



Terms of Reference
Committee of Management

Last updated
3 May 2018

1.0 Objective

- 1.1 The Committee of Management's objectives are to:
 - 1.1.1 Act as guardians of a Police Service asset set up by and for the Police and to safeguard, on behalf of the Police Service, Police Mutual's constitutional purpose, its financial and long term viability and to act in the best interests of members of the Society.
 - 1.1.2 Direct and advise the Managing Board and Chief Executive on the relationship with Police forces as the employer of the Police Service and as a fundamental pillar of the Police Mutual affinity model and ensure Police Mutual's reputation in the Police Service is upheld in accordance with the expectations of the Committee of Management.
 - 1.1.3 Express to the Managing Board its view of the aspirations of the Society's membership and the Police Service for the strategic direction of the Police Mutual Group, the provision of products and services and its requirements of Police Mutual's conduct in its relationship with the Police Service and setting the overall values and principles of the Group. It is the responsibility of the Chief Executive and Managing Board to translate those aspirations so as to design, deliver and operationally control a suitable range of products and services for the Society's members and the Police family.
 - 1.1.4 Oversee the Managing Board in the development and implementation of the Police Mutual Group strategy to deliver its constitutional purpose and its strategic Purpose, Vision and Values approved by the Committee of Management.
 - 1.1.5 Oversee the Managing Board in the safeguarding and development of Police Mutual's investment, for the benefit of members of the Society, in its Military affinity business through the delivery of suitable products and services and in doing so provide added benefit to members through, inter alia, economies of scale and increased capital strength that demonstrably provide a net benefit to members and the Police Service. In doing so it will ensure the Military affinity business is run on mutual lines with the same strategic purpose, vision and values as the Police affinity and adopting the same standards of conduct relating to the provision of products and services, the delivery of fair customer outcomes, relationships with the Military and the reputation of the Police Mutual Group.
 - 1.1.6 Delegate to the Managing Board responsibility for the overall conduct and management of the business of the Police Mutual Group and ensuring that it operates in accordance with its statutory and regulatory responsibilities. The Chief Executive is responsible under the immediate authority of the Managing Board for the conduct of the whole of the business of the Police Mutual Group.

2.0 Composition

- 2.1 The members of the Committee of Management shall be elected by delegates at the Annual General Meeting or, in the case of co-opted members, appointed by the Committee of Management. Membership of the Committee of Management is subject to the Rules of the Society.
- 2.2 The Committee of Management comprises a President, up to six Vice Presidents, not less than five and not more than nine members of the Society, not less than two or more than six professional non-executive directors and the Chief Executive.
- 2.3 The Committee of Management shall from time to time appoint one of its members (except the Chief Executive) as Chair and may appoint another as deputy Chair. The Committee of Management may remove either person from such office at any time. The Chair shall preside at every meeting of the Committee of Management at which he/she is present.

- 2.4 If the Chair is absent from a meeting of the Committee of Management or declines to preside the persons present at that meeting shall appoint a Chair for the purpose of that meeting.
- 2.6 The Company Secretary shall be the secretary of the Committee of Management, the appointment of which is subject to the Rules of the Society and a matter for the Committee of Management.
- 2.7 Only members of the Committee of Management have the right to attend Committee of Management meetings. However other individuals, such as members of the Executive team, may attend meetings at the invitation of the Chair of the Committee of Management as and when appropriate.
- 2.8 Attendees are not members of the Committee of Management and they may collectively or individually be requested to withdraw from meetings of the Committee of Management if required to do so by the Chair of the Committee of Management.
- 2.9 Life Vice Presidents appointed at an AGM are not members of the Committee of Management but are entitled to attend meetings of the Committee.
- 2.10 The Chair of the Committee of Management is responsible, supported by the Company Secretary and Chief Executive, for agreeing and setting agenda items and challenging the level of detail and format of Committee of Management submissions. Matters reported should be summarised in a way which allows the Committee of Management members to understand any key issues.

