

# NATIONAL NUCLEAR LABORATORY

## FRAMEWORK DOCUMENT

**15/08/2019**

*This framework document has been drawn up by UK Government Investments in consultation with the Department for Business, Energy and Industrial Strategy and National Nuclear Laboratory Limited (“NNL” or “the Company”). This document sets out the broad framework within which NNL operates.*

*This document does not convey any legal powers or responsibilities. It is signed and dated by the Department, UKGI and NNL.*

*Copies of this 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 NNL’s website.*

## FRAMEWORK DOCUMENT: NATIONAL NUCLEAR LABORATORY

This framework document has been drawn up by UK Government Investments (UKGI) in consultation with the Department for Business, Energy and Industrial Strategy (“the Department”) and National Nuclear Laboratory Limited (“NNL” or “the Company”). This document sets out the broad framework within which NNL operates. This document does not convey any legal powers or responsibilities. It is signed and dated by the Department, UKGI and NNL. Copies of this 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 NNL’s website.

NNL is not funded by Parliament through the Supply Estimates – it does not receive grant funding. This document sets out the expectation that NNL will nevertheless apply public sector disciplines to financial and risk management commensurate with its duties as a private limited company. All parties recognise that NNL, the Department and UKGI continue to work to ensure compliance with the terms of this document and any relevant subsequent changes in policy or guidance issued from time to time by the Department, Cabinet office or HM Treasury.

NNL is a private limited company that was established under the Companies Act. Obligations contained within this document supplement those contained within the Corporate Governance Code. Nothing in this document or any other document referenced herein shall take precedence over the requirements of the Companies Act.

### 1 Purpose of NNL

1.1 NNL was established from the research and development division of British Nuclear Fuels Ltd in order to support the strategic aims of the Department. Since 1 October 2013 it has been directly government owned, government-operated but has retained operational autonomy and a commercial operating model. It is classified by the ONS as a public corporation.

1.2 NNL’s strategic aims are to:

- be the trusted national laboratory: Provide expert and impartial advice, leveraging NNL’s living network, such that their work is understood and sought out both in the UK and internationally
- sustain and grow its business: Deliver innovative solutions that create value for NNL’s customers, generating earnings to reinvest through their unique self-funding operating model
- foster unique capabilities: Reinvest NNL’s earnings wisely in order to maintain and develop facilities, people and expertise in science, technology, nuclear operations and safety
- shape the agenda: Drive the UK’s nuclear research, helping the UK be a top-tier nuclear nation, and grow NNL’s influence as NNL adds value to the sector globally

1.3 As a Companies Act company owned by NNL Holdings Ltd, which is in turn owned by the Secretary of State for Business, Energy and Industrial Strategy (“Secretary of State”), NNL generates profit from its commercial activities that can be reinvested into the business, enabling its remit as a national laboratory to be fulfilled through the maintenance, renewal and growth of nuclear

capabilities, skills and facilities, as well as ground breaking R&D. NNL acts as strategic technical advisor while ensuring stewardship of the key nuclear R&D capabilities required by the Department.

1.4 The Secretary of State's interests in NNL Holdings are represented by UKGI and the Department's Policy Sponsor, who both have seats on the NNL Holdings Board.

1.5 In order to fulfil its role and remit, NNL operates a set of nuclear laboratories, some of which are located on nuclear licenced sites. These facilities are leased on a long-term basis from the Site Licence Companies and operated under the arrangements of the site licensee. All nuclear operations are subject to regulation by the Office for Nuclear Regulation and other regulatory authorities.

## **2 Overall aims**

2.1 The Secretary of State has agreed that the strategic aims of NNL should be as defined in Section 1.

2.2 In addition, NNL hosts the Nuclear Innovation and Research Office ("NIRO"). NIRO provides the Government with impartial, technical nuclear advice to support nuclear policy and programmes. It is hosted by NNL and staffed by secondees from NNL and the wider nuclear industry. NIRO is separated from NNL's commercial business by a series of ethical barriers.

## **3 Ministerial responsibility**

3.1 The Secretary of State will account for business relating to NNL in Parliament. The Secretary of State may delegate responsibility for the Department's relationship with NNL to the Minister with responsibility for civil nuclear matters.

