



## **THE CHALLENGE GOVERNANCE**

1. **Introduction.** This paper explains the governance beneath which The Challenge Network or the Challenge Trading Company limited (together the “Charity”) operate. This architecture seeks to ensure good governance, leadership, management, strategic planning, decision-making, operational delivery, risk management and good organisational practice in all respects. Groups are listed below:

- The Board of Trustees (Board).
- Sub-committees of the Board of Trustees.

The following bodies are led by the CEO and focus on creating and delivering the annual plan, and maintaining connectedness across the organisation:

- The Senior Leadership Team (SLT).
- The Challenge Leadership Forum (CLF).
- The Challenge Management Forum (CMF).

## **BOARD STRUCTURES**

2. **The Board of Trustees.** Board involvement is as follows:

- The Chairman being updated no less than fortnightly by the CEO.
- The Board receiving regular reports (at least every two months) from the CEO and Chief Financial Officer (CFO) or Head of Finance on the status of current activities, issues and business finances.
- The Board’s principal focus is strategic rather than operational. This includes but is not limited to planning for the future and ensuring sustainable growth.
- The Board meets every other month with additional meetings by exception.
- The Board also meets for an annual away day designed to consider future strategy.
- The Director Team attend Board meetings except for the section reserved for trustee issues, which the CEO only will normally attend. Other employees may also attend parts of the board meeting to brief or otherwise be involved.
- Each trustee’s membership of the board is reviewed every three years. In line with current governance best practice, no trustee will normally serve more than three terms of three years each.

3. Board agendas are broadly as follows:

- |        |                                     |                        |
|--------|-------------------------------------|------------------------|
| ● 1700 | Apologies and Conflicts of Interest | Chairman               |
| ● 1702 | Minutes and matters arising         | Chairman               |
| ● 1710 | CEO’s report                        | CEO                    |
| ● 1730 | CFO’s report                        | CFO or Head of Finance |
| ● 1745 | Key issues for board attention      | TBC                    |
| ● 1845 | Trustee issues                      | Trustees               |
| ● 1900 | Close                               | Chairman               |



4. The Board will deal with emerging issues as required as well as the following standing items over the annual cycle:

- Annual review of talent, workforce management, resilience and succession planning (January)
- Annual review of governance (annual away day, usually in November for documentation updating and sign-off in January)
- Sign off annual report and accounts, to include AGM with auditors (May)
- Annual review of risk register (May)
- Annual review of reward strategy (September)
- Annual review of reserves strategy (November)
- Annual review of senior salaries and post budget reward strategy ratification (November)
- Annual operating plan and budget (November)
- National Citizen Service (NCS) delivery review (November)
- Social Business Trust stocktake and thank you letter (November)
- Three to five year strategy (annual away day, usually in November)
- Annual compliance review, to include programme incidents, whistleblowing, data breaches, health and safety incidents and complaints (annual away day, usually in November)
- Review of non-NCS activities (as required)

5. **Sub-committees of the Board of Trustees.** The Board has three sub-committees, each of which has its own written terms of reference. The membership of these sub-committees is enclosed with this paper. The broad remit of each sub-committee is:

- **Nominations Committee** considers and recommends to the Board policies for the appointment and rotation of trustees, the appointment of the CEO and the chairmanship and membership of sub-committees.
- **Audit and Risk Committee** considers and recommends to the Board:
  - The budget for the forthcoming financial year.
  - All matters relating to the appointment and remuneration of the auditors.
  - The necessary approvals for the annual report and accounts having received the auditor's report.
  - Oversight of internal audit risk management.
  - Approval of the risk register, which will include a full assessment of operational risks and the controls in place to maintain the quality of TCN programmes.
- **Remuneration Committee** considers and recommends to the Board the organisation's reward strategy and the remuneration of the CEO and the Directors. It also ensures awareness of remuneration for members of the CLF and offers broad guidance on remuneration policy more widely.