3.0 Meetings

3.1 Quorum

- 3.1.1 The quorum necessary for the transaction of business shall be 6 members. A duly convened meeting of the Committee of Management at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee of Management. A quorum may be present in person or in communication with each other by telephone or video conference. To count in the quorum a person who is in communication with the others by telephone or video conference must be able to hear fully, and participate in, the proceedings.
- 3.1.2 Questions arising at a meeting of the Committee of Management will be decided by a majority of votes and (in the event of a tie) the Chair of the meeting will have a second or casting vote.

3.2 Frequency

- 3.2.1 The Committee of Management will meet no less than 3 times in one calendar year. Members of the Committee of Management or the Company Secretary may convene the Committee of Management at any time.
- 3.2.2 Outside of formal meetings, the Committee of Management Chair will maintain a dialogue with key individuals involved in the Police Mutual Group's governance, including the chairs of Committee of Management sub-committees, the Chief Executive and members of the Executive team, the Chief Internal Auditor and the Chief Risk Officer.

3.3 Notice

- 3.3.1 Whenever practicable not less than 14 days' notice of any meeting of the Committee of Management shall be given. Unless otherwise agreed, an agenda of items to be discussed, shall be forwarded to each member of the Committee of Management no later than four

working days before the date of the meeting. Supporting papers shall be sent to Committee of Management members and to other attendees as appropriate at the same time.

3.3.2 Ad hoc meetings to deal with unexpected or unusual events may be called at short notice. However, subject to Rule 14.2, no acts of any meeting of the Committee of Management shall be invalid merely because less than 14 days' notice of any meeting was given.

3.3.3 It shall not be necessary to give notice of a meeting of the Committee of Management to a Committee of Management member who is absent from the United Kingdom.

3.4 **Minutes**

3.4.1 The Company Secretary shall keep appropriate records of all meetings with appropriate minutes of the proceedings and resolutions so as to provide evidence that the Committee of Management is discharging its responsibilities.

3.4.2 Committee of Management minutes are to be circulated by the Company Secretary to all members of the Committee of Management.

3.5 **Decisions made outside of meetings**

3.5.1 The Committee of Management may reach decisions outside of meetings in writing (invariably be email) at the discretion of the Chair of the Committee of Management, taking into account the materiality and timeliness of the decision required and provided all members of the Committee of Management respond to confirm their approval of the decision. In exercising this authority the Chair must balance the need for urgency with the overriding principle that each Committee of Management member has a right to participate in the decision and has responsibility for the outcome, should be given as much information as possible, the time to consider it properly and an opportunity to discuss the matter prior to the conclusion of a decision.

3.5.2 It shall not be necessary to receive a response for a decision made in writing from a Committee of Management member who is absent from the United Kingdom at the time the decision is concluded through the responses of all other Committee of Management members.

3.5.3 The decision will be valid and effectual as if it had been approved at a meeting of the Committee of Management that had been duly convened and held, on the basis that all those entitled to participate in the decision and responsible for the outcome have had the opportunity to consider the matter and confirm their position.

3.5.4 Unless the Chair of the Committee of Management exercises their discretion otherwise due to time being of the essence, decisions made outside of meetings should be put to members of the Committee of Management with at least 5 clear working days' notice to respond.

3.6 **Record keeping**

3.6.1 Records of all Committee of Management meetings including but not limited to Committee of Management packs and minutes will be kept at Alexandra House, Lichfield in hard and soft copy and maintained by the Company Secretary.

3.6.2 A copy of any decisions made outside meetings in writing, any supporting documentation provided and all Committee of Management member responses will be presented to the next formal meeting of the Committee of Management following the decision and noted in the minutes of that meeting as a formal record of the decision.

