



**SPORT
NEW ZEALAND**
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People and Culture Board Committees

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Introduction

The setting, modelling, and oversight of people and organisational culture related matters is the responsibility of the Board as whole. The Board does this, in the first instance, through the formation of Board Policy. This ensures the board stays focused on its oversight responsibilities relating to Policy application, compliance, and reporting.

The Board may decide to delegate the fulfilment of its Policy requirements to an appropriate Board Committee. It can do this by forming a People and Culture Board Committee (the Committee) or expanding existing committee Terms of Reference to include matters relating to People and Culture, such as a Governance Committee¹ or Remuneration Committee².

The purpose of this paper is to outline a range of principles for Boards to consider should they be contemplating the formation of a People and Culture Board Committee or expanding existing board committee Terms of Reference.

This paper should be read in conjunction with Sport New Zealand's paper "The Board's Role in Organisational Culture"³.

Principles

The following outlines the principles upon which the committee could be established and operate.

Terms of Reference of the Committee

Any Board committee should be formally established by the Board adopting a Terms of Reference, outlining the purpose, authority, membership, role of the committee and how it will operate (formality, frequency, location of meetings, papers, and interaction with the Chief Executive).

The terms of reference will reflect all elements of relevant board Policy or Policies and will be tailored to the specific needs of each Board, the priorities for the organisation at the time, along with consideration of the skills of members of Board committees, and committee workload.

The terms of reference should be reviewed annually and at any time relevant board Policy is reviewed, to ensure it is still "fit for purpose" and the committee is adding value to the work of the Board and the organisation.

Purpose of the Committee

The purpose of the committee needs to be formally stated. This could include, for example:

- Its primary purpose will be to provide advice and recommendations to the Board, on governance matters relating to the organisation's people and culture in line with board Policy.

The Authority of the Committee

The authority of the committee needs to be determined. This could include:

- The committee will act independently of management and provide objective and impartial advice and recommendations to the Board
- The committee does not hold the authority or power to make decisions on the Board's behalf
- Upon the approval of the Board, the committee can commission any independent review or expert advice on a specific matter to assist with providing advice and recommendations to the Board
- The committee will not overstep or assume any people and culture delegations and responsibilities that sit with the CEO in terms of their leadership and operational management of the organisation.

Membership of the Committee

The number of committee members needs to be determined, along with how they are appointed and their term:

- It would be standard for the Board to appoint the committee members for a specific term, for example three years, and to be consistent with the term of appointment of that committee member to the Board
- The number of committee members can vary, with three an appropriate number
- The chair of the Board can be an ex officio member of the committee, but not the chair of the committee if the committee terms of reference include the process relating to CEO performance
- Appointed members of the committee should have a range of skills and relevant to the operation of the committee
- The Board may decide to appoint an external member to the committee to enhance the skills and experience on the committee
- Board members who are not members of the committee usually have an open invitation to attend and observe any committee meetings
- The Chief Executive and staff in roles relevant to the business of the committee will regularly attend meetings, upon the invitation and approval of the chair of the committee but are not members of the committee.

The Committee's Work

The work of the committee will be determined by what the Board deems as important to assist the Board in its governance role relating to people and culture related matters.

Committees should have an annual work plan that is approved by the Board, maintain regular minutes, and regularly report to the Board on the work of the committee.

Specific Role of a Committee

The following activities could be included in the role of a committee:

People and Culture Policy

Whilst the whole Board has responsibility for people and organisational culture, the committee may take a lead in reviewing Board Policy to ensure it remains fit for purpose bringing recommendations back to the full board for discussion and approval.

Additionally, the committee may review any/ all operational people and culture related policy to provide the board and CEO/ management team with confidence the board's intent is being met. For the same purpose as above, the committee may have an ongoing role in the monitoring of the implementation of these policies.

An example of a Board People and Culture Policy (included in Sport New Zealand’s example Board Charter) is contained in Appendix 1.