6. Much wider interaction occurs beyond these formal structures; individual trustees routinely engage with and support TCN in line with their own expertise as per (but not limited to) the



following table:

Trustee	TCN Individual
<b>Bill Ronald</b>	CEO
<b>Christine Davies</b>	Head of Safeguarding/HR Director
<b>Michelle Cummins</b>	HR Director
<b>Jenny Ashmore</b>	Sales, Brand and Marketing
<b>Paul Armstrong</b>	CFO/Strategy Director/HRD
<b>Richard Wilson</b>	CFO
<b>Martin Doel</b>	Director of Non-NCS Programmes
<b>Dan Guthrie</b>	Head of External Affairs/Strategy Director

7. Finally, a schedule of matters reserved for the Board is enclosed with this note.

### **NON-BOARD STRUCTURES**

8. The CEO sends a leadership update to all employees approximately monthly by email; this update is also displayed on the front page of the organisation's intranet, The Hub. The CEO visits, briefs and answers questions to all employees in each location of the organisation at least three times per year. Other than by exception, the CEO briefs at all Challenge 101 new staff joiner days.

9. The Senior Leadership Team (SLT) meets weekly. This team consists of the Director Team and certain Heads of Departments, as listed below:

- Chief Financial Officer
- NCS Director
- Human Resources and Organisational Development Director
- Operational Development Director
- Strategy and Business Development Director
- Head of IT and Systems
- Head of Finance
- Head of Talent, Learning and Culture
- Head of NCS Central Operations
- Head of Legal
- Head of Operational Design
- Head of Product Management and Business Analysis
- Senior Strategic Programme Manager

The SLT's primary purpose is to lead the organisation beneath the architecture of the annual plan. It is chaired by the CEO and governed by the Strategy and Business Development Director.

10. The Challenge Leadership Forum (CLF) meets quarterly. The forum is made up of all members of the SLT and all Heads of Department. Its main function is to act as an information sharing and alignment forum to ensure that all of its members are fully informed about and supportive of the annual plan.

11. The Challenge Management Forum (CMF) meets twice a year. Its members include all



those on the CLF as well as selected other managers (including regional managers) from across the organisation. The forum's purpose is:

1. To act as an information sharing and alignment forum to ensure that everyone in the organisation is fully informed about, and supportive of and empowered to deliver, the annual plan; and
2. To ensure that all members of staff feel connected to, and informed about, the wider organisation.

The meeting operates from a formal agenda which generally focuses around key elements of the annual plan, although other subjects will also be addressed as necessary.

## MISCELLANEOUS

12. The following additional practices should be noted:

- The CEO is based primarily at the Waterloo offices but visits each of the other offices in Reading, Manchester, Birmingham, Leeds, Epsom and Preston around every three/four months.
- There is a monthly survey of staff satisfaction that is reviewed by the SLT and functional leadership teams.
- Each member of the organisation receives a full and formal performance development review (PDR) annually.
- The organisation has a proven whistleblowing policy, which is overseen by the HR Director. Should whistleblowing be required to the board, Richard Wilson as chairman of the audit and risk committee is the responsible trustee. Richard's email address is: [rwilson@uk.ey.com](mailto:rwilson@uk.ey.com).

{signed on original}

Bill Ronald  
Chairman

Oliver Lee  
Chief Executive

2 April 2019

Enclosures:

1. Matters Reserved for the Board.
2. Signing Authority.
3. Board Sub-Committee Membership.
4. Board Sub-Committee Terms of Reference.



## **ENCLOSURE ONE – MATTERS RESERVED FOR THE BOARD**

The following items are reserved for the Board:

- Appointment of new trustees.
- Appointment of new CEO.
- Alongside the CEO, a suitably expert trustee will be involved in the appointment of any new directors.
- Based on the recommendation of the Remuneration Committee, providing guidance on the organisation's remuneration strategy and setting remuneration for the CEO and the Directors. Maintaining broad oversight of the salary ranges for heads of department.
- Agreeing signing authorisations (banking and purchase orders).
- Formal approval of annual report and accounts following consideration and recommendation by the Audit and Risk Committee.
- Approving annual TCN budget following consideration and recommendation by the Audit and Risk Committee.
- Expenditure which results in the overall budget being exceeded by more than £300,000.
- Approving any change in TCN annual strategy and specifically new business development, including material new income sources.
- Approving large contracts relating to our outputs, activities and programmes. These are all contracts/leases with income or committed expenditure value in excess of £300,000 over the full period of the contract, and not included within approved annual budgets. To include those with the NCS Trust, LDPs, service providers and property leases.