3.6.3 All Committee of Management records will be retained in perpetuity.

3.7 Maintaining Terms of Reference

- 3.7.1 These terms of reference are reviewed on an annual basis and at any time a change is identified as required. The Committee of Management is responsible for this periodic review and approving any changes. The Company Secretary may also recommend changes to the terms of reference at any time.
- 3.7.2 No changes to the terms of reference may be submitted for approval to the Committee of Management without the prior consideration of the Company Secretary in order that any implications for the Delegated Authority Matrix can be assessed and no amendments are made to the standardised aspects of the terms of reference that apply to all sub-committees without the Company Secretary's approval. The Company Secretary is responsible for executing the required changes and presenting the updated version to the Committee of Management for approval.
- 3.7.3 The Company Secretary will maintain records of each approved version of the terms of reference for a period of 10 years in line with regulatory requirements for the retention of Governance Map records.

3.8 Effectiveness & Training

- 3.8.1 The Committee of Management shall arrange for periodic reviews of its own effectiveness and approve any changes it considers necessary as a result. Evaluations may be independently facilitated and an external facilitator will be used at least once in every four years.
- 3.8.2 The Chair of the Committee of Management is responsible for ensuring Committee of Management members are provided with appropriate and timely training, both in the form of induction arrangements for new Committee of Management members and an ongoing basis for all members.

3.9 Conflicts of Interest

- 3.9.1 Each member of the Committee of Management should consider whether they have any conflicts of interest prior to participating in meetings of the Committee of Management and making decisions regarding the business of the Police Mutual Group. In the event an actual or potential conflict of interest exists the Committee of Management member should discuss the matter with the Chair of the Committee of Management, if and how the conflict should be managed or mitigated, confirm the conclusion of that discussion at the affected meeting and report the conflict to the Chief Risk Officer in order that it can be recorded in the Conflicts of Interest register.

4.0 Duties and matters reserved for the Committee of Management

4.1 The Committee of Management is accountable to delegates at the Annual General Meeting and members for:

- 4.1.1 articulating its views and the aspirations of the Society's membership and the Police Service for the strategic direction of the Police Mutual Group, the provision of products and services to the Police family and its requirements of Police Mutual's conduct in its relationship with the Police Service and the expectations of the Committee of Management regarding the overall standards and principles of the Group and the management of Police Mutual's Military affinity;
- 4.1.2 seeking and articulating the views of Delegates in the form of the Society's Force Authorised Officers together with the views of Authorised Officers and members of the Society on their expectations of the strategic direction of the Police Mutual Group, the

provision of products and services to the Police family and the relationship with the Police Service and the management of Police Mutual's Military affinity;

- 4.1.3 carrying out its duties in the best interests of members of the Society;
- 4.1.4 receiving reports from the Managing Board on the impact on the Society and its members of the number and categories of affiliate members admitted pursuant to the criteria determined by the Committee of Management from time to time, the volume of business conducted by the Society and its subsidiaries with such affiliate members and the membership benefits (if any) extended to them from time to time.
- 4.1.5 championing a culture that puts fair customer outcomes for members and customers at the heart of its strategy;
- 4.1.6 overseeing that the reputation and integrity of Police Mutual in the Police Service and the best interests of members are central to Police Mutual's strategy and decision making;
- 4.1.7 overseeing the Managing Board in the discharge of its responsibility for safeguarding an asset of the Police Service in the form of a mutual organisation set up by and for the Police Service to look after the financial and welfare needs of the Police family, the conduct and management of which has been entrusted to financial services professionals in keeping with financial services regulation;
- 4.1.8 receiving reports from the Managing Board on the major risks run by the Police Mutual Group, including those arising from its investment in a Military affinity, and ensuring its long term financial viability in order that it can continue to deliver its constitutional purpose in delivering products and services to members of the Police family;
- 4.1.9 championing a culture that ensures employee engagement and wellbeing is integral to acting in the best interests of members of the Society and ensuring fair outcomes for members and customers and receiving reports from the Managing Board on the embedding of Police Mutual Group culture and values through key cultural indicators and reports;
- 4.1.10 receiving reports from the Managing Board on the sound and prudent management of the Police Mutual Group affairs delegated to it and setting a culture that supports prudent management, risk awareness and ethical behaviour across the Group;
- 4.1.11 receiving reports from the Managing Board on compliance with statutory and regulatory obligations and being open with regulators;
- 4.1.12 receiving reports from the Managing Board on sound planning and risk management;
- 4.1.13 receiving reports from the Managing Board on the adequacy of systems of internal control;
- 4.1.14 receiving reports from the Managing Board on the adequacy of accounting and other records.

4.2 Strategy & Management

- 4.2.1 Final approval of the Police Mutual Group Purpose, Vision and Values on the recommendation of the Managing Board.
- 4.2.2 Final approval of:
 - the Group's strategic objectives and design principles, 3 year strategy and annual business plans including the Group's annual management, non-management and capital expenditure budgets and any material changes to them together with the use of any underrun each year;

And receiving reports from the Managing Board on implementation of and performance against the above and:

- the assessment and proposed mitigation of strategic, capital, liquidity, compliance and conduct risks arising from the plans in line with the agreed risk appetite;
- the consistency between the annual business plan & budgets and regulatory capital allocations and the risk objectives and risk appetite limits;
- Any necessary corrective action taken or material amendments approved by the Managing Board.

4.2.3 Approving recommendations from the Managing Board that the Strategic and Business plans are in the best interest of members and uphold the aspirations and expectations of the Committee of Management, members, Delegates and the Police Service.

4.2.4 Receiving reports from the Managing Board on ongoing performance against those plans and any remedial actions approved by the Managing Board.

4.2.5 Overseeing the relationship with the Police Service (a matter reserved for the Committee of Management) that is the fundamental element of the Police Mutual affinity model, the strength and quality of relationships and the reputational risk implications arising from relationships with:

- Police Forces as the affinity employer and to whom the Committee of Management is morally accountable as the guardian of a Police asset and who control Police Mutual access to its employees and can influence or respond to Police Mutual's standing and reputation in the Police Service and its ability to operate effectively as an integral part of the Police Service;
- the Force Authorised Officer and Authorised Officer network to whom the Committee of Management is constitutionally accountable as the guardian of a Police asset and who influence and control Police Mutual access to Police Service employees and can influence or respond to Police Mutual's standing and reputation in the Police Service and its ability to operate effectively as an integral part of the Police Service;
- Other police bodies and representative organisations which influence Police Mutual's standing and reputation in the Police Service and its ability to operate effectively as an integral part of the Police Service.

4.2.6 Overseeing the relationship with the Military, the strength and quality of relationships and the reputational risk implications with Ministry of Defence as the affinity employer, the Army, Navy and Royal Air Force and other military bodies and representative organisations which influence Forces Mutual's standing and reputation in the Military and its ability to operate effectively as an integral part of the Military.

4.2.7 Final approval of the overarching Brand Propositions for Police Mutual and Forces Mutual.

4.2.8 Receiving reports from the Managing Board as part of the annual business plan and budget, on Police Mutual Foundation funding levels (but not funding themes) and its affordability as a use of the Estate as part of the year end process.

4.2.9 Receiving reports from the Managing Board as part of the annual business plan and budget, on the Military Foundation funding levels (but not funding themes) in the management expense budget.

4.2.10 Receiving reports from the Managing Board on (starting or ceasing) any business changes or initiatives in the Group that are material strategically, or by reason of size or risk profile, including but not limited to:

- Extension of the activities into new affinity markets or extending existing affinities;

