

Management Board – for decision

Meeting agenda title: People Committee Terms of Reference

Meeting date: 16 May 2022

Time required: 15 minutes

Presenter: Sarah Lal

Approved by: Louise Byers and Sarah Lal

1. Objective and recommendation

- 1.1. This report sets out proposed terms of reference for a new People Committee. The Board is recommended to review and comment on the Terms of Reference.

2. History and dependencies

- 2.1. This report builds on a report which was submitted to Nominations Committee in February 2022 regarding proposals to update the Committee structure supporting Management Board, in the context of ensuring resilience planning for Non-Executive Directors. This also relates to the separate item on the agenda regarding the Regulatory Advisory Panel.

3. Developing a common understanding

- 3.1. The ICO currently has five NEDs, and recruitment of a further three is currently ongoing. This was approved by Nominations Committee in February 2022.
- 3.2. The current sub-committees are Audit and Risk Committee, Nominations Committee and Remuneration Advisory Panel. There is also a Regulatory Advisory Panel. There is a separate item on the agenda to discuss plans for that committee.
- 3.3. Nominations Committee was established during 2021, to consider matters of Management Board recruitment, development and succession planning. The Remuneration Advisory Panel was established in 2018 to consider matters of Executive Team pay and performance.

4. Matters to consider to achieve objective

People Committee Terms of Reference

- 4.1. The Nomination Committee agreed in February 2022 that it would transition to a People Committee, with a wider remit than the Nomination Committee. The People Committee will support the Management Board in providing strategic oversight of the ICO's people-related strategies, corporate risks and opportunities. The Committee will also oversee the over-arching principles and parameters of performance and remuneration across the ICO. These responsibilities will relate to all levels of the organisation, rather than Nomination Committee's existing limited remit solely being related to Management Board. However, specific pay and objectives for individual ET members will still be within the remit of a separate Committee, which no ET members attend.
- 4.2. This approach is consistent with other regulators, particularly Ofcom, Ofgem and Ofwat. The terms of reference for their People Committees have been reviewed in the development of the draft Terms of Reference.
- 4.3. The draft People Committee terms of reference are set out at Annex 1.
- 4.4. It is proposed that the Committee will be chaired by Jane McCall. The membership will consist of three additional Non-Executive Directors. The intention is that the first meeting of the People Committee will take place in October 2022, to allow the new Non-Executive Directors to be appointed and form part of the membership of this Committee. The Committee's membership may also be supplemented, at the Committee's discretion, by an Independent People Committee member, similar to the model for the Audit and Risk Committee. The model for the Commissioner's attendance is also similar to that of Audit and Risk Committee, where the Commissioner is invited to attend every meeting but is not required to attend.
- 4.5. Management Board is asked to review and comment on the People Committee Terms of Reference. If Management Board is content with the draft, they can also approve the terms of reference.

Remuneration Advisory Sub-Committee

- 4.6. As part of the proposed establishment of the People Committee we have reviewed the arrangements for the existing Remuneration Advisory Panel. This Panel advises the Commissioner on pay and objectives for individual Executive members. The Panel currently consists of the Commissioner and two Non-Executive Directors.
- 4.7. There are no plans to change the remit or composition of this Panel. However, the proposal is to establish the Remuneration Advisory Panel as a sub-committee of People Committee and rename it to Remuneration Advisory Sub-Committee (RASC) to reflect this.
- 4.8. The advantage of this change is that it allows the RASC members to have access to a much wider context of the strategic people developments within the ICO, which in turn allows them to more effectively advise the Commissioner on pay and objectives for ET members.
- 4.9. People Committee would not consider any matters relating to pay or objectives of Executive Team members, and will not have any ability to “override” any recommendations from RASC. No Executive Team member would be involved in any discussions of their own pay and objectives.
- 4.10. Therefore, the changes to the RASC terms of reference are relatively minor – these are limited to changing references from “Panel” to “Sub-Committee” and reflecting the reporting line into People Committee rather than Management Board.

5. Areas for challenge

- 5.1. Does the Management Board agree that this proposed structure will enable the Board to manage the ICO’s people related risks and maximise associated opportunities effectively?

6. Communications considerations

- 6.1. Once agreed, the proposed terms of reference for the People Committee and the Remuneration Advisory Sub Committee will be shared with the recognised trade unions and published internally and externally.

