



**Solent Freeport Remuneration,
Employment and Nominations Committee
Terms of Reference
April 2022**

Context

The Solent Freeport Consortium Limited is a company limited by guarantee and was incorporated on 15 March 2021. Details on the Governance arrangements for the Company are set out in the Company's Articles of Association, which are [available here](#).

The company has been established in response to the Government announcing the Solent Freeport in the March 2021 budget and, as set out in the Freeport Prospectus, candidate Freeports are required to complete a 'set-up' phase for achieving Freeport designation, culminating in the approval of a Full Business Case (FBC). Approval of an earlier Outline Business Case (OBC) will allow for the formal designation of the Freeport customs and tax sites following successful authorisation processes (which can run in tandem to the business case approval process). The FBC will then make the final, full case for capital seed funding and the use of all levers (e.g. rates, incentives, regulatory etc) to best deliver the policy objectives. Approval of this will allow for the formal designation of the Freeport, conferring of all associated legal powers, and a Section 31 grant to be issued for the capital funding.

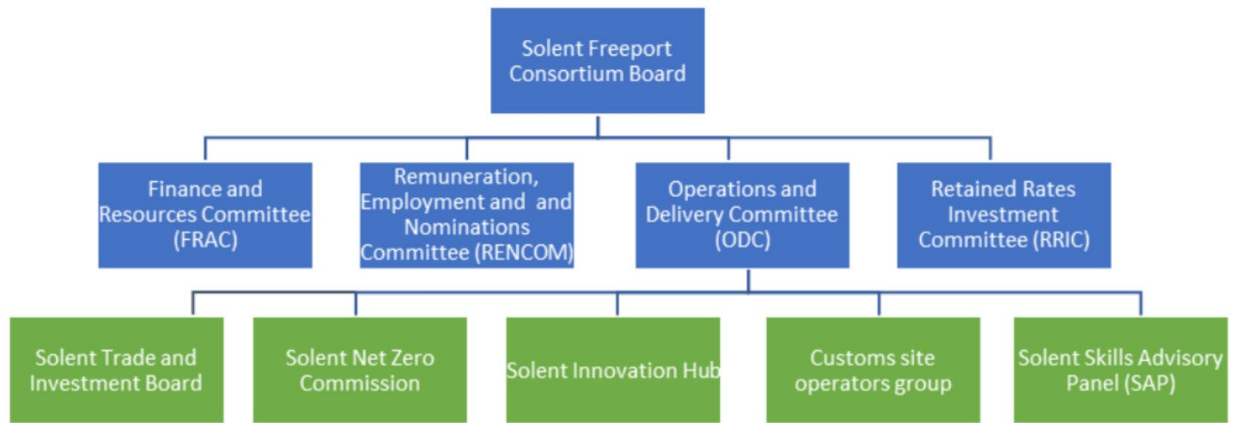
Portsmouth City Council is the accountable body for The Solent Freeport Consortium Limited and in this role is accountable for the proper use and administration of funding, all of which will fall under the annual audit of the local authorities accounts, and for ensuring that decisions are made in accordance with HM Government requirements.

The Solent Freeport Consortium Limited needs to ensure appropriate Governance and Capacity is in place throughout the delivery phase. Appropriate These arrangements are critical for delivering to the ambitious timescale and ensuring that appropriate measures of accountability and transparency are in place for the effective management of public funds.

Within this context, the Solent Freeport Consortium Limited Board has established a Remuneration, Employment and Nominations Committee and the following document sets out the terms of reference for the RENCOM.

Overarching Governance Structure

The Board of The Solent Freeport Consortium Limited is the ultimate decision making body within the Solent Freeport structure. The Board have established a number of committees to support their work throughout the delivery phase as shown in the below structure diagram.



The Solent Freeport Consortium Board will have overall responsibility for all committees highlighted in blue. In line with the Government's requirement for the Solent Freeport to build on existing architecture in the area, the Solent LEP (and in the case of the Customs site operators group, one of the customs site operators) will take the lead responsibility for delivery of these forums.

It is anticipated that the governance structure will continue to develop throughout the evolution of the Solent Freeport and the Board will consider any future enhancements to the organisational structure within the context of their commitment to complying with best practice in terms of governance (as set out in the [UK Corporate Governance Code](#)).

The Board may delegate areas of work to committees or individual directors, however the Board and Portsmouth City Council as the Lead Authority will remain accountable for them.

Remuneration, Employment and Nominations Committee Membership

RENCOM will consist of a minimum of three and a maximum of six Directors of the Solent Freeport Consortium Limited.

The Chair and Members of the Remuneration, Employment and Nominations Committee (RENCOM) are appointed by the Solent Freeport Consortium Limited (SFCL) Board.

Ordinarily, the Terms of Service for these members shall be for three consecutive years with an opportunity to be reappointed for a further three years in exceptional circumstances.

In line with best practice established under the [UK Corporate Governance Code](#), the Chair of the SFCL Board can only be a member of RENCOM if they were independent on appointment and cannot chair the committee. The SFCL Board have an aspiration for an independent director to Chair the Committee and, in the first instance, the framework provided by HM Government does limit the Boards ability to achieve this aspiration. Conversations with Government in relation to increasing the size of the Board in order to enable the recruitment of additional independent directors is ongoing. In the interim, the Chair will be drawn from amongst the SFCL Board membership and selection will be based on the relevant skills and experience for the role. Ordinarily, it is expected that the Chair of RENCOM will have served on a remuneration committee for at least 12 months and have demonstrable professional experience or qualifications in a relevant area (such as Non-Executive Director, Legal or HR qualifications).

There will also be ex officio support in attendance at every meeting including the Senior Responsible Officer for the Solent Freeport and / or Solent Freeport Consortium Limited Executive Director (or their nominated representative(s)), the HR representative and the Chief Finance Officer (CFO) from the Accountable body Portsmouth City Council (or their nominated representatives). External advisers may be invited to attend for all or part of any meeting as and when appropriate. This may include individuals with independent recruitment expertise and the Company Secretary when considering executive search requirements for Director roles.

Role of the Remuneration, Employment and Nominations Committee

The Committee shall have delegated responsibility for employment matters including the development of executive capacity of Solent Freeport; determining the policy for executive director remuneration and setting remuneration for the chair, executive directors and senior management; and to lead the process for appointments, ensure plans are in place for orderly succession to both the board and senior management positions, and oversee the development of a diverse pipeline for succession.

In discharging this responsibility, the committee shall;

- Be responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any Executive Search consultants who advise the Committee.
- To approve and keep under review, on behalf of the Board of SFCL, the SFCL's recruitment strategy ensuring efficient and effective recruitment of senior business leaders to fill nonexecutive roles including the independent Chair
- To advise and guide the Executive and Board on strategies to enable it to find, recruit and retain the best quality executive and non-executive appointees, including ensuring that the SFCL meets and exceeds Government expectations in relation to wide and transparent consultation with the business community before appointing a new Chair; and
- To keep under review, advise and guide the Board in relation to Board composition, including the approach to securing the required leadership, skills composition and diversity, including the development, maintenance and implementation of the SFCL Diversity Statement
- Approve and keep under review the SFCL approach to induction and training for Directors and Executive team members;
- To provide advice to the Board and keep under review the approach to defined term limits for Chairs, Deputy Chairs and other Board Directors in line with best practice in the private sector.
- To approve and keep under review, on behalf of the Board, the employment strategy ensuring efficient and effective recruitment, development and deployment of staff resources, role descriptions and the on-going development of the staff
- To keep under review risks associated with those matters considered the responsibility of the Committee, as determined by these Terms of Reference; and
- To keep under review risks associated with the Employment Strategy, including: the capacity of the executive at all levels to deliver the work of the Board and the SFCL's mission and strategy; succession planning for key staff; staff retention; and the effectiveness of staff appraisal, staff consultation and staff development systems and support mechanisms.
- Review the ongoing appropriateness and relevance of the employment strategy and remuneration policy; and
- Ensure (through the accountable body) that all provisions regarding disclosure of remuneration, including pensions, are fulfilled; and
- Be responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee; and
- Obtain reliable, up-to-date information about remuneration in other companies/organisations; and
- Agree the framework and policy for remuneration, terms of employment and any changes, including service contracts, remuneration, basis of bonus and bonus awards and the targets for any performance related pay schemes.

Role of the Remuneration, Employment and Nominations Committee Chair

The Chair is responsible for the leadership of the Committee, ensuring its effectiveness on all aspects of its role.

The Chair will chair all the meetings of the Committee. If the Chair is unable to attend a meeting, the RENCOM members will nominate an alternative member to chair the meeting.

The Chair will be responsible for agreeing the agenda for each meeting 5 working days in advance of the Meeting and deciding the order of matters to be discussed.

The Chair will decide the order in which members will be called to speak ensuring that all members present, who wish to, are given an opportunity to speak and also seeking to ensure that all views are fairly represented.

The Chair may suspend the meeting if in his or her view this is necessary; for whatever period of time he or she thinks appropriate.

Following consultation with the Members, the Chair will be responsible for agreeing the draft meeting notes within 5 working days of all meetings.

Conduct of Members

All Members are expected to follow "The 7 principles of public life" (The Nolan Principles) and will be required to sign up to a code of conduct based on these principles.

Quorum

No decision may be made by a meeting of the Committee unless a quorum is present at the time the decision is purported to be made. "Present" includes being present by suitable electronic means agreed by the directors in which a participant or participants may communicate with all other participants.

The quorum necessary for the transaction of business shall be two committee members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee. A meeting shall be deemed not to be inquorate if it is otherwise inquorate only because the number of additional directors that would be required to form a quorum are not entitled to vote.

Decisions and Voting

The role of the Committee is decision making. If a vote is required decisions shall be made on the basis of a majority of those Members attending and voting at a quorate meeting. Each member shall have one vote and decisions are made on a majority basis. In the event of an equality of votes being cast, the Chair of the meeting will have the casting vote.

Declaration and Management of Interests

The overriding principle adhered to by the Committee is that every member should be, and be seen to be, impartial at the time of participation in any discussion or decision relating to a matter considered by the Committee.

The Solent Freeport Consortium Limited will take a proactive approach to the management of all interests. This includes both direct interests in matters to be considered, which would realistically be affected by its outcome, as well as presumed, unconscious or apparent bias arising from an involvement (found where a fair-minded and informed observer, having considered the facts, would conclude that there was a real possibility that the member could have been biased).

A director must declare the nature and extent of any interest, direct or indirect, which she/he has in a proposed transaction or arrangement with the company or in any transaction or arrangement entered into by the company which has not previously been declared and absent himself or herself from any discussions of the directors in which it is possible that a conflict will arise between his or her duty to act solely in the interests of the company and any personal interest (including but not limited to any personal financial interest).

If a conflict of interests arises for a director because of a duty of loyalty owed to another and the conflict is not authorised by virtue of any other provision in the articles, the unconflicted directors may authorise such a conflict of interests where the following conditions apply:

- the conflicted director is absent from the part of the meeting at which there is discussion of any arrangement or transaction affecting that other person;

- the conflicted director does not vote on any such matter and is not to be counted when considering whether a quorum of directors is present at the meeting; and
- the unconflicted directors consider it is in the interests of the company to authorise the conflict of interests in the circumstances applying.

The notes of meetings of the committee will record any declarations of interest made, and whether the director withdrew from the meeting for that item.

All Directors will complete a Register of Interest form which will be published.

Gifts and Hospitality

The company will also maintain a register of events attended and gifts or hospitality received or given by all persons in their capacity as representatives of The Solent Freeport Consortium Limited or whilst carrying out Solent Freeport Consortium Limited duties. Gifts and hospitality of a significant value arising received by committee members or their spouse/partner in their capacity of representatives of The Solent Freeport Consortium Limited should not be accepted. The giving of gifts or hospitality of significant value should also be avoided by committee members.