- Significant processes and procedures;
- Extensions into new business areas, geographical areas (including offshoring);
- New propositions, products or services or significant changes to existing propositions, products or services (including add-on products or services);
- Changes to the terms of contributions and benefits of existing products in the Life Fund or the terms for new products;
- Appointment or renewal of major providers of products to members and customers of the Group;
- Projects, programmes or contracts;
- Outsourcing arrangements;
- Changes in regulated activities;
- Regulatory compliance;
- Ceasing to operate a material part of the Group's business;
- Acquisition, merger or disposal of corporate entities, joint ventures or other trading assets and including the release of deferred or conditional consideration;
- Corporate restructures including creation or dissolution of corporate entities, joint ventures or the acquisition, transfer or assignment of other trading or non-trading assets (including property) and outside the remit of the Investment Committee with a value in excess of £500k or where there is a profit or an unbudgeted loss arising in excess of £250k;

or in the ordinary course of business are above the Chief Executive's limits of authority for capital and revenue expenditure and major contracts and transactions as agreed by the Managing Board and set out in the Group Powers & Authorities Manual. Project and programmer spend shall include, but not be limited to, third party supplier contract expenditure as well as internal spend and internal resource costs.

- 4.2.11 Receiving reports from the Managing Board on any decision likely to have a material impact on the Group from any perspective, including, but not limited to, conduct, financial, operational, strategic or regulatory.
- 4.2.12 Receiving reports from the Managing Board on any matters materially affecting the Group's reputation in the Police Service or the Military.
- 4.2.13 Receiving reports from the Managing Board on its review and assessment of significant risks including the reputation, conduct, compliance, operational and capital implications and any mitigations to ensure the business change or initiative, subject matter or decision, accords with the Managing Board's risk requirements and that risks are appropriately assessed and mitigated within risk appetite.
- 4.2.14 Receiving reports from the Managing Board on its ongoing oversight and reporting for each such business change or initiative.
- 4.2.15 **Any changes or initiatives, matters or decisions in 4.2.10 to 4.2.13 and 4.9.1 that relate to:**
 - **the provision of products or services to members;**
 - **Police Mutual's relationship with or reputation in the Police Service;**
 - **the overall values, principles and culture of the organisation;**
 - **and could have an impact on the interests of members or the Police Service;**
 - **the performance of Police Mutual's investment in a Military affinity.**

must be referred to the Committee of Management for consideration and approval of implications for member and Police Service interests, reputation in and relationship with the Police Service. Before recommending them to the Committee of Management for approval the Managing Board must satisfy itself that it can demonstrate how such changes or initiatives are in the best interests of members.

4.3 **Financial Reporting**

- 4.3.1 Final approval of the annual report and accounts including the directors' report, strategic report business review and viability statement on the recommendation of the Managing Board.

4.4 **Risk Governance & Internal Controls**

- 4.4.1 Receiving an annual summary report from the Whistleblowing Champion on the operation and effectiveness of the Police Mutual Group's systems and controls in relation to whistleblowing. The report must maintain the confidentiality of individual whistleblowers.

4.5 **Corporate Governance**

- 4.5.1 Appointment of the Chair of the Committee of Management and Chair of the Managing Board.
- 4.5.2 Approval of the appointment and removal of the Chief Executive and Company Secretary.
- 4.5.3 Approval of the appointment of Life Vice Presidents.
- 4.5.4 Approval of nominations for election of members of the Committee of Management.
- 4.5.5 Approval of the co-option or removal of members of the Committee of Management.
- 4.5.6 Approval of general meeting Notices and Resolutions to be put to general meeting to amend the Memorandum & Rules including the appointment of Auditors in general meeting.
- 4.5.7 Approval of the schedule of products that are deemed Eligible Products giving rise to membership of the Society.
- 4.5.8 Approval of organisations in the Police Service that are deemed Forces, Approved Police Organisations or Associated Bodies as defined by the Rules.
- 4.5.9 The extension of affiliate membership.
- 4.5.10 The application of the Rules on membership of the Society.
- 4.5.11 Undertaking a formal and rigorous periodic review of its own performance and that of its sub-committees and individual chairs and the division of responsibilities.
- 4.5.12 Receiving the results of the effectiveness reviews of Committee of Management sub-committees.
- 4.5.13 Approval of the Corporate Governance Report following review by the Managing Board.
- 4.5.14 Approval of the Directors' Remuneration Report following review by the Managing Board.
- 4.5.15 Approval of the terms of reference of Committee of Management sub-committees.
- 4.5.16 Approval of the membership and chairs of Committee of Management sub-committees.
- 4.5.17 Approval of the division of responsibilities between the Chair and Chief Executive following review by the Managing Board.
- 4.5.18 Approval of the delegation of authorities to the Chief Executive from the Committee of Management. The Committee of Management expects that the Chief Executive will institute a system of committees and, when considered necessary, sub-committees to act as part of the overall risk, control and review framework of the Group. The Chief Executive will

