

Ordnance Survey Shareholder Framework Document

1. Introduction and Background

1.1 Purpose of this Document

This Shareholder Framework Document (the “**Document**”) sets out the principles underpinning the relationship between the Department for Business, Energy and Industrial Strategy (BEIS, the “**Shareholder**”), UK Government Investments (**UKGI**, the “**Shareholder Representative**”) and Ordnance Survey Limited (“**Ordnance Survey**” or the “**Company**”).

This Document:

- sets out the Company’s core responsibilities;
- describes the governance and accountability framework that applies between the Shareholder, the Shareholder Representative and the Company;
- sets out how the day to day relationship works in practice, including in relation to governance and financial matters, developing the framework established in the Articles of Association of the Company (the “**Articles**”) and sets out the Shareholder reserved matters and delegated authorities.

1.2 Amendments to and interpretation of this Document

This Document is signed and dated by the Shareholder and the Company and replaces the previous Shareholder Framework Document dated 31 March 2015, with effect from the date of its signature. Note that Section 7 on remuneration and staff replaced the previous pay framework with effect from 4 October 2019.

Any amendment, update or replacement of any provision of this Document shall be agreed by the parties, from time to time, in writing and must be consistent with the Articles (as may be amended, updated or replaced from this date). It is expected that this Document will be reviewed at least on a three-year basis.

References to (including extracts and summaries of) a statute or statutory provision include and shall be read as a reference to that statute or provision as from time to time modified, re-enacted or consolidated whether before or after the date of this Document, and any subordinate legislation made from time to time under that statute or statutory provision which is in force at the date of this Document.

References to Ordnance Survey or the Company in this document shall also be taken to include any subsidiaries, joint ventures or associate undertakings of Ordnance Survey over which it exercises effective control.

1.3 Ordnance Survey’s ownership, legal status and framework

The Company’s operations were originally established in law under the Ordnance Survey Act of 1841, (as amended) which inter alia:

- requires Ordnance Survey to identify and record the alignment of administrative and electoral boundaries within Great Britain;
 - provides essential rights of access onto land by Ordnance Survey staff for the purposes of conducting the surveys and recording the landscape; and
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- provides protection for essential survey marks and monuments necessary for the future conduct of the survey.

From 1 April 1999 Ordnance Survey operated as a Trading Fund. With effect from 1 April 2015 the entire functions, operations, business and assets of the Ordnance Survey Trading Fund were transferred to Ordnance Survey Limited.

Ordnance Survey Limited is a private company limited by shares incorporated in England and Wales (registered no: 09121572) whose registered office address is at Explorer House, Southampton. The Company is wholly owned by the Secretary of State for Business, Energy and Industrial Strategy and has the strategic objectives set out in Section 2 below. Ordnance Survey is governed by the requirements of and the obligations created by the Companies Act 2006 and successor legislation.

To enable the Company to deliver its role and objectives described in Section 1 below, the Company has entered into a Crown Rights Agreement with the Keeper of Public Records (the “**Keeper**”) to use, re-use and license Crown copyright and Crown database rights held and to assign copyright and database rights to the Crown.

1.4 Government classification of Ordnance Survey

The Company is classified as a Public Non-Financial Corporation by the Office for National Statistics. Public Non-Financial Corporations are government-owned trading businesses, producing goods and services for the market. Neither the Shareholder nor the Shareholder Representative have any involvement in the day-to-day operations of the Company, save to the extent that the Shareholder shall appoint the Shareholder Director, from the Shareholder Representative, to sit as a Non-Executive Director on the Company’s Board. While the Board retains operational control, it is accountable to the Shareholder for the performance of the Company and is required to seek consent for certain matters as set out in this Document.