## ENCLOSURE TWO – SIGNING AUTHORITY

Delegations are as follows:

- Signing levels up to £1,000 (Manager level).
- Signing levels from £1,001 to £10,000 (Head of Department level).
- Signing levels from £10,001 to £30,000 a member of SLT.
- Signing levels from £30,001 to £50,000 (Directors, authorised by the Head of Finance or the CFO).
- Signing levels over £50,000 up to £300,000 require the authorisation of the CEO. The CEO or CFO shall be entitled to sign any deeds up to a value of £300,000 on behalf of the Trustees where the Charity's company seal has been used.
- Contracts over £300,000 must be referred to the Board.

Invoice approval authorisation levels are:

- Up to £10,000 and in line with the PO request, budget holder upwards may authorise by e-signature or email approval.
- Invoices over £10,000 and up to £30,000 must also be approved (e-signature preferred) by a member of SLT and one of: Head of Finance; Finance Operations Manager or Senior Finance Partner.
- Invoices over £30,000 must be signed by a member of SLT and the CFO or Head of Finance.
- For invoices which are not in line with the original PO, the invoice needs to be re-approved in line with the agreed authorisation levels, with the original PO amended in the system accordingly.

Out of budget processes are:

- Expenditure which will lead to the Charity's approved annual budget being exceeded by more than £300,000 must be referred to the Board in advance of contract commitment; however, all material deviations in income and expenditure will be disclosed and explained in the monthly accounts.
- If forecast income deviates significantly from the annual budget, potential changes to the cost base will be discussed and agreed with the Board and informed to the SLT as appropriate

Bank signing authority

- The bank signing authority is in line with the resolution presented to the board on 19<sup>th</sup> March 2019 as follows:

Authorisation Limits	Authorisation Class A	Authorisation Class B	Authorisation Class C
	CFO	Senior Finance Business Partner	CEO
	Head of Finance	Finance Operations Manager	
	NCS Director		
	Operational Development Director		
	Human Resources and Organisational Development Director		
	Strategy and Business Development Director		
<b>Up to £10K</b>	1 A + 1 B or 2B's		
<b>From £10,001 to £100k</b>	1 A + 1 B		
<b>From £100,001 to £500,000</b>	2 A's		
<b>From £500,001 to unlimited</b>	C + 1A or 1B		

- The daily limit for BACS payments is £1.5m and the faster payment limit is £100,000.



## **ENCLOSURE THREE – SUB-COMMITTEE MEMBERSHIP AND TERMS OF REFERENCE**

The membership of the various Board sub-committees is as follows (noting that Bill Ronald, as Chairman of the Board, is invited to all sub-committees):

Nominations Committee:

- Bill Ronald – Chairman
- Dan Guthrie
- Paul Armstrong
- Michelle Cummins
- Christine Davies

Audit and Risk Committee:

- Richard Wilson – Chairman
- Paul Armstrong
- Martin Doel

Remuneration Committee:

- Paul Armstrong – Chairman
- Michelle Cummins
- Dan Guthrie
- Christine Davies



## **ENCLOSURE FOUR – SUB-COMMITTEE TERMS OF REFERENCE**

### **TERMS OF REFERENCE FOR THE AUDIT AND RISK COMMITTEE**

#### **1. MEMBERSHIP**

The Audit and Risk Committee shall consist of at least three members.

At least one member of the Audit and Risk Committee shall have recent and relevant financial experience

Appointment shall be made by the Board in consultation with the Chair of the Audit and Risk Committee.

The Board shall appoint the Chair of the Audit and Risk Committee who shall be a Trustee. In the absence of the Chair, the remaining members present shall elect one of themselves to chair the meeting.

The Chair of the Board may not be a member of the Audit and Risk Committee but may attend committee meetings.

Only members of the Audit and Risk Committee have the automatic right to attend committee meetings; however the following individuals shall generally be in attendance by standing invitation:

- Chief Executive Officer
- Chief Financial Officer or Head of Finance

The Head of Legal and external auditors have an open invitation to Audit and Risk Committee meetings and will advise on their attendance as appropriate.

Other individuals may be invited by the Chair to attend all or part of Committee meetings as and when appropriate or necessary.

#### **2. SECRETARY**

The Board Secretary (or nominee) shall act as the secretary of the Audit and Risk Committee.

#### **3. QUORUM**

A quorum for Audit and Risk Committee meetings is two members.

#### **4. FREQUENCY OF MEETINGS**

The Audit and Risk Committee shall meet at least three times a year at appropriate times in the reporting and audit cycle and otherwise as required. To include:

- May to address the annual report and accounts.
- November to address the forthcoming financial year's budget.