## **4 The Department's accounting officer's specific accountabilities and responsibilities as Principal Accounting Officer ("PAO")**

4.1 The PAO is responsible for advising the responsible Minister as to:

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

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

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

## **5 Responsibilities of NNL's Chief Executive Officer**



## **General**

5.1 NNL's Chief Executive Officer ("CEO") is personally responsible for (i) ensuring that NNL operates effectively and to a high standard of probity, ensuring propriety, regularity and value for money at all times, and (ii) the day-to-day operations and management of NNL. The Chief Executive is expected to adhere to the principles set out in Managing Public Money as outlined in the Letter to the CEO. A copy of this letter is shown in Appendix 4.

### ***Responsibilities for accounting to Parliament***

5.2 The accountabilities 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 a 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 NNL are established and made widely known within NNL;
- acting in accordance with the terms of this document, the principles of Managing Public Money and other instructions and guidance issued from time to time by the Department, the Treasury and the Cabinet Office to the extent that they can apply to NNL as a private limited company;
- giving evidence, normally with the PAO, when summoned before the Public Accounts Committee on NNL's stewardship of its funds.

### ***Responsibilities to BEIS and UKGI as Ultimate Shareholder***

5.3 Particular responsibilities to the Department and UKGI include:

- establishing, in agreement with the Department and UKGI, NNL's Strategic and Business Plans in the light of the Department's wider strategic aims and agreed priorities;
- informing the Department of progress in helping to achieve the Department's policy objectives as appropriate and in demonstrating how resources are being used to achieve those objectives; and
- ensuring that reporting performance against the agreed Business Plan is provided to the Department in a timely manner (including performance against financial and non-financial targets and NNL's strategic objectives); that the Department is notified promptly if there is material deviation from Business Plan targets and that corrective action is taken; and that any significant problems whether financial or otherwise, and whether detected by internal audit or by other means, are notified to the Department in a timely fashion.

5.4 Appendix 3 sets out how the responsibilities of the Department are divided amongst the Department's Policy Sponsor Team and Partnerships Team, and UKGI.

### ***Responsibilities to the NNL Board***

5.5 The CEO is responsible for:

- advising the NNL Board on the discharge of the NNL's responsibilities as set out in this document in any relevant instructions and guidance that may be issued from time to time;
- advising the NNL Board on NNL's performance compared with its aims and objectives linked to the Business Plan;
- ensuring that financial considerations are taken fully into account by the NNL Board at all stages in reaching and executing its decisions, and that financial appraisal techniques are followed; and
- taking action as set out in paragraph 3.8.6 of Managing Public Money if the NNL 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.

## **6 Responsibilities of the NNL Board**

6.1 The NNL Board should ensure that effective arrangements are in place to provide assurance on risk management, governance and internal control. The NNL Board must set up appropriate committee(s) for audit and risk, chaired by an independent non-executive member to provide independent advice on risk. The NNL Board is expected to assure itself of the effectiveness of the internal control and risk management systems.

6.2 The NNL Board is specifically responsible for:

- establishing and taking forward the strategic aims and objectives of the NNL as set out in the agreed Business Plan. These should be consistent with its overall strategic direction and within the policy and resources framework as appropriate determined by the Secretary of State;
- ensuring through UKGI and the Department's Policy Sponsor Team that the responsible Minister is kept informed of any changes which are likely to impact on the strategic direction of NNL or on the attainability of its targets as set out in the agreed Business Plan, and determining the steps needed to deal with such changes;
- operating within the limits of its delegated authority agreed with the Department and UKGI, and in accordance with NNL's Articles of Association and any other guidance issued by the Department and advised to NNL from time to time;
- receiving and reviewing regular financial information concerning the management of NNL; ensuring that it is informed in a timely manner about any concerns about the activities of NNL; and providing positive assurance to the Department and UKGI that appropriate action has been taken on such concerns;
- demonstrating high standards of corporate governance at all times through effectively discharging its responsibilities under the Companies Act, including by using its subcommittees to help address key risks and to review salaries and benefits;
- appointing with the responsible Minister's approval a CEO and, in consultation with the Department, setting performance objectives and remuneration terms linked to these objectives for the CEO which give due weight to the proper management and use and utilization of public resources.

### ***The Chair's personal responsibilities***



6.3 The Chair is responsible to the appropriate Minister. Communications between the NNL Board and the responsible Minister should normally be through the Chair. He or she is responsible for ensuring that policies and actions support the responsible Minister's and where relevant other Ministers' wider strategic policies and that its affairs are conducted with probity. Where appropriate, these policies and actions should be clearly communicated and disseminated throughout NNL. The Department's Permanent Secretary will also communicate key priorities periodically through a Chair's letter.

