

## **Annex 2: Terms of reference of the Ofgem People and Remuneration Committee**

Updated: September 2021

### **1 Purpose**

1.1 To advise the Ofgem Chief Executive, the Chair of Ofgem and Board as appropriate on:

- Senior Civil Service remuneration;
- Strategic approaches to and policies on people-related issues that impact Ofgem's performance and success; and
- Structure, size, and composition of the Board, taking account of skills, knowledge, experience and diversity.

### **2 Membership**

2.1 The Committee shall have a minimum of two members. The Board shall appoint the Chair and the other members, all of whom shall be Non-executive members of the Ofgem Board. Save where the Chair of the Committee considers it inappropriate or there is any conflict of interest, the following shall normally be invited to attend meetings:

- Chair of Ofgem
- Chief Executive Officer
- Director of Corporate Services
- Deputy Director People & Estates

2.2 Ofgem shall provide a Secretary to the Committee;

2.3 The quorum for any meeting of the Committee shall be any two members.

### 3 Duties

- 3.1 To review terms and conditions of service including remuneration, allowances, gratuities, early retirement and redundancy of:
- Chief Executive Officer
  - The Executive Committee (ExCo)
  - Such other persons as are agreed between the Chair of the Committee and the Chief Executive Officer.
- 3.2 To keep remuneration and reward policy under review having regard to recruitment and retention, Cabinet Office guidance and any other relevant guidance.
- 3.3 To agree the performance objectives of the Chair of Ofgem and advise them on objectives for the Chief Executive Officer and other ExCo members.
- 3.4 To review and advise on organisational strategies for talent management, performance management, and diversity.
- 3.5 To advise the Chief Executive Officer on organisational structure and culture as required, and monitor the results of Ofgem's people surveys.
- 3.6 The Committee shall:
- 3.6.1 Review annually (and at such other times as the Committee considers necessary) and report to the Board on the outcome of its review making recommendations where appropriate on:
- the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board required for a successful Ofgem;
  - the skills, knowledge, experience and attributes considered desirable for any board vacancy that is expected to arise before

the next annual review or which arises ad-hoc including whether or not to recommend the extension of any existing board member appointment which is capable of renewal;

- membership of the Audit and Risk Assurance and People and Remuneration committees, and any other Board committees as appropriate, in consultation with the chairs of those committees,

and in doing so shall take account of any relevant feedback from the annual board effectiveness review.

3.6.2 Consider and keep under review succession plans for the Chief Executive Officer, ExCo and broader Senior Civil Servants / key roles as appropriate.

3.6.3 Consider the skills mix required for a successful Ofgem and GEMA, and monitor plans to achieve the appropriate skills mix.

3.7 To approve:

- Any outside appointment for serving ExCo members
- Policy on Board member expenses
- The management of any conflicts of interest regarding Board members
- Any applications made under the Business Appointment Rules by SCS2 or SCS3 staff, or any other application from a Senior Civil Servant where there is a significant potential for a real or perceived conflict of interest, or any other application the Committee wishes to consider.

3.7 To provide advice to the Chair of Ofgem, Chief Executive Officer or Board on any other people related issues submitted to the Committee.

## **4 Meetings**

4.1 The Committee shall meet at least three times a year.

## **5 Authority**

5.1 The Committee may seek such information as it requires and may employ legal or other professional advisers to inform the exercise of its functions and duties.

## **6 Reporting Procedures**

6.1 As soon as practicable after each meeting of the Committee and at such other times as the Committee may consider appropriate, the Chair of the Committee shall report to the Authority so far as the requirement for confidentiality permits. Executive members of the Authority may be asked to leave the Authority meeting while this report is being given.