2. Strategic Objectives of Ordnance Survey

The Company’s **Strategic Objectives** are:

- to provide world-leading geospatial services and data in the UK and internationally. This involves:
 - delivering the Public Task and such other public sector obligations as required under the Public Sector Geospatial Agreement (PSGA) currently in force between OS and the Geospatial Commission. In doing so, the Company will fund continuous improvement in database content, data structure, data delivery, currency, fitness for purpose and accuracy;
 - delivering the multi-year Strategic Plan approved by the Shareholder, as amended from time to time (the “Strategic Plan”);
- to operate as a sustainably profitable commercial organisation, on a self-financing basis, with the aim of decreasing the net cost to the public sector of the Company over time;
- to support the Geospatial Commission in its role to provide strategic oversight of the geospatial ecosystem in the UK, acting as one of the six core ‘Partner Bodies’ as set out in the Commission’s framework¹; and

¹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/734331/Geospatial_Commission_call_for_evidence_2018.pdf

- to carry out the activities as anticipated by Ordnance Survey's powers and duties as set out in statute including, but not limited to:
 - meeting its statutory responsibility under the Ordnance Survey Act 1841 to identify and depict the official electoral and administrative boundaries of Great Britain (i.e. fulfil the statutory operations under the act set out in section 1.3 above);
 - for the Director General of Ordnance Survey to act as an assessor to the Boundary Commissions for England, Scotland and Wales under the Parliamentary Constituencies Act 1986²;
 - meeting its obligations as set out in its agreement with the Keeper (as further set out in section 1.3 above).

3. Governance and Accountability

3.1 The role of the Shareholder

3.1.1 Ministerial Responsibility

The Secretary of State of BEIS has ministerial responsibility for Ordnance Survey, although they may delegate this responsibility to a chosen Minister. Relationships between the Shareholder, the Shareholder Representative and the Company will be founded on professionalism, efficiency, and mutual trust.

3.1.2 Shareholder Appointments

The Shareholder is responsible for making the following appointments to the Company's Board:

- The Shareholder will appoint the Chair, which appointment shall be a ministerial appointment regulated by the Office of the Commissioner for Public Appointments (OCPA) as set out in the Public Appointments Order in Council³;
- The Shareholder will appoint a senior employee of the Shareholder Representative as a Non-Executive Director on the Company's Board (the "**Shareholder Director**"). The Shareholder Director will make provision for the appointment of an Alternate Shareholder Director as required; and
- The Shareholder will approve the appointment of the Chief Executive Officer (CEO) who shall be a permanent employee of the Company appointed through a process that adheres to best practice guidance for appointments in being open, fair and transparent, will be led by the Shareholder Representative and will require ministerial approval.

² This role involves providing independent and impartial advice and comment to the Boundary Commissions on the cartographic representation of Westminster parliamentary electoral boundaries. The Chief Executive Officer of the Company will be given the additional title of Director General for this purpose, and may delegate delivery of this function within the Company. The Director General will be required to keep the Boundary Commission's deliberations confidential until their recommendations have been made public.

³ <https://publicappointmentscommissioner.independent.gov.uk/>

In each case, the Board will give legal effect to the appointment.

3.1.3 Other Shareholder reserved matters:

The Shareholder is answerable to Parliament for all matters concerning Ordnance Survey. In addition, the Shareholder will review, and if in agreement, give prior written approval to the following “Shareholder Reserved Matters”:

- the Strategic Plan (following development and updating by the Board, the Shareholder will review and approve this annually);
- any changes to the approved capital structure and to the financial framework (as set out in Section 4 below), including to the remuneration policy as set out in Section 7 below;
- the appointment of any external auditor; and
- acquisitions, disposals and joint ventures of a value greater than 15% of the Company's net assets at the relevant time.

At the request of the Shareholder, the Directors shall:

- meet the Shareholder or their representatives to discuss the affairs of the Company; and
- provide such information in relation to the affairs of the Company as the Shareholder may reasonably require.

The Shareholder is committed to giving the Board the freedom to operate the Company in accordance with this Document. Decisions on the day-to-day management of the Company will be taken by the Board in accordance with their statutory, common law and fiduciary duties.

3.2 The role of the Shareholder Representative (UKGI)

The Shareholder Representative is responsible for discharging the responsibilities of the Shareholder and will seek regular input from the Shareholder.

The Shareholder Representative shall:

- establish and maintain appropriate and effective corporate governance foundations which govern the Shareholder, Shareholder Representative and the Company's relationship;
 - promote effective objectives, business planning and performance against the Strategic Plan;
 - promote the organisational capability of the Company to deliver against its Strategic Plan;
 - promote effective leadership (high quality boards and senior management);
 - promote effective relationships between the Shareholder, Shareholder Representative and the Company;
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- support and supplement the activities outlined above by providing an experienced Non-Executive Director on the Board of the Company; and
- approve the appointments of the Non-Executive Directors of the Board, who shall be appointed from time to time through an open, fair and transparent process agreed by the Nominations Committee and the Shareholder Representative.

UKGI's shareholder responsibilities are set out in Appendix 1 to this Shareholder Framework Document.

The Shareholder Director will be a UKGI Senior employee and will be represented by the Alternate Shareholder Director in the event that the Shareholder Director is unable to fulfil their role.

3.2.1 Information provided to the Shareholder Representative:

The Company will facilitate the Shareholder Representative in fulfilling its function by providing relevant information on request including on, but not limited to, strategic plans, financial forecasts and budgets, financial performance, achievements against targets, capital expenditure and investment decisions, governance matters including Board appointments and remuneration; and reports on key corporate risks.

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. Where the Shareholder Director receives such information in such capacity, in circumstances where he or she considers that the knowledge or receipt of such information could affect his or her ability to comply with his or her duties as a non-executive director of the Company, the Shareholder Director agrees to notify the Board as soon as practicable and to take appropriate steps, including but not limited to agreeing to recuse him or herself from relevant decision-making processes.

Regular meetings between the Shareholder Representative and senior Company representatives (including the Chair, CEO and Chief Financial Officer) will be held on a quarterly basis to discuss governance, financial performance and other relevant matters (Quarterly Shareholder Meetings).

3.2.2 The Shareholder's specific accountabilities and responsibilities as Principal Accounting Officer (PAO)

The PAO is responsible for advising the responsible minister:

- on an appropriate framework of objectives and targets for the Company in the light of the Shareholder's wider strategic aims and priorities; and

- how well the Company is achieving its Strategic Objectives and whether it is delivering value for money.

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

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

The Shareholder Representative will be the primary point of contact between the Shareholder and the Company. They are the main source of advice to the responsible minister and PAO on the discharge of their responsibilities in respect of the Company. Therefore, the Company should engage with the Shareholder Representative as the initial point of contact between the Company and the Shareholder.

3.3 The role of the Company's CEO as the Accountable Person

The PAO has designated Ordnance Survey's CEO as the Company's Accountable Person and, as such, expects the CEO to take personal responsibility for running the Company in accordance with the principles of regularity, propriety, value for money and feasibility set out in *Managing Public Money* ("MPM"), while recognising that as a Public Corporation operating in commercial markets the Company needs to take investment and other financial decisions in accordance with common business principles and practices. A full outline of the responsibilities of the Accountable Person can be found in their letter of appointment set out in Appendix 2.

3.3.1 Responsibilities for accounting to Parliament

The responsibilities of the Company's Accountable Person include:

- signing the accounts and ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by the Secretary of State;
- preparing and signing the Governance Statement covering corporate governance, risk management and oversight of any local responsibilities, for inclusion in the annual report and accounts;
- ensuring that effective procedures for handling complaints about the Company are established and made widely known within the Company;
- acting in accordance with the terms of this document, the principles of MPM and other instructions and guidance issued from time to time by the Shareholder, HM Treasury and the Cabinet Office to the extent that they apply to the Company; and

- giving evidence, normally with the PAO, when summoned before the Public Accounts Committee on Ordnance Survey's stewardship of public funds.

3.3.2 Responsibilities to the Shareholder and the Shareholder Representative

The Accountable Person's responsibilities to the Shareholder and Shareholder Representative include:

- establishing, in agreement with the Shareholder, Ordnance Survey's Strategic Plan;
- informing the Shareholder and Shareholder Representative of progress in achieving the Strategic Objectives as appropriate and in demonstrating how resources are being used to achieve those objectives; and
- ensuring that timely forecasts and monitoring information on performance and finance are provided to the Shareholder Representative; that any significant problems whether financial or otherwise, and whether detected by internal audit or by other means, are notified to the Shareholder Representative in a timely fashion.

