

FSCS DIRECTORS

ROLES AND RESPONSIBILITIES

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FSCS BOARD

Overview

This note provides an overview of the responsibilities of directors at FSCS. All directors share responsibility for FSCS's success in delivering its mission and aims and for the good governance of the Scheme. Executive directors additionally have day-to-day responsibility for directing the affairs of FSCS in fulfilment of the strategy, aims and targets approved by the Board. Non-executive directors provide constructive challenge and support to executive directors in their conduct of the business.

Basic Description of Directors' Responsibilities

1. Have an understanding of the general legal duties and responsibilities of a company director
2. With other directors, ensure that the Board promotes the success of FSCS by setting a clear strategic direction and supporting aims for the organisation
3. Devote such time as may be necessary for the proper performance of the role
4. Act in accordance with FSCS's constitution (*Articles of Association*)
5. With other directors, ensure that the Board performs its duties and carries out its responsibilities in accordance with the '*Schedule of Matters Reserved to the Board*'
6. Prepare for and attend Board and Committee meetings and be an active participant
7. Contribute to the development of strategy and the management of risk and bring relevant knowledge and experience to bear on strategic matters
8. Contribute to setting annual budgets and business plans which enable FSCS to deliver its strategy while achieving value for money in use of resources
9. Test information and/or assumptions and, where relevant, follow up areas of concern
10. Maintain productive relationships with other directors and the Executive team



Financial Services
Compensation Scheme

11. Carry out such additional training and development as might be necessary to keep up-to-date with issues concerning FSCS, the industry and company directors' duties
12. Be available to the Chairman and other Board members to discuss Board matters

FSCS BOARD

Distinction between the Roles and Responsibilities of Executive Directors and Non-Executive Directors

1. There is no legal distinction between executive and non-executive directors in terms of their responsibilities towards the company. Executive and non-executive directors have the same duties under company legislation.
2. In broad practical terms, however, it is recognised that executive and non-executive directors have different roles, as summarised below:
 - executive directors have an active role in directing the company's business, and are responsible for the day-to-day operation of the organisation
 - executive directors, led by the Chief Executive, make strategic and budgetary proposals to the Board and execute the strategy agreed by the Board within the approved budget
 - non-executive directors have a governance and oversight role; they are not involved in the day-to-day running of the organisation but monitor and challenge the executive activity and contribute to the development of strategy
 - non-executive directors, under the leadership of the Chairman, ensure that there is an effective executive team in place, participate actively in the Board's decision-making process, bring independent judgement and challenge to discussions and decisions on strategy and performance, and exercise appropriate oversight of the executive team's execution of the agreed strategy

Chairman's Responsibilities

1. Establish, develop and lead an effective Board
2. Lead the Board as a team, ensuring that performance of the Board and individual Board members is properly evaluated
3. With the Chief Executive, plan and manage the Board's business
4. With the Chief Executive and Company Secretary, set the agenda for Board meetings
5. Through the Board, establish priorities for the FSCS
6. Maintain and develop a productive relationship with the FSCS Chief Executive, for whose recruitment, objective-setting and appraisal he is responsible
7. Establish and maintain high level contacts with FSCS's key stakeholders

Deputy Chairman / Senior Independent Director (SID) Responsibilities

1. As Deputy Chairman, take the chair at Board meetings in the absence of the Chairman
2. As Deputy Chairman, carry out, on behalf of the Board, the performance evaluation of the Chairman
3. As SID, act as a sounding board to the Chairman and serve as an intermediary for other directors when necessary, such as when concerns raised through the normal channels of Chairman, Chief Executive or other executive directors may be considered inappropriate or when the SID may usefully intervene in resolving significant issues.

Chief Executive's Responsibilities

1. Report regularly to the Board with relevant, timely and accurate information about performance so the Board can discharge its responsibilities effectively
2. Inform and consult the Chairman on all matters of significance to the Board so that the Chairman and Board can properly discharge their responsibilities
3. Recommend strategy to the Board and deliver the strategic aims agreed by the Board
4. Recommend to the Board the annual business plan and budget and major investments to enable FSCS to achieve its aims and develop its capabilities
5. Assign responsibilities clearly to senior management and establish effective risk management and control systems
6. Recruit, develop and retain people to work at FSCS with the experience and skills needed to deliver FSCS's mission and aims and ensure that all FSCS people are appraised and developed fairly and rigorously
7. Communicate throughout the FSCS the mission, aims and the values of the FSCS agreed with the Board, and ensuring that these are achieved in practice
8. Take responsibility, together with other executive directors, for communicating FSCS's messages externally
9. Run the organisation on a day-to-day basis within the powers delegated

COMMITTEES OF THE BOARD

Chairman's Responsibilities

1. Develop an effective Committee to carry out the role and functions set out in its Terms of Reference
2. Lead the Committee as a team, ensuring that the performance of the Committee is properly evaluated
3. With Committee members and the Executive, plan and manage the Committee's business
4. Lead the Committee in developing and maintaining productive relationships with relevant stakeholders
5. Attend and chair Committee meetings
6. Report to the Board on matters considered at Committee meetings
7. Be available to Committee members, other Board members, the Executive team and, where appropriate, staff to discuss Committee matters

Committee Members' Responsibilities

1. As a Committee member, contribute to the work of the Committee to allow it to carry out the role and functions set out in its Terms of Reference
2. Attend Committee meetings and be an active participant
3. Be available to the Committee Chairman and the Executive team to discuss Committee matters
4. Assist the Chairman in ensuring that the Committee develops and maintains productive relationships with relevant stakeholders
5. In the absence of the Chairman, report to the Board on matters considered at Committee meetings