6.4 In addition, the Chair has the following leadership responsibilities:

- formulating the NNL Board's strategy;
- ensuring that the NNL Board, in reaching decisions, takes proper account of guidance provided by the responsible Minister or the Department;
- promoting the efficient and effective use of staff and other resources;
- delivering high standards of regularity and propriety;
- ensuring that the NNL's affairs are conducted openly, transparently and with probity; and
- representing the views of the NNL Board to the general public.

6.5 The Chair also has an obligation to ensure that:

- the NNL Board and its members are functioning effectively as a strategic decision-making body and are providing the appropriate levels of support and challenge to the executive, and that the performance of the board is evaluated regularly;
- the NNL Board has a balance of skills appropriate to directing the NNL business, as set out in the Government Code of Good Practice for Corporate Governance;
- NNL Board members are fully briefed on terms of appointment, duties, rights and responsibilities;
- he or she, together with the other NNL Board members, receives appropriate training on financial management and reporting requirements and on any differences that may exist between private and public sector practice;
- the responsible Minister is advised of NNL's needs when NNL Board vacancies arise via UKGI;
- he or she assesses the performance of individual NNL Board members when being considered for re-appointment;
- there are the appropriate documents in place setting out the role and responsibilities of the NNL Board consistent with the Government Code of Good Practice for Corporate Governance;
- there is a code of practice for NNL Board members in place, consistent with the Cabinet Office Code of Conduct for NNL Board Members of Public Bodies.

#### ***Individual NNL Board members' responsibilities***

6.6 Individual NNL 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 its funds and to conflicts of interest;

- not misuse information gained as part of their duties for personal gain or for political profit, nor seek to use the opportunity of their duties to promote their private interests or those of connected persons or organisations;
- comply with the NNL Board's rules on the acceptance of gifts and hospitality, and of business appointments;
- act in good faith and in the best interests of NNL.

## **7 Annual report and accounts**

7.1 The NNL Board must approve the publication of an annual report of its activities together with its audited accounts after the end of each financial year. The annual report must comply with the requirements of the Corporate Governance Code as it applies to NNL.

7.2 NNL will share a draft of the report narrative with the Department and UKGI for review before it is signed off by the NNL Board. Upon receipt of auditor approval, the final report should be submitted to the Department at least four weeks before the proposed publication date to enable the Department to seek endorsement from the responsible Minister. The Department recognises that the finalised annual report is solely the responsibility of the NNL Board. Publication will be dependent on other Government and NNL announcements but will be as soon as feasibly possible.

7.3 NNL shall provide the Department its finalised (audited) accounts by nine months after the date of year-end.

7.4 In order for the accounts to be consolidated into the Whole of Government Accounts, NNL will follow the Whole of Government Accounts process save for where an exemption has been granted.

## **8 Internal Audit**

8.1 NNL shall:

- establish and maintain arrangements for internal audit in accordance with the Treasury's Public Sector Internal Audit Standards (PSIAS) (<https://www.gov.uk/government/publications/public-sector-internal-audit-standards>)
- set up subcommittee(s) of the NNL Board (including an audit committee) in accordance with the Government Code of Good Practice for Corporate Governance and the Audit and Risk Assurance Committee Handbook;
- forward the audit strategy, periodic audit plans and annual audit report, as soon as possible to the Department, as necessary; and
- keep records of, and prepare and forward to the Department, an annual report on fraud and theft suffered by the NNL and notify the Department of any unusual or major incidents as soon as possible.

8.2 The internal audit service has a right of access to all documents, including where the service is contracted out. NIRO is an office hosted by NNL within NNL facilities, but separated from NNL by a series of ethical barriers. The Department should endorse in advance the scope of any internal audit of NIRO and approve access to NIRO documentation to ensure that the ethical barriers are upheld.

## **9 External Audit**



9.1 An external auditor will audit the NNL annual accounts in accordance with the Companies Act 2006.

9.2 In the event that the NNL has set up and controls subsidiary companies, NNL will in the light of the provisions in the Companies Act 2006 ensure that an external auditor is appointed auditor of those company subsidiaries that it controls and/or whose accounts are consolidated within its own accounts. NNL shall discuss with the Department the procedures for appointing an external auditor of the companies.

***Right of access***

9.3 The Department has the right of access to all NNL records and personnel for any purpose including, for example, sponsorship audits and operational investigations, subject always to such access being permissible and consistent with laws and regulations.