3.3.3 Responsibilities to the Board

The Accountable Person is responsible for:

- advising the Board on the discharge of the Company's responsibilities as set out in this Document, in any relevant instructions and guidance that may be issued from time to time;
- advising the Board on the Company's performance compared with its aims and objectives as set out in the Strategic Plan;
- ensuring that financial considerations are taken fully into account by the Company's Board at all stages in reaching and executing its decisions, and that appropriate financial appraisal techniques are followed; and
- taking action as set out in paragraph 3.8.6 of Managing Public Money if the Company's Board, or its Chair, is contemplating a course of action involving a transaction which the CEO considers would infringe the requirements of propriety or regularity or does not represent prudent or economical administration, efficiency or effectiveness, is of questionable feasibility, or is unethical.

3.5 The role of the Board

The role of the Board shall be to run the Company in accordance with this Document, and to deliver the Strategic Objectives. Detailed responsibilities of the Board shall be set out in the Board terms of reference (as varied from time to time) and shall include the following:

- establishing and taking forward the aims and objectives of the Company as set out in the Strategic Objectives subject to Shareholder approval. These should be consistent with the Company's overall Strategic Plan and within the policy and resources framework determined by the Shareholder;
- developing, updating and approving the multi-year Strategic Plan and the annual operating plan and budget;
- providing entrepreneurial leadership of the Company within a framework of prudent and effective controls which enables risk to be assessed and managed;
- ensuring the financial and human resources are in place for the Company to meet its Strategic Objectives;
- ensuring that the Board receives and reviews regular financial information concerning the management of the Company; is informed in a timely manner about any concerns about the activities of the Company;
- reviewing management performance;
- ensuring that the Shareholder is kept informed of any changes which are likely to impact on the strategic direction of the Company or on the attainability of its Strategic Objectives, and determining the steps needed to deal with such changes;
- demonstrating high standards of corporate governance at all times, including by using the Company's audit and risk committee to help the Board to address key financial and other risks;
- 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 statutory authority and any delegated authority agreed with the Shareholder, and in accordance with any other conditions relating to the use of public funds. The Company's financial delegations from BEIS are set out in the delegations letter from the Principal Accounting Officer to the Accountable Person;
- if required, co-operating fully with the requests of all relevant Parliamentary committees for scrutiny, requests from the Parliamentary Commissioner for Administration and otherwise to assist the Shareholder and the Shareholder Representative in answering questions about the Company; and
- Determining all such other things which the Board considers ancillary or conducive to the attainment or fulfilment by the Company of the Strategic Objectives.

For the avoidance of doubt and subject to the directors' statutory, common law and fiduciary duties, the Board's obligations in this regard are to the Shareholder alone, and not, for instance, to individual departments across Government.

3.5.1 Corporate Governance

The Company shall operate corporate governance arrangements that, so far as practicable and in the light of the other provisions of this document or as otherwise may be agreed with the Shareholder, accord with corporate governance best practice.

In particular (but without limitation), the Company should seek to comply with:

- the principles and provisions of the Financial Reporting Council's UK Corporate Governance Code (the “**Code**”) (as amended and updated from time to time);
- the principles and provisions of the codes of good practice set out in Appendix 7 of this Document.

To the extent that the Company does not intend to observe the Code, the Shareholder Representative should be notified in advance.

3.6 The role of the Chair

The Chair is accountable to the Shareholder. Engagement between the Company's Board and the Shareholder should, in the first instance, be through the Chair engaging with the Shareholder Representative.

The Chair is responsible for leading the Board in the delivery of its responsibilities.

The Chair should lead the Board in providing support and challenge to the Company's CEO and the executive team as set out in the Chair's letter issued to them by the Shareholder Representative from time to time.

In addition, the Chair has the following leadership responsibilities:

- formulating the Board's strategy;
- ensuring that the Board, in reaching decisions, takes proper account of guidance provided by the Shareholder;
- 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.

