BIS with such information about its operations, performance individual projects or other expenditure as BIS may reasonably require.

NPL/BIS working level liaison arrangements

4.3 Officials from the Sponsorship Team will liaise regularly with NPL officials to review financial performance against plans, achievement against targets and expenditure. The Sponsorship Team will also take the opportunity to explain wider policy developments that might have an impact on NPL.

Delegated Authority

4.4 Appendix 2 lists the various levels of delegated authority to NPL. This table can be updated separately.

Management Information

4.4 NPL shall provide the Sponsorship Team with the following documents in a timely manner:

- Annual audited financial statements and interim financial statements;
- Quarterly progress reports on company performance;
- Monthly management accounts;
- Annual Budget for approval; and
- Any other information requested by the Sponsorship Team.

Capital Investment

4.5 NPL's five-year capital investment programme will be approved by the NPL Board. The five-year profile will be set out in the Corporate Plan. Approval of the investment programme by the Board and Shareholder will inform the assumptions on which the NPL may plan.

Loan facilities

4.6 BIS will provide NPL with loan facilities for the purchase of capital equipment. The limits for this and other conditions will be issued on an annual basis. BIS will endeavour to provide loan facilities reflecting the capital expenditure requirements set out in the Corporate Plan. NPL will provide the Sponsorship Team with a capital plan updated annually.

Audit and Risk Management

4.7.1 The Board and the Chief Executive are responsible for making suitable arrangements for the provision of an effective internal audit service, to be provided in a manner that demonstrates value for money. Internal audits will be conducted in accordance with Government Internal Audit Standards. NPL may, but is not required to, use the Government Internal Audit Agency.

4.7.2 The external auditor will be appointed or reappointed by the Board, subject to the agreement of the Shareholder.

4.7.3 NPL will operate risk management processes at all levels, from strategic risks through to project delivery. The Board and the Audit Committee will review the risk management strategy and, in particular, assess the adequacy of the internal controls operating within all key processes in relation to risk identification, assessment, response and monitoring.

4.7.4 NPL 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, in line with the Treasury guidance *Management of Risk: Principles and Concepts*⁵. It should adopt and implement policies and practices to safeguard itself against fraud and theft, in line with the Treasury's guidance on tackling fraud⁶. It should also take all reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter into a contract.

Performance Management

4.8 Performance measures will be designed to deliver the Corporate Plan. The relevance of these measures will be reviewed regularly and new measures introduced as appropriate to reflect the changing business and government environment. These measures will be cascaded through NPL as appropriate and shared with the Sponsorship Team in advance of being finalised and agreed by the Shareholder.

Annual Report and Accounts

4.9.1 NPL will prepare an Annual Report together with a statement of accounts, in accordance with the Companies Act 2006 and such relevant guidance as Treasury and Cabinet Office may issue. The Annual Report must:

- Cover any corporate, subsidiary or joint ventures under NPL's control;
- Take account of the Treasury's *Financial Reporting Manual (FReM)*⁷; and

⁵ <https://www.gov.uk/government/publications/orange-book>

⁶ http://webarchive.nationalarchives.gov.uk/20130129110402/http://www.hm-treasury.gov.uk/d/managing_the_risk_fraud_guide_for_managers.pdf

⁷ <https://www.gov.uk/government/publications/government-financial-reporting-manual>

- Outline main activities and performance during the previous financial year and set out in summary form forward plans.

4.9.2 The Annual Report will not present information that if disclosed might be commercially prejudicial to NPL.

4.9.3 The audited accounts will be lodged at Companies House, laid before both Houses of Parliament, and will be published on NPL's website.

4.9.4 NPL will provide BIS with its draft accounts by 31 March each year and finalised (audited) accounts by 1 June each year.

Dividend Policy

4.10 No dividend can be declared or paid without the approval of Shareholder.

5 FREEDOM OF INFORMATION ACT ("FOIA")

5.1 The Chief Executive is authorised to act as the "qualified person" under s.36(5)(o) (iii) of FOIA.

5.2 Whilst the "qualified person" shall exercise his or her discretion as to whether disclosure of relevant information would or would not be likely to give rise to the prejudices and/or inhibitions cited in s.36(2), the Company shall, upon receipt of a relevant FOIA request, consult with the Shareholder as to the factors to consider when exercising this discretion.

6 HUMAN RESOURCES

6.1.1 NPL will have responsibility for the recruitment, retention and motivation of its staff. In doing so, it will be mindful of Government guidelines on pay and recruitment.

6.1.2 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 NPL's 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 NPL'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.

Pay

6.2.1 Pay levels will be set and agreed by the Remuneration Committee and, for senior pay, in compliance with HM Treasury rules where appropriate. The Remuneration Committee will also be mindful of HM Treasury guidance on public sector pay and of advice from the BIS Senior Remuneration Oversight Committee (SROC).

6.2.2 The Shareholder must approve all remuneration proposals for:

- the Chair; and
- appointments where the proposed remuneration package exceeds the thresholds set by HM Treasury in their guidance on senior pay.

Conditions of service

6.3.1 NPL will have regard to chapter 5 of the Cabinet Office's *Public Bodies: A Guide for Departments*⁸ that provides guidance on staff issues in public bodies.

6.3.2 Staff terms and conditions will be set out in their contract of employment. Policies and procedures governing employment will be made available on NPL's HR Intranet page and will be provided to the Sponsorship Team, together with subsequent amendments.

6.3.3 The travel expenses of non-executive board members shall be tied to the rates allowed to senior staff of NPL. Reasonable actual costs shall be reimbursed.

6.3.4 NPL shall comply with the EU Directive on contract workers – the Fixed-Term Employees (Prevention of Less Favourable Treatment) Regulations.

⁸ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/80082/PublicBodiesGuide2006_5_public_body_staffv2_0.pdf

Pensions, redundancy and compensation

6.4.1 NPL staff shall be eligible for a pension provided by the NPL Management Limited Pension Scheme (closed to new members) or from a defined-contribution scheme. Staff may opt out of the occupational pension scheme provided by NPL, but the employers' contribution to any personal pension arrangement, including stakeholder pension shall normally be limited to the national insurance rebate level.

6.4.2 Any proposal by NPL to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the prior approval of Shareholder. Proposals on severance must comply with the rules in chapter 4 of *Managing Public Money*.

6.4.3 NPL may not reemploy any staff which it has made redundant in the last 24 months without approval from the Sponsorship Team.

7 OTHER ISSUES

International representation

7.1 As stated in the Mutual Recognition Agreement (MRA) of the *Comité International des Poids et Mesures (CIPM)*, NPL is recognised as the UK's NMI. NPL is the UK member of the European Association of National Metrology Institutes (EURAMET).

Relationship with UK Designated Institutes

7.2 NPL, as the UK's National Measurement Institute, also interacts with the following organisations classified as Designated Institutes by the CIPM:

- For chemical and bio-metrology excluding gas analysis: LGC, formerly laboratory of the Government Chemist (LGC), Teddington;
- For gear standards: National Gear Metrology Laboratory (NGML), Newcastle upon Tyne;
- For fluid flow: static volume: National Measurement and Regulation Office (NMRO), Teddington;
- For fluid flow: gas and liquids: TUVNEL, formerly National Engineering Laboratory (TUVNEL), Glasgow; and
- For bio-activity metrology related to international activity units: National Institute for Biological Standards and Control (NIBSC).

8 REVIEW OF THE FRAMEWORK DOCUMENT

Review arrangements

8.1 This Framework Document will be reviewed at intervals of not more than three years, or when it is necessary to do so, and particularly if changes are sought by the Board in the light of experience of NPL's operation or changes in circumstances.

Publication

8.2.1 Copies of this Framework Document and any subsequent revisions will be published and placed in the libraries of the Houses of Parliament.

8.2.2 An electronic version is available on NPL's website⁹.

Signed by 

On behalf of the Secretary of State for Business, Innovation and Skills

Signed by 

On behalf of NPL Management Limited

⁹ <http://www.npl.co.uk/>

APPENDIX 1

COMPLIANCE WITH PUBLIC SECTOR GUIDANCE

NPL must be mindful of and where appropriate comply with the following general guidance documents. Deviations from these guidance documents in so far as they relate to a Public Corporation should be discussed with the Sponsorship Team in advance.

- Code of Conduct for Board Members of Public Bodies
<https://www.gov.uk/government/publications/board-members-of-public-bodies-code-of-conduct>
- UK Corporate Governance Code
<https://www.frc.org.uk/our-work/publications/corporate-governance/uk-corporate-governance-code-2014.pdf>
- Code of Practice for Ministerial Appointments to Public Bodies
<http://publicappointmentscommissioner.independent.gov.uk/wp-content/uploads/2012/02/Code-of-Practice-2012.pdf>
- Appropriate adaptations of sections of *Corporate Governance in Central Government Departments: Code of Good Practice*
<https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments>
- Managing Public Money (MPM)
<https://www.gov.uk/government/publications/managing-public-money>
- Relevant Dear Accounting Officer letters
- Government Financial Reporting Manual (FReM)
<https://www.gov.uk/government/publications/government-financial-reporting-manual>
- Public procurement law
- Public Sector Internal Audit Standards
<https://www.gov.uk/government/publications/public-sector-internal-audit-standards>
- Regularity, Propriety and Value for Money
http://webarchive.nationalarchives.gov.uk/20130129110402/http://www.hm-treasury.gov.uk/psr_governance_valueformoney.htm
- The Parliamentary and Health Service Ombudsman's Principles of Good Administration
<http://www.ombudsman.org.uk/improving-public-service/ombudsmansprinciples>