***Management and financial responsibilities***

**10 Managing Public Money and other government- wide corporate guidance and instructions**

10.1 Unless agreed by the Department and, as necessary, HM Treasury, NNL shall follow the principles in Managing Public Money (except for any aspects under the Companies Act that require otherwise) as set out in the Letter to the CEO of NNL as per Appendix 4, referring any difficulties or potential bids for exceptions to the shareholder team in UKGI in the first instance.

10.2 A list of guidance and instructions with which NNL should comply is in Appendix 2.

**11 Corporate governance**

11.1 NNL 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 Department, accord with corporate governance best practice.

11.2 In particular (but without limitation), NNL shall take appropriate account of:

the principles and provisions of the UK Corporate Governance Code; and

the principles and provisions of the Corporate Governance in Central Government Departments Code of Good Practice, as it applies to arms' length bodies.

***NNL Board appointments - the Chair and NNL Board members***

11.3 NNL Chair and Non-Executive Directors ("NEDs") are appointed for a period of three years by the responsible Minister. Such appointments will comply with the Commissioner for Public Appointments Code of Practice for Ministerial Appointments to Public Bodies. The responsible Minister can then, subject to performance, re-appoint a NED for a further three years, or such period otherwise agreed by the Department, HM Treasury ("HMT") and Cabinet Office ("CO").

***NNL Board appointments – the CEO***

11.4 The CEO is appointed by NNL's Board, with approval from the responsible Minister and PAO, as required. Other executive appointments are the responsibility of NNL and are made in accordance with its Articles of Association.

***Composition of the NNL Board***



11.5 The NNL Board ordinarily comprises the non-executive Chair, the NEDs, the CEO, the Chief Financial Officer and such other executive directors whose appointment is approved by the NNL Board from time to time in accordance with its Articles of Association.

11.6 The number of NEDs appointed (including the Chair) should not ordinarily be less than the number of executive directors appointed, and, there should be at least three NEDs appointed and two executive directors appointed at any given time.

## **12 Risk Management**

12.1 NNL 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 that at least accords with the Treasury guidance Management of Risk: Principles and Concepts

([https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/220647/orange\\_book.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/220647/orange_book.pdf)).

12.2 It should adopt and implement policies and practices to safeguard itself against fraud and theft, in line with the Treasury's guidance on tackling fraud

([https://webarchive.nationalarchives.gov.uk/20130102192905/http://www.hm-treasury.gov.uk/d/managing\\_the\\_risk\\_fraud\\_guide\\_for\\_managers.pdf.pdf](https://webarchive.nationalarchives.gov.uk/20130102192905/http://www.hm-treasury.gov.uk/d/managing_the_risk_fraud_guide_for_managers.pdf.pdf)).

12.3 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.

12.4 As a minimum, NNL will share detail of its top-level risks with the Department quarterly to inform the Department's Risk Management process.

## **13 Dispute resolution process between the Department and NNL**

13.1 NNL recognises that the Department has a standard dispute resolution process. This is as follows: a material issue of dispute is reviewed by the Department and NNL (at working level) and all attempts are made to resolve it. If a resolution is not possible, the issue is escalated for review by the senior policy sponsor from the equivalent parties, with the PAO briefed on evolving developments, and with the option to directly engage with the CEO/Chair. If there is still no resolution, the PAO appoints a neutral third party to review the dispute and act as mediator between the parties, and if necessary, seek views from experts. Any findings and recommendations will be referred back to the PAO for approval. If still no resolution, the Minister will be invited to write to the Chair of NNL to secure a resolution. Audit trails on decision-making will be kept and maintained for transparency.

## **14 Reporting on legal risk and litigation**

14.1 NNL shall provide a quarterly update to BEIS and UKGI on the existence of any active litigation and any threatened or reasonably anticipated litigation.

14.2 The parties acknowledge the importance of ensuring that legal risks are communicated appropriately to the Department and UKGI in a timely manner.

14.3 In respect of any and each substantial piece of litigation involving NNL, 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 in order to facilitate this. Until such time as a protocol is agreed, the parties will ensure that:

- i. material developments in the litigation are communicated to the Shareholder in an appropriate and timely manner;
- ii. legally privileged documents and information are clearly marked as such;
- iii. individual employees handling the legally privileged documents are familiar with principles to which they must adhere to protect that legal privilege; and
- iv. circulation of privileged information within HMG occurs only as necessary.

## **15 Strategic and Business plans**

15.1 NNL shall produce a Strategy covering ten years ahead. The Strategy should be updated every three to five years, or earlier if required by either NNL or the Department.