The Chair has an obligation to ensure that:

- the Board has a balance of skills and diversity which is appropriate to directing the Company's business;
- the Chair, together with the other Board members, receives appropriate training on financial management and reporting requirements and on any differences that may exist between private and public sector practice;

- Board members are fully briefed on terms of appointment, duties, rights and responsibilities and the Chair assesses the performance of individual Board members regularly and when being considered for re-appointment;
- Ensuring there are regular internal and external reviews of Board performance and composition, with an externally facilitated Board evaluation at least every three years; and
- Ensuring the Shareholder is advised as appropriate, via the Shareholder Representative, of the Company's needs when Board vacancies arise. The Chair will discuss Board composition, external board review and succession plans with the Shareholder Representative from time to time, and agree any actions at least annually.

Notwithstanding the Code, the Shareholder shall retain responsibility for conducting overall evaluation and review of the Chair's performance. In conducting such evaluation and review the Shareholder shall take into account appraisal of the Chair's performance as co-ordinated by the Senior Independent Director in accordance with the Code.

3.7 The role of individual Board members

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 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;
- in accordance with the UK Corporate Governance Code 2018⁴ additional external appointments by all board directors should not be undertaken without prior approval of the Board. Furthermore, the Shareholder Representative should be informed in advance;
- comply with the Board's rules on the acceptance of gifts and hospitality; and
- act in good faith in the best interests of the Company and in accordance with their statutory, common law and fiduciary duties as directors of the Company, including under section 172 of the Companies Act 2006 which set out directors' duty to promote the success of the Company for the benefit of the members as a whole.

3.8 Board composition

⁴ The UK Corporate Governance Code 2018 can be found here: <https://www.frc.org.uk/getattachment/88bd8c45-50ea-4841-95b0-d2f4f48069a2/2018-UK-Corporate-Governance-Code-FINAL.pdf>

The Board comprises the Non-Executive Chair, the Non-Executive Directors (including the Shareholder Director), the CEO, the CFO, and such other Executive Directors whose appointment is recommended by the Nominations Committee and approved by the Board from time to time.

At least half of the Board, excluding the Chair, should be Non-Executive Directors whom the board considers to be independent.

All of the above will be company directors within the meaning of the Companies Act 2006.

The quorum for Board meetings shall be three Directors, one of whom shall be the Shareholder Director (or the Alternate Shareholder Director), and one of whom shall be an Executive Director (or an alternate director appointed by an Executive Director) as stated in the Article 4.4.2 of the Company's Articles.

3.9 Board committees

It is the responsibility of the Board to constitute its Committees (namely the Audit and Risk, Remuneration, Nomination and Pension Committees).

The membership and terms of reference of each committee shall be determined by the Board and reviewed and updated as necessary by the Board, on at least an annual basis. The Shareholder Director must always be a member of the Audit and Risk, Remuneration and Nomination Committees.

The Audit and Risk Committee is responsible for the independent appraisal of the Company's control environment, financial reporting, risk management and effectiveness of corporate governance, and for providing advice and challenge on risks that may adversely impact the Company, in accordance with its terms of reference published on the Company's website

<https://www.ordnancesurvey.co.uk/documents/resources/audit-risk-assurance-terms-of-reference.pdf>.

The Nominations Committee is responsible for reviewing the structure, size and composition of the Board, and making candidate recommendations for Shareholder, Shareholder Representative or Board approval as required, to fill Board vacancies. The Nomination Committee's terms of reference are published on the Company's website

<https://www.ordnancesurvey.co.uk/documents/resources/nomination-committee-terms-of-reference.pdf>.

The Remuneration Committee will approve OS's Remuneration Policy in accordance with Section 7 below. The Remuneration Committee Terms of Reference published on the Company's website <https://www.ordnancesurvey.co.uk/documents/legal/Remuneration-Committee-Terms-of-Reference-March-2019.pdf> will reflect this. The Remuneration Committee should report annually to the Shareholder Representative on the key items it has considered over the course of the year and how it has approached them, including confirming to the Shareholder Representative that the Company has complied with Section 7 of this Document, the Company's own Remuneration Policy and any other relevant guidance applicable to the Company.

The Pensions Committee is responsible for matters relating to pensions and life cover. The Pensions Committee's terms of reference are published on the Company's website

<https://www.ordnancesurvey.co.uk/documents/resources/pensions-committee-terms-of-reference.pdf>.