Monitoring of Culture, Wellbeing and Engagement

To assist the Board with the monitoring of the organisation’s culture and the wellbeing and engagement of its people, the committee may have a role to review any reporting on the culture, wellbeing, and engagement of its people.

Integral to the performance of this role, is the pursuit of a “show me, don’t tell me” mindset for the Board, and thus the committee, with regard to the culture and wellbeing of its people. Independent reporting and direct observation of work environments is invaluable in this regard.

This committee would have the ability to recommend to the Board, if not initiate itself, inquiries into culture and people related matters, independently of management.

Strategy and Alignment with Organisation Capability

Boards have a strong interest in ensuring that the organisation has the capability to “operationalise and implement” the organisation’s strategy. This is typically the domain of the Chief Executive.

Whilst the whole Board will be required to approve any significant changes in organisational capability and capacity that are outside the Chief Executive’s delegation, this committee could:

- Provide strategic input into future thinking around organisational capability, capacity and structure, and development (including talent development, continuous professional development, and leadership considerations), workplace relations and wider succession planning across the organisation.
- Review material changes to the organisation’s structure and personnel budget, prior to the Board making any decisions on these, if they sit outside the Chief Executive’s delegated authority.

Health and Safety and Wellbeing

The whole Board must have overall responsibility for health, safety, and wellbeing. The Board may decide to fulfil this responsibility only at the whole Board level, or decide it needs extra focus on health, safety, and wellbeing in a Board committee.

Depending on the skills, workload and specific challenges faced by the organisation in terms of Health and Safety, this may then rest within:

- A special purpose Health, Safety and Wellbeing Committee.
- The Audit and Risk Committee; or
- The People and Culture Committee.

People and Culture Risk Related Matters

Best practice would see these incorporated into the organisation’s risk register, with monitoring by the Audit and Risk Committee and with these also being on the full Board’s agenda.

This committee may have a role to monitor in depth these key people and culture related risks, taking a “show me, don’t tell me” Approach.

Sensitive People Matters

This committee could be required to provide advice to the Board on sensitive staffing matters which could include:

- Redundancy, personal grievance, and other settlements other than as per contract, for the Chief Executive and Senior Leadership Team members where the Board is to approve these; and
- For other staff where the Board is to be consulted.

This committee could also have a role as first base for people and culture related complaints from staff, and as part of the whistle-blower's policy and processes.

Chief Executive Performance and Development

Providing advice and recommendations to the Board on the following:

- Setting annual performance expectations for the Chief Executive for each performance year and reviewing the Chief Executive's performance against these on a regular basis during the year, and at the end of each performance year, along with any related remuneration recommendations.
- The process around amendments to the Chief Executive's terms and conditions of employment, including amendments to the Chief Executive's remuneration package.

As noted above, it's important that the Chair does not lead this process but is a contributing voice.

Chief Executive Succession Planning and Recruitment

- Chief Executive succession planning.
- The Chief Executive appointment process, including the recruitment, appointment, and remuneration of the Chief Executive.

Board Related People Matters

This committee could have the role to provide advice to the Board, on matters relating to the Board's succession and board evaluation.

If there are any disciplinary or code of conduct matters relating to Board members, it could outline and run a process with external and independent expertise to ensure the necessary independence.

Alternatively, all of this work could be undertaken by expanding Terms of Reference of existing committees such as a Governance or Remuneration Committee.

Appendix One

Example - Organisational Culture and Ethical Standards Governance Policy.

The board will exercise ongoing oversight of the management of organisational culture and ethics and ensure that it results in the following.

1. Application of the organisation's desired culture and ethical standards to the processes for the recruitment, evaluation of performance and reward of employees, as well as the sourcing of suppliers.
2. Having sanctions and remedies in place for when the organisation's ethical standards are breached
3. The use of protected disclosure or whistle-blowing mechanisms to detect breaches of ethical standards and dealing with such disclosures appropriately.
4. The monitoring of organisational culture and the adherence to the ethical standards by employees and other stakeholders through regular inquiry, reporting and as necessary periodic independent assessments.