15.2 NNL shall submit annually to the sponsor department a Business Plan covering three years ahead. NNL shall agree with the Department the issues to be addressed in the plan. The plan shall reflect the NNL's duties and, within those duties, the priorities set from time to time by the responsible Minister (including decisions taken on policy and resources in the light of wider public expenditure decisions). The plan shall demonstrate how NNL contributes to the achievement of the Department's priorities. The plan may be supported by an outward facing Corporate Plan.

15.3 The Business Plan shall be updated to include key targets and milestones for the year immediately ahead and shall be linked to budgeting information so that resources allocated to achieve specific objectives can readily be identified by the department. The following key matters should be included in the plans:

- key objectives and associated key performance targets for the forward years, and the strategy for achieving those objectives;
- key non-financial performance targets;
- alternative scenarios and an assessment of the risk factors that may significantly affect the execution of the plan but that cannot be accurately forecast; and
- other matters as agreed between the Department and NNL.

15.4 Subject to any commercial considerations, the Corporate and Business Plans should be published by NNL on its website and separately be made available to staff.

### ***Sign-off of the Plans***

15.5 The Business Plan should be developed in consultation with UKGI and the Department. A draft Business Plan should be submitted to the January Board. UKGI will then share the draft Plan with the Department, and lead on assessing whether the plans meet shareholder objectives, including whether any issues should be drawn to the attention of the Principle Accounting Officer. The Department will assess whether the Plans are consistent with, and deliver against, the policy objectives. The Department will seek Ministerial approval for the plan ahead of the March Board.

15.6 NNL must also seek Ministerial agreement to the Strategy and Corporate Plan.

## **16 Reporting performance**

16.1 NNL shall conduct a review of performance in the preceding financial year, together with comparable outturns for the previous 2-5 years (as appropriate), and an estimate of performance in



the current year. This should be made available to the shareholder on request, and may be included in the Business Plan.

16.1 NNL shall operate management, information and accounting systems that enable it to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in the Business Plan. NNL shall inform UKGI and the Department of any changes that make achievement of objectives more or less difficult.

16.2 It shall report financial and non-financial performance, including performance in helping to deliver Ministers' policies, and the achievement of key objectives annually. NNL's performance shall be formally reviewed by the Department/UKGI twice a year. The responsible Minister will meet the Chair and CEO once a year.

16.3 As a minimum, NNL shall provide the Department/UKGI with information quarterly that will enable the Department satisfactorily to monitor financial and strategic performance.

#### ***Providing monitoring information to the Department and UKGI***

16.5 NNL will assist the Department and UKGI in fulfilment of their corporate governance functions by providing relevant information on request including on but not limited to: board papers, financial performance against plans and budgets, achievements against targets, capital expenditure and investment decisions, Board appointments and remuneration and reports on key corporate risks.

16.6 The appointment letter for the Department's NED contains further provisions specifically on the sharing of confidential information between NNL and the Department's NED.

#### ***NNL/Department working level liaison arrangements***

16.7 UKGI will liaise regularly with NNL officials to review financial performance against plans, achievement against targets and expenditure against its Business Plan and any relevant funding as applicable from time to time.

16.8 The Department's Policy Sponsor Team will work with NNL officials to ensure the Company is strategically aligned with the Department by explaining wider policy developments that might have an impact on NNL and agreeing objectives set out in the Strategic Plan and Business Plan

16.9 The roles and responsibilities of the Department and UKGI are set out in more detail in **Appendix 3** below.

### **17 Delegated authorities**

17.1 NNL's delegated authorities are set out in Appendix 1.

### **18 NNL Staff**

#### ***Broad responsibilities for staff***

18.1 Within the arrangements approved by the responsible Minister and as required, HMT, NNL will have responsibility for the recruitment, retention and motivation of its staff. The broad responsibilities toward its staff are to ensure that:

- that NNL has the professional capability and capacity it needs to operate successfully.

- 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 NNL 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 NNL's objectives;
- proper consultation with staff takes place on key issues affecting them;
- adequate grievance and disciplinary procedures are in place; and
- whistle-blowing procedures consistent with the Public Interest Disclosure Act are in place.

#### ***Pay and conditions of service***

18.2 NNL staff are public servants. They are not civil servants and therefore the annually updated Civil Service Pay Guidance does not apply. However, controls over public sector pay and conditions do apply as follows:

- pay cap: NNL has a qualified exemption from the pay cap until 2019/20;
- senior pay: Chair and NED appointments are Ministerial appointments and are 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 CEO's appointment is undertaken by the Chair and subject to approval by the responsible Minister in accordance with best practice. Any other appointments, including other NNL Board appointments, are made by NNL. They 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 Secretary of State, as shareholder, from dismissing or appointing any NNL Board member). The salary of executive appointments will not exceed the CEO's salary;
- off-payroll rules: it is the responsibility of NNL to ensure it complies with the IR35 requirement.
- exit payments: rules apply once the relevant legislation has come into force unless an exemption has been secured. (The government legislated for a cap of £95,000 on exit payments in the public sector in the Small Business Enterprise and Employment Act 2015 as amended by the Enterprise Act 2016. Secondary legislation is required to implement the provisions);
- confidentiality clauses: confidentiality clauses aimed at protecting proliferation sensitive technologies are exempt;
- salary sacrifice schemes: exemptions have been agreed with HMT for child care vouchers and cycle to work schemes. Other salary sacrifice schemes must be approved by HMT;
- travel: NNL travel policy must be consistent with the guidance. However, some employees have legacy contractual entitlements to particular travel arrangements. HMT has agreed



that NNL do not need to seek to formally alter these entitlements but should encourage all staff to abide by NNL's current travel policy;

- Career Average Salary Pension: while acknowledging that final salary pension schemes are only permissible where HMT has agreed an exemption, the timing of any move away from NNL's current arrangements will be determined by the conclusion of ongoing litigation;
- transparency: there is no requirement on NNL to publish the salaries of its employees (other than those senior appointments reported on in the Annual Report);
- Other benefits: Private Medical Insurance (PMI) for new employees is prohibited. Car allowances are permissible for NNL employees where there is a clear business need for frequent travel between NNL sites. HMT has agreed that employees with PMI and/or non-business required car allowances prior to the date of this document may retain these benefits. Any deviation from this position requires an exemption from HMT.

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

18.4 NNL will operate a performance-related pay scheme based on company and individual performance approved by its Remuneration Committee.

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

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

### **Pensions, redundancy and compensation**

18.7 NNL staff will normally be eligible for a pension provided by NNL. Staff may opt out of the occupational pension scheme provided by NNL, but the employers' contribution to any personal pension arrangement, including stakeholder pension will normally be limited to the national insurance rebate level.

18.8 Any proposal by NNL to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the prior approval of the Department.

## **19 Review of the Framework Document**

19.1 This Framework Document will be reviewed every 3 years, or following any material change impacting on the arrangements set out in this document.

## **20 Arrangements in the event that NNL is wound up**

20.1 The Department and UKGI shall put in place arrangements to ensure the orderly winding up of NNL. In particular, it should ensure that the assets and liabilities of NNL are passed to any successor organisation and accounted for properly. In the event that there is no successor organisation, the assets and liabilities will revert to the Department. To this end, the Department and UKGI shall:

- ensure that procedures are in place in NNL to gain independent assurance on key transactions, financial commitments, cash flows and other information needed to handle the wind-up effectively and to maintain the momentum of work inherited by any residuary body;

- specify the basis for the valuation and accounting treatment of NNL's assets and liabilities;
- ensure that arrangements are in place to prepare closing accounts and pass to the C&AG for external audit, and that, for non-Crown bodies funds are in place to pay for such audits. It shall be for the C&AG to lay the final accounts in Parliament, together with his report on the accounts;
- arrange for the most appropriate person to sign the closing accounts. In the event that another NNL takes on the role, responsibilities, assets and liabilities, the succeeding NNL AO should sign the closing accounts. In the event that the Department inherits the role, responsibilities, assets and liabilities, the Department's AO should sign.

20.2 NNL shall provide the Department with full details of all agreements where NNL or its successors have a right to share in the financial gains of developers. It should also pass to the Department details of any other forms of claw-back due to NNL.

Michael Harrison

Signed

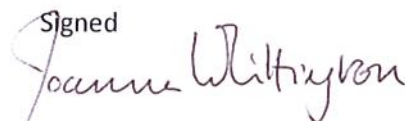


Date 15<sup>th</sup> August 2019

(On behalf of UKGI)

Joanna Whittington

Signed

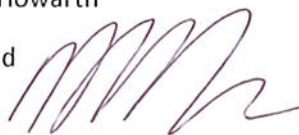


Date 8<sup>th</sup> August 2019

(On behalf of BEIS)

Paul Howarth

Signed



Date 1<sup>st</sup> AUGUST 2019.

(On behalf of NNL)

Sir Andrew Mathews

Signed



Date

1 August 2019

(On behalf of NNL)