3.10 Strategic Plan and Performance Measures

The Strategic Plan shall set out how the Company will achieve its Strategic Objectives. The Strategic Plan will be developed, reviewed and updated by the Board and approved by the Shareholder.

Among other things, it shall include:

- financial information at a level of detail agreed between the Company and the Shareholder Representative covering a 5-year forecast period, including an income statement, balance sheet, cashflow statement and explanatory narrative regarding assumptions;
- description of how the Strategic Objectives are being fulfilled in the current period and for the future including clear descriptions of risks and opportunities to the plan; and
- a set of Key Performance Indicators (KPIs) to allow the Board and Shareholder Representative to track performance against the plan.

While the Company's Board is responsible for setting the Strategic Plan and the Shareholder is responsible for approving the Strategic Plan, in accordance with section 5 of the Geospatial Commission's Framework Document, the Board shall ensure the Company seeks the advice of the Geospatial Commission, iteratively, on the development of the domestic geospatial elements of the Strategic Plan, to inform and ensure consistency with the government's Geospatial Strategy. The Geospatial Commission should have sight of the relevant parts of final draft Strategic Plan before they are submitted to the Shareholder for approval.

4. Management and Financial Framework

4.1 HM Treasury guidance

The activities, roles and responsibilities of the Company as described in this Document should comply with the principles set out in MPM and guidance issued by HM Treasury (as amended from time to time and to the extent applicable to the Company).

4.2 Charging

The Company will operate commercial market rate pricing consistent with the relevant sections of MPM⁵, in accordance with company and competition law. To the extent that it is applicable, the Company's charging will be in accordance with the Re-use of Public Sector Information Regulations 2015⁶ (as amended or re-enacted).

4.3 Dividends

The Company shall aim to declare annual dividends to the Shareholder (subject to Companies Act requirements) of 50% of profit after tax or a profile as agreed with the Shareholder.

⁵ in particular, see 6.6 of Managing Public Money

⁶ It is acknowledged that the Company is a recognised exception to the principle of marginal cost pricing

4.4 Capitalisation

Upon establishment as a government-owned company, the Company was capitalised on a basis that ensures it can operate on a sustainable, self-financing basis by the transfer of the business and assets of the Trading Fund to the Company.

4.5 Loan and working capital facilities

Any loan facilities put in place should be reviewed and approved by the Board and take in to account guidance set out in MPM (5.8 Borrowing by Public Sector Organisations and 5.9 External Borrowing) where relevant. Any loan facility will be arranged between the Company and the Shareholder and will be conducted on commercial arms-length terms for the purposes of providing working capital.

The Company will operate through the Government Banking Service and such commercial banking arrangements as are approved by the Board and agreed with the Shareholder Representative having been approved by the Shareholder and HMT from time to time.

4.6 Annual Report and Accounts

The Company's Board must publish an annual report of its activities together with its audited accounts after the end of each financial year.

The annual report to be produced by the Company will comply with the Companies Act 2006 and the timing for production of such accounts shall accord with "best practice" applicable to UK registered companies.

The annual report shall also follow the principles in HM Treasury's Financial Reporting Manual (FReM) and provide the additional disclosures required by FReM where these go beyond the Companies Act 2006.

The Company will share a draft of the report narrative with the Shareholder Representative for review before it is signed off by the Company's Board providing adequate time for such review and not less than five working days. The final report should be submitted to the Shareholder immediately upon receipt of auditor approval, for endorsement. The Shareholder recognises that the finalised annual report is solely the responsibility of the Company's Board. Publication will be dependent on other Government and Company announcements but will be as soon as feasibly possible.

The Shareholder will lay the Annual Report and Accounts before Parliament and it should be made available on the Company's website.

4.7 Audit Requirements

The Company will arrange for audit of its accounts in accordance with the Companies Act 2006, subject to the approval of the Shareholder.