The frequency of interim meetings shall be reviewed and agreed by the Board.



5. **NOTICE OF MEETINGS**

Meetings of the Committee shall be called at the request of the Committee Chairman.

6. **MINUTES OF MEETINGS**

Minutes shall be taken of the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

7. **ROLE**

The Audit and Risk Committee is a Committee of the Board (the Board). The Audit and Risk Committee shall report to the Board on all matters regarding their responsibilities for audit, risk management and quality assurance.

8. **RESPONSIBILITIES**

**Internal Control and Risk Management**

- (a) Keep under review the adequacy and effectiveness of the Charity's internal controls along with its internal control and management systems.
- (b) Review the Charity's corporate risk register at each meeting and receive regular reports from management providing information on the major risks faced by the Charity.
- (c) Review the internal controls and risk management systems including all major or high-risk projects and with a particular focus on cash and cash management.
- (d) Investigate on behalf of the Board any matter that may put the Charity at risk deploying the appropriate resource where necessary.
- (e) Examine reports on special investigations and report to the Board accordingly.

**External Audit**

- (a) Make recommendations to the Board (for approval at the AGM) in relation to the appointment, re-appointment and removal of the Charity's external auditors.

Oversee the selection process for any change in external auditors, including a full investigation of any reasons for incumbent departure.

- (b) Oversee the relationship with the external auditor and in particular:
  - (i) Make recommendations to the Board on their remuneration, whether for audit or non-audit services, and that the level of fees are appropriate to enable an adequate audit to be conducted.
  - (ii) Review and recommend to the Board for approval their terms of engagement, including any engagement letter issued along with the audit approach document for each audit.
  - (iii) Annually assess their independence and objectivity, taking into account; relevant professional and regulatory requirements; the relationship with the

auditors as a whole, including the provision of any non-audit services and; satisfy itself that there are no relationships between the auditors and the Charity other than in the ordinary course of business.

- (c) Meet regularly with the auditors who will be invited to attend all Audit and Risk Committee meetings and will attend particularly to present their audit approach at the planning stage before the audit and after the audit at the reporting stage. Minutes of all Audit and Risk Committee meetings shall be circulated to the auditors.
- (d) Conduct “closed sessions” (in the absence of management) with the auditors following each Committee meeting, to allow any issues arising that the auditors may be able to advise on to be discussed.
- (e) Following the audit, review with the auditors:
  - (i) Any major issues which arose during the audit.
  - (ii) Any accounting and audit judgments.
  - (iii) Levels of errors identified during the audit.
  - (iv) The effectiveness of the audit.
- (f) Agree the supply of any non-audit services by the auditors, taking into account any relevant ethical guidance and best practice. Make recommendations to the Board as required.

#### **Whistleblowing, anti-fraud, corruption and conflicts of interest**

- (a) Review the adequacy and security of the Charity’s arrangements for its employees, volunteers (including trustees) and external stakeholders to raise concerns about possible serious malpractice. Ensure that these arrangements allow proportionate and independent investigations of such matters and appropriate follow up action. In the event of whistleblowing to the board the chairman of the Audit & Risk Committee is the first point of contact.
- (b) Review the Charity’s arrangements in relation to whistleblowing, anti-fraud, corruption and conflicts of interest. Make recommendations to the Board as required.
- (c) Encourage a culture within the organisation as a whole, whereby each individual plays a part in guarding the probity of the Charity and is able to take concerns to senior management or in exceptional circumstances a member of the Board in line with the Charity’s anti-fraud and corruption policy and whistle blowing policy and procedure.

#### **Quality assurance**

- (a) Keep under review the adequacy and effectiveness of the Charity’s quality assurance systems.
- (b) Invite managers to Audit and Risk Committee meetings to update the Audit and Risk Committee on compliance and quality assurance work in the manager’s area of responsibility, including but not limited to:



- (i) Safeguarding;
- (ii) Health and Safety;
- (iii) Equality and diversity;
- (iv) Performance management;
- (v) Information Security and Data Privacy; or
- (vi) Policy review.

### **Management and Financial Reporting**

- (a) Responsible for reviewing and endorsing the annual report and accounts for approval by the Board.
- (b) Responsible for reviewing and endorsing the annual budget for approval by the Board.
- (c) Responsible for defining and monitoring the Reserves policy.

## **9. COMMUNICATION AND ACCOUNTABILITY**

- (a) The Chair of the Audit and Risk Committee will report to the Board following each committee meeting on its duties and responsibilities.
- (b) The Audit and Risk Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- (c) The minutes of each Audit and Risk Committee shall be made available to the Board at the earliest convenience.
- (d) All additional reports submitted to the Board must be done so in writing.
- (e) The Chair of the Audit and Risk Committee shall attend the annual general meeting to answer questions from members on the committee's activities.

## **10. ROLE OF SUPPORTING STAFF**

The Committee shall have sufficient resources in order to carry out its duties including in particular:

- (a) Development of an annual work plan and objectives
- (b) Administrative management before and after meetings
- (c) Provision of information and advice
- (d) Communicating the Audit and Risk Committee's decisions
- (e) Provision of timely induction and ongoing development
- (f) Annual reviews of its own performance and individual committee members
- (g) Annual review of its terms of reference, role description/person specification and make recommendations to the Board as required
- (h) Obtain outside legal or other professional advice on any matter within its terms of



reference at the Charity's expense and in line with the Charity's financial delegated authority levels.

All staff work to support the Committee is carried out in the context of normal line management arrangements within the Charity.

## 11. **INFORMATION**

The CFO or Head of Finance and the CEO, to the extent that the CFO or Head of Finance is not in place or present, shall ensure that the Audit and Risk Committee is kept properly informed and receives all relevant information in a timely manner, to enable full and proper consideration of all matters within its remit. The CEO and CFO or Head of Finance will ensure that all employees of, and advisors to, The Challenge Network will cooperate with the Audit and Risk Committee and provide it with any information it requires for that purpose.

## **AUDIT AND RISK COMMITTEE ROLE DESCRIPTION**

### 1. **TERM OF OFFICE**

Audit and Risk Committee members are usually appointed for a three year term and up to a maximum of three terms.

### 2. **TIME COMMITMENT**

The Audit and Risk Committee usually meets three times a year. Meetings generally last two hours and are held during work hours. Members are expected to adequately prepare for, attend and contribute to all Audit and Risk Committee meetings and participate in additional tasks and meetings as required by the Board. Ad hoc meetings may be added from time to time at the discretion of the Chair, and may be conducted as virtual meetings via internet or telephone.

### 3. **INDEPENDENT ADVICE**

Audit and Risk Committee members have the right to obtain independent legal and professional advice on any matter within the Terms of Reference. The Challenge Network will make available the necessary funds for such independent advice.

### 4. **EXPENSES**

The position of Audit and Risk Committee member is unpaid. However, all reasonable out-of-pocket expenses incurred on Charity business will be reimbursed.

### 5. **PERSONAL SPECIFICATION**

#### **Essential**

- Analysing & interpreting complex issues
- Auditing (including internal audit)
- Risk assessment/management



- Business/strategic planning
- Quality assurance

**Desirable**

- Service delivery
- Insurance
- Financial systems
- Accountancy/book keeping
- Budgeting



## **TERMS OF REFERENCE FOR THE REMUNERATION COMMITTEE**

### **1. MEMBERSHIP**

The Remuneration Committee (the "**Committee**") shall comprise of at least three members of the board of trustees (the "**Board**").

The Board shall appoint a chairman to the Committee (the "**Committee Chairman**").

Only members of the Committee have the right to attend Committee meetings. However, other individuals may be invited to attend for all or part of any meeting, as and when appropriate.

Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods, provided the member still meets the criteria for membership of the Committee (and subject to performance review by the Board, see paragraph 9).

### **2. QUORUM**

The quorum necessary for the transaction of business shall be two.

### **3. FREQUENCY OF MEETINGS**

The Committee shall meet at least twice a year and otherwise as required. The first of these standing meetings shall be in May; the second in September. Where appropriate, these meetings will run on the same day as the Nominations Committee.

### **4. NOTICE OF MEETINGS**

Meetings of the Committee shall be called at the request of the Committee Chairman.

### **5. MINUTES OF MEETINGS**

Minutes shall be taken of the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

### **6. TRANSPARENCY AND DISCLOSURE**

The Committee Chairman shall be available to discuss the Committee's activities with auditors.