- Management of Risk: Principles and Concepts
<https://www.gov.uk/government/publications/orange-book>
- HM Treasury Guidance on Tackling Fraud
http://webarchive.nationalarchives.gov.uk/20130129110402/http://www.hm-treasury.gov.uk/d/managing_the_risk_fraud_guide_for_managers.pdf.pdf
- Model Code for Staff of Executive Non-departmental Public Bodies (Cabinet Office)
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/80082/PublicBodiesGuide2006_5_public_body_staffv2_0.pdf
- Relevant Freedom of Information Act guidance and instructions (Ministry of Justice)
- Relevant Public Records Act and instructions (The National Archives)
- Other relevant guidance and instructions issued by the Treasury in respect of Whole of Government Accounts
- Other relevant instructions and guidance issued by the central Departments including replying when necessary to Parliamentary Questions
- Specific instructions and guidance issued by BIS
- Recommendations made by the Public Accounts Committee, or by other Parliamentary authority, that have been accepted by the Government and relevant to NPL.

APPENDIX 2

NPLML BOARD DELEGATED AUTHORITIES

This table shows the delegated authorities for the Board and the Chief Executive. Anything outside these levels will require BIS approval.

Offers, Bids and Sales Contracts	Chief Executive approval (£'000)	Board approval (£'000)
Contracts or variations of existing contracts whether on a reimbursable, fixed price or cost incentive basis, of any duration.		In the ordinary course of business as described in the Corporate Plan
1. Where the products and services included in the Corporate Plan;	3,000	
2. Where the products and services are not included in the Corporate Plan, but would be reasonably described as being in the ordinary course of business; or	500 pa	2,000 pa
3. Contracts not in the ordinary course of business.	Nil	Nil
Sale of tangible fixed assets	100	200
Sale of tangible fixed assets not in the ordinary course of business	Nil	Nil

Expenditure	Chief Executive approval (£'000)	Board approval (£'000)
Any items of a novel or contentious nature (i.e. outside normal business expectations)	Nil	Nil
Capital expenditure		
Capital expenditure not included in the Corporate Plan	500	1000

Expenditure	Chief Executive approval (£'000)	Board approval (£'000)
Operating expenditure		
Supplier contract costs, facilities costs, overhead costs, capital expenditure, purchase orders for expenditure and payments in advance to suppliers arising from activities described in the Corporate Plan	3,000	Full Authority
Employee related items		
Offers of employment (based on annual gross salary)	100	100
Temporary or consulting staff contracts (annual cost), subject to a de minimis £15k actual cost	100	100
Settlement of employee termination	Nil	Nil
New and changes to senior pay and benefits packages that exceed £100k pa	100	100
Entertaining / Gifts / Donations		
Customer / External Entertaining (per event)	15	25
Staff Entertaining	5	10
Gifts	0.5	2
Donations (outside of the Shareholder approved budget and plan)	Nil	Nil
Political donations	Nil	Nil
Financial / Property / Tax		
Short term overdraft	Nil	Nil
The issue of company credit cards and procurement cards	Full Authority	N/A
Other than as permitted in respect of "Issue of bonds or guarantees in support of customer contracts" below, create or permit to subsist any Security Interest over any NPLML assets or give any guarantee or indemnity to or for the benefit of any person or otherwise assume liability or become obliged (actually or contingently) in respect of any obligation of any other person	Nil	Nil
Issue of bonds or guarantees in support of customer contracts	100	2,000
Enter into any acquisition or disposal of an incorporated or unincorporated business	Nil	Nil
Property leasing, excluding BIS lease (total rental payable under the lease)	500	2,000

Expenditure	Chief Executive approval (£'000)	Board approval (£'000)
Sundry items		
Other items of a novel or contentious nature (i.e. outside normal business expectations)	Nil	Nil
Settlement of legal claims / customer claims	250	500
Write offs (other than those arising from application of normal accounting policies)	Nil	Nil
Sale of surplus materials	250	Full Authority