As at the date of this Document, the Comptroller and Auditor General (the “C&AG”), operating through the National Audit Office, shall be appointed as the Company’s auditor,

The Comptroller and Auditor General (C&AG) may carry out Value for Money studies of the Company under the National Audit Act 1983 examining the economy, efficiency and effectiveness with which the Company and/or its subsidiaries have used their resources in discharging their functions. The Company will make available to the C&AG its accounts and other relevant information, documents and access to staff as necessary for such examinations.

The Shareholder and the Company shall provide, in conditions to any grants or contracts, for the C&AG to exercise such access to documents held by grant recipients, contractors or sub-contractors as may be required for its audit and examinations; and shall use its best endeavours to secure access for the C&AG to any other documents required by the C&AG which are held by other bodies.

The Company will maintain an internal audit function (with or without external professional support) who will report to the Audit and Risk Committee and will cover (among other things) matters relating to risk management and internal controls, including compliance with the terms of this Document.

4.8 Delegations

The Board is responsible for establishing appropriate delegations with the Executive Directors. The Shareholder Representative will review these delegations from time to time with the Board.

The Company’s financial delegations from BEIS are set out in the delegations letter from the Principal Accounting Officer to the Accountable Person.

5. Freedom of Information Act (“FOIA”)

The CEO of the Company is authorised to act as the “qualified person” under section 36(5)(o) (iii) of FOIA, pursuant to the letter of authorisation set out at Appendix 8 of this Document.

6. Reporting on legal risk and litigation

Notwithstanding the provisions of any protocol agreed as set out below, the Company shall provide a quarterly update to the Shareholder on the existence of any active litigation and any threatened or reasonably anticipated litigation.

The parties acknowledge the importance of ensuring that legal risks are communicated appropriately to the Shareholder in a timely manner.

In respect of each substantial piece of litigation involving the Company, the parties will agree a litigation protocol which will include specific provisions to ensure appropriate and timely reporting on the status of the litigation and the protection of legally privileged information transmitted to the Shareholder to facilitate this. Until such time as a protocol is agreed, the parties will ensure that:

- material developments in the litigation are communicated to the Shareholder in an appropriate and timely manner;

- legally privileged documents and information are clearly marked as such;
- individual employees handling the legally privileged documents are familiar with principles to which they must adhere to protect legal privilege; and
- circulation of privileged information within government occurs only as necessary.

7. Remuneration and Staff

7.1 Status of the Company's employees

The Company's staff are Public Servants and therefore the annually updated Civil Service Pay Guidance does not apply.

7.2 Participation in Principal Civil Service Pension Scheme

Former Civil Servants whose employment transferred from the Ordnance Survey Trading Fund (as of 1 April 2015) will continue to be eligible to be members of the Principal Civil Service Pension Scheme pursuant to the Fair Deal Scheme.

7.3 Pay Controls

Controls over pay and conditions do apply as follows:

- senior pay: the remuneration package of the Company's CEO and remuneration for any other roles that are Ministerial appointments or appointments approved by a Minister require approval by the Chief Secretary to HM Treasury (CST) assuming the remuneration threshold⁷ is reached. In addition, any remuneration package for any member of staff that is in excess of the CEO's will require CST approval. Furthermore:
 - the Chair is a Ministerial appointment and is therefore subject to the provisions set out in the guidance on the approval of senior pay which came into force on 1 January 2018;
 - the remuneration for the CEO is subject to approval by the Shareholder as part of the Shareholder approval required under 3.1.2 above;
- any other appointments are made by the Company and are not Ministerial appointments or appointments that are approved by a Minister. They do not engage the senior pay controls and do not require HMT approval. (This does not remove the right of the Shareholder from dismissing or appointing any Board member pursuant to the Company's Articles);

7.4 Board responsibility for staff matters

- remuneration and terms: the Board is solely responsible for all other staff matters, including the appointment and management of staff, determining staff numbers, and determining terms and

⁷ Guidance on the threshold can be found here:

<https://www.gov.uk/government/publications/senior-civil-service-pay-and-reward>

conditions of appointment in accordance with the appropriate Company HR documents, including the Remuneration Policy having regard to relevant public sector guidance. The Company must have regard to wider public sector pay policy when setting a Remuneration Policy for the Company and the Remuneration Committee should have oversight of all bonus and incentive schemes. The Board will delegate to the Remuneration Committee those responsibilities set out in section 3.9 above;

- off-payroll rules: it is the responsibility of the Company to ensure it complies with the IR35 requirement;
- exit payments: subject to further legislation coming into force⁸, a cap of £95,000 on exit payments will become applicable;
- confidentiality clauses: confidentiality clauses may only be used as permitted in relevant public sector guidance⁹;
- salary sacrifice schemes: must be consistent with MPM;
- travel: travel policy must be consistent with the guidance¹⁰, with first class travel restricted to exceptional cases;
- pension schemes: are defined contribution and not based on final salary (recognising that some existing staff have legacy arrangements as highlighted in 7.2 above);
- transparency: the Company should report (via the Remuneration Committee) to the Shareholder Representative the number of posts paid above the remuneration threshold (with names). The Annual Report should contain full details of the remuneration of Board members, provide information in bands for Executive Committee members paid above the remuneration threshold, and report the numbers of other staff (without names) paid above the remuneration threshold. The company should also notify HMT, via the Shareholder Representative, of all bonus arrangements put in place that are above the remuneration threshold as soon as the decision is made and within no more than one month. The number of bonuses paid above the threshold should be made public in the Annual Report;
- other benefits: benefits are set out in the Company's Remuneration Policy (Appendix 5) which also covers legacy arrangements. The Company must not offer allowances that may be considered novel, contentious or repercussive.

⁸ Pursuant to further secondary legislation in relation to the Small Business Enterprise and Employment Act 2015 as amended by the Enterprise Act 2016.

⁹ Guidance on confidentiality clauses can be found here:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/817156/Cabinet-Office-guidance-on-settlement-agreements-special-severance-payments-on-termination-of-employment-and-confidentiality-clauses.pdf

¹⁰ Guidance on travel for public sector employers can be found here: <https://www.gov.uk/government/publications/public-sector-pay-and-terms-guidance-note>

7.5 Remuneration criteria

Remuneration Committee shall determine the Remuneration Policy and remuneration levels in accordance with the following criteria (which shall also be reflected in the Remuneration Committee terms of reference and the Remuneration Policy itself). The criteria are that remuneration levels:

- are sufficient to attract and motivate high calibre individuals to drive the delivery of the activities and objectives of the Company described in this Document;
- are structured to link remuneration of all employees to performance in line with the Strategic Plan;
- are aligned with the objectives set out in this Document;
- deliver value for money; and
- take account of Managing Public Money and take account of remuneration levels within comparable public sector institutions and are set with wider public sector pay policy in mind.

Staff terms and conditions should be set out in an Employee Handbook, which should be provided to the Shareholder Representative, together with subsequent amendments, on request.

The Company will operate a performance-related bonus scheme based on company and individual performance approved by its Remuneration Committee.

The travel expenses of Board members will be tied to the rates allowed to senior staff of the Company. Reasonable actual costs, excluding alcohol, shall be reimbursed.

The Company will comply with the EU Directive on contract workers – the Fixed-Term Employees (Prevention of Less Favourable Treatment) Regulations.

8. Term of this Document

This Document shall continue for as long as HM Government remains the sole shareholder of the Company. Should HM Government cease to be the sole shareholder of the Company, this Document shall be replaced by an equivalent document.

9. Revision of this Document

This Document shall be reviewed by the Shareholder and the Company at least every three years and reviewed within six months of any Machinery of Government change leading to a transfer of all or some of the Shareholder's shareholding in the Company to another entity within HM Government or the formation of a new government. Additionally, should the classification of the Company change, this Document shall be reviewed within six months of that change. No variation of this Document shall be effective unless it is in writing and signed by the parties.

10. Signatures

Signed on behalf of the Department for Business, Energy and Industrial Strategy and Ordnance Survey Limited.

Signed



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Date 07/12/2020
.....

Minister for Climate Change and Corporate
Responsibility

On behalf of the Department for Business,
Energy and Industrial Strategy

Signed



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Date 17.12.2020
.....

Chief Executive Officer

On behalf of Ordnance Survey Limited