

Director Appointments and Remuneration Policy – Final

GOVERNANCE POLICY

POLICY REFERENCES

- Sponsor: **Mayor**
- Effective: **28 April 2011**
- Internal review due: **Annually**
- Legal compliance: **Local Government Act 2005
Sections 57 and 6**
- Associated Documents/References
- Policy Number

PURPOSE

Introduction

The Council is empowered to make appointments to a wide range of organisations. Section 57 of the Local Government Act (the Act) provides that a local authority must adopt a policy that sets out an objective and transparent process for –

- identifying and considering the skills, knowledge and experience required of Directors of a Council organisation
- appointing Directors to a Council organisation
- remunerating Directors of a Council organisation.

A local authority may appoint a person to be a Director only if the person has, in the opinion of the local authority, the skills, knowledge and experience to –

- guide the organisation given the nature and scope of its activities, and
- contribute to the achievement of the objectives of the organisation.

In addition to the general procedures for appointment, the procedure for reappointing or replacing retiring Directors is set out. The terms used in this policy have the meaning assigned to them in Section 6 of the Act.

This policy also applies to the appointment of Trustees including to the Eastland Community Trust.

POLICY

Identifying Skills, Knowledge and Experience Required of Directors: In each case a person specification will be prepared setting out the attributes required of the Director, having regard for those matters set out above and the skills of any existing Directors.

Seeking Candidates: Council may publicly advertise the position, seek the advice of the Board Chairman and/or invite candidacy from persons known to Council.

Assessing Candidates: All applications will be assessed by a selection panel comprising elected members and, if appropriate, relevant external people including the Board Chairman and an independent consultant. The selection panel will be appointed by the Council and will be serviced by the Chief Executive. The panel will consider all applications received, short list and interview if necessary and report to Council with a recommendation if it wishes to do so.

Decisions: The selection and final appointment process will be a decision for Council taken with the public excluded. A public announcement of the appointment will be made as soon as practical. All appointments will specify a term.

Councillor Candidacy: In the case where Council is considering appointing the Mayor or Councillor, there will be no need to advertise the position. The assessment process shall otherwise apply with such modification as Council may agree. Where the Mayor or Councillor is being appointed to a Board because it is a specific requirement that the appointee be the Mayor, or a Councillor nominated or appointed by the Mayor, or a Councillor nominated or appointed by the Council, the appointee shall be deemed to have accepted the appointment on the basis that it will cease:

- in the case of the Mayor, when the Mayor ceases to hold office;
- in the case of the Councillor who is the nominee or appointee or the Mayor or Council, when either the Councillor or the Mayor who nominated or appointed the Councillor ceases to hold office.

For the purposes of this policy, a Mayor or councillor who is not re-elected shall have ceased to hold office on polling day. A Mayor or Councillor who accepts an appointment to a board is expected to comply with this policy notwithstanding that, e.g. under a Trust Deed in the case of an appointment as Trustee of a trust, the term of the appointment to the Board may extend beyond the term of the appointment under this policy.

Remuneration: The remuneration of Directors will be market related reflecting the payment levels payable in other similar sized organisations and the success of Directors' stewardship. Where Council is the sole shareholder Council will set the remuneration by resolution at the Annual General Meeting of the organisation or by resolution of Council. Such resolution shall state whether the remuneration is to be allocated by the Board or is to be specified for Directors and Chairman.

Procedure for Retiring Directors

1. As a first step, the availability for re-appointment of the incumbent Directors, who retire by rotation, should be determined. The necessary enquiry is to be made by the Mayor or his delegate, of the individuals concerned and reported to the Council.
2. As a second step, the Council will decide whether it will:
 - 2.1 support the re-appointment of any of the retiring Directors; or

- 2.2 consider supporting the re-appointment of any of the retiring Directors; or
- 2.3 not support the re-appointment of any of the retiring Directors.

Council's decision will be made on the basis of:

- (a) its members' own knowledge;
- (b) reasonable enquiry of the Board Chairman; and/or
- (c) a meeting with the retiring Directors.

whichever is deemed necessary in the circumstances.

The Mayor or his delegate will advise the individuals concerned of Council's decision and, if it is to consider retiring Directors for reappointment [ie option (2.2)] invite them to offer themselves for selection along with other candidates Council may wish to recruit.

- 3. As a third step, where necessary, the Council will recruit candidates for appointment to the board by advertising and/or based on members' own knowledge, experience and networks.

The selection of candidates to receive the Council's support for appointment to the board will include a consideration of criteria such as:

- 3.1 the balance of skills on the board;
- 3.2 the views of the Board's Chairman in this regard;
- 3.3 a connection with the Gisborne district;
- 3.4 an appreciation of the operating environment ie public entity with local authority majority shareholder;
- 3.5 commercial acumen, success and innovation;
- 3.6 quality of judgements and integrity;
- 3.7 the ability to attend board meetings, especially emergency meetings;
- 3.8 any constraints or conditions in the trust deeds or constitution.

- 4. The general procedure for assessing candidates will apply with any necessary change to reflect the Council's prior knowledge of the attributes of the candidate.

A decision on the appointment of Directors will be a decision for the whole Council. Under existing Standing Orders, this vote is required to be taken by Division.

Council will undertake this process in private and in accordance with the provisions of the Local Government Official Information and Meetings Act.

Council accepts that it must allow sufficient time for retiring Directors to consider their positions, meet Council, and/or review their availability and to this end will make a decision whether or not to support them before notice of the Annual General Meeting of the board is given.

For the purpose of steps 2, 3 and 4, the Chairman of the Company is to be incorporated in the process except where he or she is a Director seeking re-election.

Authorised by

Date of approval: