

## **SCHEDULE OF MATTERS RESERVED TO THE BOARD**

### **Introduction**

- (a) The FSCS Board is responsible for ensuring that FSCS meets its statutory obligation under the Financial Services and Markets Act 2000 to provide a compensation scheme in conformity with the rules established by the Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA) and for meeting its statutory obligations under the Financial Services (Banking Reform) Act 2013 to have regard to the need to do so efficiently and effectively and to minimise any public expenditure associated with loans or other public assistance made to the Scheme.
- (b) FSCS is established as a company limited by guarantee and, accordingly, the Board is also responsible for the governance of the company and ensuring that FSCS conducts its affairs in all respects in conformity with its obligations under the Companies Act(s) and its Articles of Association.
- (c) FSCS and its directors are also to adhere to the Framework and Memoranda of Understanding agreed with HM Treasury, PRA and FCA under the legislative umbrella.
- (d) In line with good corporate governance practice, the following schedule sets out those matters reserved to the Board for decision.

## **Schedule**

### ***Strategy and Management***

1. Set the overall direction of the company and the company's culture, values and behaviours.
2. Approve the company's strategic aims and objectives, including setting the strategy for FSCS to follow in order to ensure that it is able to continue to discharge its statutory functions efficiently and effectively in future and in all foreseeable eventualities.
3. Oversee FSCS's operations ensuring:
  - competent and prudent management;
  - sound planning;
  - adequate accounting and other records; and
  - compliance with statutory obligations.
4. Review performance in the light of the company's strategic aims, objectives, business plans and budgets and ensure that any necessary corrective action is taken.
5. Monitor the performance of the Chief Executive and Executive Team in delivering the strategy and, to that end, determine the form and content of performance reports to the Board with appropriate key performance indicators.
6. Approve the annual business plan and budget, and the submission of the proposed annual budget to the PRA and FCA, which will enable discharge of the Board's agreed strategy in the year ahead.
7. Approve significant policy positions, including major strategy documents and key public statements on high-profile or contentious matters with implications for FSCS's reputation.
8. Ensure effective relations with Bank of England, PRA, FCA and HM Treasury.

### ***Corporate Structure***

9. Approve major changes to the structure of the Executive Team.

### ***Financial Reporting and Authorities***

10. Approve, on the recommendation of the Audit Committee, the Annual Report and Accounts.

11. Report at least annually to the PRA and FCA on the discharge of FSCS's functions, with the Annual Report and Accounts under item 10 above constituting the Board's annual report to the PRA and FCA.
12. Approve any significant changes in accounting policies or practices, on the recommendation of the Audit Committee.
13. Approve the annual levy and any interim levies of £20 million or above.
14. Approve any treasury management policy.
15. Approve individual contracts or programmes of contracts in the ordinary course of business valued at over £2 million (including VAT) or bank borrowings over £5 million.
16. Approve any other expenditure in the ordinary course of business, within the budget, of over £2 million (including VAT).
17. Approve any other expenditure not in the ordinary course of business, or not within the budget, of over £1 million (including VAT).
18. Receive reports on recovery actions with potential claim value of over £10 million or where the precedent value of a decision to settle could have value in excess of £10 million.

### ***Internal Controls and Risk Management***

19. Ensure maintenance of a sound system of internal control and risk management including:
  - approving the company's risk appetite and tolerances, on the recommendation of the Risk Committee;
  - receiving reports on, and reviewing the effectiveness of, the company's risk and control processes to support its strategy and objectives, and ensuring that the risks to the delivery of FSCS's strategy are identified and that the executive has effective plans or actions in hand to mitigate those risks;
  - receiving reports on the status of internal controls from the Audit Committee;
  - approving appropriate statements for inclusion in the Annual Report, on the recommendation of the Audit Committee.

### ***Board Membership and Other Appointments***

20. Recommend to the PRA and FCA (with the approval of HM Treasury where required) changes to the structure, size and composition of the Board, including appointments and reappointments, on the recommendation of the Nomination and Governance Committee.

21. Approve, on the recommendation of the Nomination and Governance Committee, succession planning arrangements for both non-executive and executive directors so as to maintain an appropriate balance of skills and experience on the Board.
22. Appoint, on the recommendation of the Nomination and Governance Committee, the senior independent director to provide a sounding board for the Chair and to serve as intermediary for the other directors when necessary.
23. Approve membership and Chairs of Board committees, on the recommendation of the Nomination and Governance Committee.
24. Approve the appointment and removal of the company secretary.
25. Approve the appointment and removal of the internal auditors, on the recommendation of the Audit Committee.
26. Approve the Chief Executive's remuneration, on the recommendation of the Remuneration and People Committee.

***Corporate Governance Matters***

27. Approve the basis of delegation of the Board's authority to any Committee or officer or employee of the company.
28. Establish committees of the Board and approve their terms of reference.
29. Receive reports from committees of the Board on their activities.
30. Establish the division of responsibilities between the Chair, the Chief Executive and other executive directors, and set these out in writing.
31. Undertake, on an annual basis, a formal and rigorous review of its own performance, that of its committees and individual directors.
32. Review the company's overall corporate governance arrangements to ensure that the Board is able to discharge its responsibilities effectively, taking recommendations from the Nomination and Governance Committee as appropriate.
33. Authorise conflicts of interest where permitted by the company's Articles of Association.
34. Approve the conflicts of interest policy/policies.
35. Ensure that the organisation's activities in terms of being a responsible business, including environmental, social and governance issues, are

appropriately managed and reported on, and receive reports from management or Committees of the Board as required.

**Other**

36. Approve the pursuit of recovery actions or other litigation, or the defence of judicial review or other challenges, in circumstances where costs are anticipated to exceed £1 million or where there are significant reputational issues.
37. Agree actions in response to reports and updates issued by the Independent Investigator on complaints made against FSCS.
38. Receive and review reports on health and safety performance at least once a year.
39. Approve significant changes to the terms of the company's pension plans, on the recommendation of the Remuneration and People Committee where appropriate.
40. Make any decision likely to have a material impact on the company, as referred to the Board by the Chief Executive or as otherwise determined after taking account of any Board delegation under clause 27.
41. Approve this schedule of matters reserved for Board decisions and the delegation of authority from the Board.