### **7. SPECIFIC COMMITTEE DUTIES**

The Remuneration Committee shall:

- (a) Determine and agree with the Board the framework or broad policy for the reward strategy in the organisation (September meeting).
- (b) Determine the specific remuneration of the Director Team. No member of the Director Team shall be involved in any decisions as to their own remuneration (November meeting).
- (c) Note the remuneration of those heads of department within the Challenge Leadership



Forum (CLF) (November meeting).

- (d) In determining and noting such remuneration policy, take into account all factors which it deems necessary. The objective of such policy shall be to ensure that members of the senior leadership team of the company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of The Challenge Network.
- (e) Obtain reliable, up-to-date information about remuneration in other companies.
- (f) Determine the policy for, and scope of, pension arrangements for each member of the Director Team and the organisation more widely.
- (g) Ensure that contractual terms on termination, and any payments made, are fair to the individual and the company and that failure is not rewarded.
- (h) Oversee any major changes in employee benefit structures throughout the company.
- (i) Agree the policy for authorising claims for expenses from the senior leadership team and Board.

## 8. **REPORTING RESPONSIBILITIES**

The Committee Chairman shall report formally, and make recommendations as appropriate, to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

## 9. **PERFORMANCE REVIEW**

The Committee's performance will be subject to ongoing review by the Board.

## 10. **OTHER MATTERS**

The Committee shall:

- (a) Have access to sufficient resources in order to carry out its duties.
- (b) Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.
- (c) Annually review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

## 11. **AUTHORITY**

Each Committee is authorised by the Board to obtain, at the company's expense, outside legal or other professional advice on any matters within its terms of reference.

## **TERMS OF REFERENCE FOR THE NOMINATIONS COMMITTEE**

### 1. **MEMBERSHIP**

The Nominations Committee (the "**Committee**") shall comprise of at least three members



of the board of trustees (the "**Board**").

The Board shall appoint a chairman to the Committee (the "**Committee Chairman**").

Only members of the Committee have the right to attend Committee meetings. However, other individuals may be invited to attend for all or part of any meeting, as and when appropriate.

Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods, provided the member still meets the criteria for membership of the Committee (and subject to performance review by the Board, see paragraph 9).

## 2. **QUORUM**

The quorum necessary for the transaction of business shall be two.

## 3. **FREQUENCY OF MEETINGS**

The Committee shall meet as required. Where appropriate, such meetings will take place on the same day as the Remuneration Committee.

## 4. **NOTICE OF MEETINGS**

Meetings of the Committee shall be called at the request of the Committee Chairman.

## 5. **MINUTES OF MEETINGS**

Minutes shall be taken of the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

## 6. **TRANSPARENCY AND DISCLOSURE**

The Committee Chairman shall be available to discuss the Committee's activities with auditors.

## 7. **SPECIFIC COMMITTEE DUTIES**

The Nominations Committee shall:

- (a) Regularly review the structure, size and composition (including the skills, knowledge and experience) required of the Board compared to its current position and make recommendations to the Board with regard to any changes.
- (b) Be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise.
- (c) Be responsible for the induction and training of Trustees as appropriate.
- (d) Before any appointment is made by the Board, evaluate the balance of skills, knowledge and experience on the Board, and, in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates the Committee shall:



- (i) Use open advertising or the services of external advisers to facilitate the search.
- (ii) Consider candidates from a wide range of backgrounds.
- (iii) Consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position.
- (e) Keep under review the qualities and skills required by members of the Board individually and the Board as a whole to ensure good governance.
- (f) Perform an annual evaluation of the effectiveness of the Board and the Committee.
- (g) Keep under review the quality and skills required by the executive leadership team and make recommendations with regards to any changes.
- (h) Be responsible for recruiting any new CEO.
- (i) Be involved in the recruitment of any member of the director team.
- (j) Review the membership of the board sub-committees annually and where appropriate recommend the rotation of committee membership.

## 8. **REPORTING RESPONSIBILITIES**

The Committee Chairman shall report formally, and make recommendations as appropriate, to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

## 9. **PERFORMANCE REVIEW**

The Committee's performance will be subject to ongoing review by the Board.

## 10. **OTHER MATTERS**

The Committee shall:

- (a) Have access to sufficient resources in order to carry out its duties.
- (b) Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.
- (c) Annually review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

## 11. **AUTHORITY**

Each Committee is authorised by the Board to obtain, at the company's expense, outside legal or other professional advice on any matters within its terms of reference.