7. Next steps

- 7.1. The next steps for this work are:

- Finalise the terms of reference for both the People Committee and the Remuneration Advisory Sub Committee
- Share these with the trade unions for information
- Publish the terms of reference and develop an action plan to transition to the new Committee structure.

Author: Chris Braithwaite

Consultees: Sarah Lal, Louise Byers. In addition, Paul Arnold, Jane McCall and Nicky Wood have been consulted on the draft Terms of Reference.

List of Annexes: Annex 1 – People Committee Terms of Reference (draft)

Annex 2 – Remuneration Advisory Panel Terms of Reference.

Publication decision: This report can be published internally and externally without redaction. However, the draft Terms of Reference should be clearly marked as draft and should be removed from the website once they Terms of Reference have been formally agreed and form part of our governance structure. We would then link to the final terms of reference, instead of the draft documents.

Outcome reached:

People Committee Terms of Reference

1. Purpose

- 1.1. The People Committee supports the Management Board in providing strategic oversight of the ICO's people-related strategies, corporate risks and opportunities. The Committee also oversees the over-arching principles and parameters of performance and remuneration across the ICO.
- 1.2. The Remuneration Advisory Sub-Committee is a sub-committee of the People Committee, responsible for advising the Commissioner on remuneration and objectives of individual Executive Team members.

2. Responsibilities

- 2.1. The Committee is responsible for:
 - Setting the over-arching principles and parameters of people performance across the ICO.
 - Advising on organisational structure and culture as required.
 - Providing strategic direction in relation to organisational capability through workforce planning and leadership development; organisational structure and culture; and diversity.
 - Advising on remuneration and reward, as required.
 - Supporting the Senior Independent Director as they support the ICO's sponsoring Department in the recruitment of the Information Commissioner.
- 2.2. To deliver these responsibilities the Committee will provide strategic input on:
 - progress against the identified success criteria and milestones of the following ICO strategies:
 - People Strategy
 - Equality, Diversity and Inclusion Strategy
 - Workforce Planning Strategy

- the mitigation of people-related corporate risks or opportunities.
 - the results of people-related staff surveys.
 - the governance structure supporting the Management Board, through periodic review and including outcomes of any collective board evaluation processes, and providing any recommendations to the Board.
 - succession planning arrangements and the skills mix of Management Board and technical or hard-to-recruit business-critical roles.
 - the need to recruit to the Management Board or its direct sub-Committees (including any specific skills requirements) and oversee the recruitment process to fill Board vacancies as and when they arise, including nominating a recruitment panel. That recruitment panel will identify candidates for the approval of the Information Commissioner.
 - the time commitments for Non-Executive Directors.
 - any matters referred to it from Management Board, Executive Team, or Resources Board.
- 2.3. The Committee also has a limited role in making operational decisions on some key matters. These include:
- Periodically consider whether the ICO wishes to nominate a person for external recognition, including making a nomination to the ICO's sponsoring department for a person to receive an Honour, and review any such applications to ensure that they are appropriate.
- 2.4. The Committee is not directly responsible for any matters in relation to remuneration, reward or objectives for individual members of the Management Board. These are in the remit of the Remuneration Advisory Sub-Committee.
- 2.5. The Committee provides advice on remuneration and reward, but is not responsible for decisions on the ICO's pay structures. This is subject to collective bargaining with the recognised trade unions.
- 2.6. The ICO, and therefore the People Committee, does not have responsibility for the recruitment of the Information

Commissioner. This responsibility sits with the ICO's Sponsoring Department. The ICO and the People Committee will provide any assistance required to this process.

3. Authority

- 3.1. The Committee's authority derives from the Management Board.
- 3.2. The Board operates based on collective decision making principles and a 'majority vote' in circumstances where a consensus view cannot be reached.
- 3.3. The Commissioner, as a Corporation Sole, will always have the right to set a course of action that is contrary to the majority view of the Committee. Nothing in these terms of reference shall detract from the authority of the Information Commissioner as Accounting Officer and as a Corporation Sole.
- 3.4. The Committee is authorised, where necessary, to obtain any external advice it deems as reasonable. The Committee is also authorised to call any ICO staff to be present at the meeting as required.

4. Links to other bodies

Management Board

- 4.1. After each Committee meeting, the Chair will report to the next meeting of the Management Board to update the Board on any key matters considered by the Committee. Where necessary, matters may be referred directly to Management Board rather than being considered by People Committee.