report to the Managing Board of any significant changes to the composition of these committees and/or their terms of reference in order to ensure that the operation of these committees remains within the scope of the responsibilities of the Chief Executive and Managing Board.

4.6 **Other**

- 4.6.1 Receiving reports from the Managing Board on its approval of the prosecution, commencement, defence or settlement of litigation or an alternative dispute resolution mechanism where costs are expected to be greater than £100k or the subject matter or outcome is otherwise material to the interests of the Group.

5.0 **Reporting and Escalation**

5.1 **Reporting**

- 5.1.1 The Committee of Management has an agenda schedule which sets out the reports received for each meeting. Regular reporting includes:

- Chief Executive Report & MI on business & operational performance for the Group
- Strategy & Business Plan
- Use of the underrun
- Membership
- Marketing & Brand
- Relationships with the Police Service & Military
- Marketing strategy for the Group
- HR updates & employee engagement survey results for the Group
- Non-executive director other commitments
- Sub-committee minutes and reports including:
 - Managing Board & its sub-committees
 - Nomination Committee
 - Foundation Advisory Board
 - Advisory Panel
 - Sub-committee membership

- 5.1.2 In addition, the Committee of Management receives ad hoc and event driven reports on key projects, business change and developments.

- 5.1.3 The Chair of the Committee of Management shall attend general meetings prepared to respond to any questions on the Committee of Management's activities. The results of the above reporting will form the basis of the Managing Board's confirmation as to whether the aspirations and expectations of the Committee of Management, the Society's membership and the Police Service have been met.

- 5.1.4 The Managing Board shall make whatever recommendations it deems appropriate to the Committee of Management on any area within its remit where action or improvement is needed.

- 5.1.5 The Committee expects that the Managing Board will institute a system of committees and, when considered necessary, sub-committees to act as part of the overall risk, control and review framework of the Group. The Managing Board will report to the Committee of Management on any significant changes to the composition of these committees and/or their terms of reference in order to ensure that the operation of these committees remains within the scope of the responsibilities of the Managing Board.

5.2 **Escalation**

- 5.2.1 The Managing Board will escalate, to the Committee of Management any decision or action required which is in excess of authority limits allocated to it or as set out in section 4.2.15 of these terms of reference and any other issue which the Managing Board deems material and or escalation is required in order for the Managing Board and the Committee of Management to effectively exercise their duties.
- 5.2.2 The Committee of Management sub-committees, the Chair of the Managing Board and the Chief Executive will escalate, to the Committee of Management any decision or action required which is in excess of authority limits allocated to the individual or sub-committee and any other issue which is deemed material and or escalation is required in order for the Committee of Management to effectively exercise its duties.

6.0 Authority

- 6.1 The Committee of Management may, when the fulfilment of its duties requires and at the Society's expense, obtain independent legal or professional advice and secure the attendance of external advisers at its meetings on any matters within its terms of reference. The Committee of Management shall have full authority to commission any reports or surveys it deems necessary to help fulfil its obligations.
- 6.2 The Committee of Management may seek any information it requires from any employee of the Society or its subsidiaries in order to perform its duties.
- 6.3 The Committee of Management may call any officer or employee to be questioned at a meeting of the Committee of Management.
- 6.4 The Committee of Management shall have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required.
- 6.5 The delegations set out in the duties of the Committee of Management and the duties allocated to other sub-committees are also set out in the Delegated Authority Matrix which provides an aggregated picture of the delegation of authority to all corporate committees and the individuals to which those committees have in turn delegated specific responsibilities.