Remuneration Advisory Sub-Committee (RASC)

- 4.2. For the purposes of the ICO's governance structure, the RASC is a subsidiary of the People Committee. However, the business of the People Committee and the RASC is entirely separate, in line with the principle that no Executive member will be involved in matters relating to their own pay. No matters will be escalated from RASC to People Committee.

Resources Board

- 4.3. The Resources Board is the SLT Board responsible for delivering the People Strategy and Workforce Development

Strategy. The People Committee provides strategic input into these strategies. The relevant Director leads on Resources Board will attend meetings of People Committee as necessary. The Chair of People Committee will attend Resources Board on a quarterly basis.

EDI Board

- 4.4. The EDI Board is the SLT Board responsible for delivering the EDI Strategy. The People Committee provides strategic input into this strategy.

5. Chair

- 5.1. A Non-Executive Director will chair of the Committee.
- 5.2. If the Chair deems it necessary, they may appoint a deputy chair of the Committee from amongst the members.

6. Composition

- 6.1. The members of the Committee are:
- Chair
 - three further Non-Executive Directors
- 6.2. Unless there is a clear conflict of interest which would prevent them from attending the meeting, the following people will usually attend all meetings of the Committee:
- Deputy Chief Executive and Chief Operating Officer
 - Director of People Services
 - Director of Corporate Planning, Risk and Governance
- 6.3. The Information Commissioner and Senior Independent Director are invited to attend all meetings of the Committee and may attend if they wish. The Chair may also ask the Commissioner or Senior Independent Director to attend any specific meeting.
- 6.4. The Committee may appoint an Independent Member with appropriate experience.
- 6.5. The Committee may invite any other ICO staff or Non-Executive Directors to attend meetings, whether for full meetings or parts of meetings. The Committee may require such staff to attend whenever needed to transact business of the Committee.

7. Quorum

7.1. The quorum is three members.

8. Information requirements

8.1. The Committee should ensure that arrangements are in place to enable it to discharge its responsibilities effectively, including the timely provision of information in an appropriate form and quality. This should include:

- Updates on delivery of the People Strategy, Workforce Planning Strategy and the Equality, Diversity and Inclusion Strategy.
- Outcomes of any board or skills evaluation exercises.
- Outcomes of any internal audits related to the Committee's role.
- Outcomes of any board or skills evaluation exercises.
- Outcomes of any internal audits related to the Committee's role.
- Outcomes of staff surveys.

8.2. The Committee is authorised to obtain external legal or other professional advice as required. There are no specific limits on cost of this, so long as the Committee is satisfied that the cost is reasonable.

9. Budget

9.1. The Committee is not responsible for a specific budget. Where the Committee's actions require a budget, this will be funded from a relevant Directorate budget.

10. Secretariat

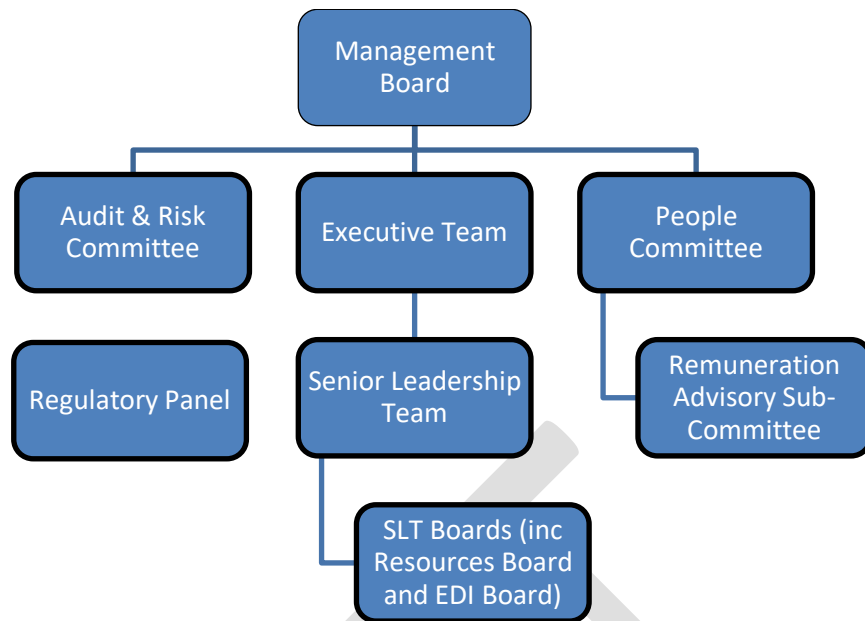
10.1. Secretariat is provided by the Corporate Governance Team.

11. Frequency of meetings

11.1. The Committee will meet at least three times per year. The Chair may call additional meetings as necessary.

12. Links to other forums

12.1. The Committee's place in the overall governance structure is set out in the diagram below.



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Remuneration Advisory Sub Committee Terms of Reference

1. Purpose

- 1.1. The Remuneration Advisory Sub-Committee is constituted as a sub-committee of the People Committee, which is a committee of the ICO's Management Board.
- 1.2. The Sub-committee's terms of reference may be amended at any time by the Management Board. Details of such changes would be shared for information, consultation or negotiation with our recognised trade unions consistent with our formal recognition agreement.
- 1.3. The sub-committee provides challenge, advice and scrutiny to the Commissioner on matters of Executive Team pay and development.
- 1.4. The Commissioner shall retain decision making responsibility for all matters relating to ET pay and remuneration.
- 1.5. Nothing in these terms of reference shall detract from the authority of the Information Commissioner as Accounting Officer and as a Corporation Sole.

2. Authority

- 2.1. The Sub-committee's authority derives from the Commissioner. The Sub-committee is authorised to:
 - Undertake business within its terms of reference;
 - Obtain external legal or other professional advice where required;
 - Secure the attendance of anyone it considers has relevant experience, expertise or knowledge. The Sub-committee may also invite the recognised Trade Unions and staff representatives to attend part or all of the meetings; and
 - Give free and confidential access to the Chair of the Remuneration Sub-committee and the Commissioner to representatives from internal and external auditors

3. Objectives

- 3.1 The objectives of the Sub-committee are:
- To provide challenge, advice and appropriate scrutiny to the Commissioner on the remuneration strategy for the Executive Directors within the ICO.
 - To ensure that no person shall be involved in any decisions on their own remuneration.
 - To consider Executive development.
- 3.2. In considering these objectives, the Sub-committee will take account of the wider pay environment and shall have regard to the ICO's commitments to equality, diversity and inclusion.

4. Responsibilities

- 4.1. The role of the Sub-committee is to provide challenge, advice and scrutiny to the Commissioner in determining the remuneration of the Executive Team.
- 4.2. The Sub-committee will consider proposals from the Commissioner about the remuneration of the Executive Team and provide advice on such proposals.
- 4.3. These proposals will take account of both organisational and individual performance. Executive Directors pay scales and pay progression system will be determined by collective bargaining and subject to pay negotiations as with the rest of the organisation:
- The ICO's strategic plans, other relevant strategies and performance against them;
 - The ICO's Pay Policy;
 - The individuals objectives and performance against them;
 - The overall pay budget;
 - Value for money; and
 - Any other factors which it deems necessary, including internal and external comparative information and benchmarking data where appropriate
- 4.4. Comment upon and advise the Commissioner on Executive Team pension arrangements and other employee benefits.

5. Membership and frequency

- 5.1. The Sub-committee shall be appointed by the Commissioner from amongst the Management Board membership and shall consist of not less than three members including two Non-Executive Directors and the Commissioner.
- 5.2. The Sub-committee shall be chaired by a Non-Executive Director.
- 5.3. In the absence of the Sub-committee chair, the remaining members present shall elect one of their number to chair the meeting. The Sub-committee is quorate with two members present.
- 5.4. The Sub-committee may appoint an Independent Member with appropriate experience in remuneration matters.
- 5.5. The Sub-committee shall be required to meet at least twice per annum. These will, at a minimum, include one meeting to advise the Commissioner on objective setting for the Executive Team and one to advise the Commissioner on the remuneration of the Executive Team and provide advice on such proposals. The Sub-committee may also meet on an ad hoc basis as required.
- 5.6. The ICO shall provide secretariat support to the Sub-committee.
- 5.7. The minutes will be reported to the People Committee.

6. Information requirements and reporting

- 6.1. The Sub-committee should ensure that arrangements are in place to enable it to discharge its responsibilities effectively, including the timely provision of information in an appropriate form and quality.
- 6.2. To review the annual disclosure of remuneration in the accounts and report any concerns to Audit Committee.

7. Budget

- 7.1 The Sub-committee is not responsible for a specific budget.