

To:	Legal Services Board		
Date of Meeting:	22 March 2018	Item:	Paper (18) 17
Title:	Annual report of the work of the RNC 2017/18		
Author / Introduced by:	Jemima Coleman, Chair of RNC Holly Perry, Head of Corporate Services holly.perry@legalservicesboard.org.uk / 020 7271 0059		
Status:	Official		
Summary:	<p>This paper presents the annual report of the activities of the Remuneration and Nomination Committee (RNC) for the period 1 April 2017 to 31 March 2018.</p> <p>This report is intended to inform the LSB's Annual Report and Accounts 2017/18 – in particular by supporting the annual governance statement – and represents governance best practice.</p> <p>This report proposes that the Committee's activities during the year provide sufficient assurance to the Board that there were effective arrangements in place in relation to remuneration and nomination and other executive employment matters. As such, the report also reflects on the Committee's effectiveness. This is in accordance with the RNC's Terms of Reference (ToR) which require that:</p> <ul style="list-style-type: none"> • the Committee reviews its own performance and ToR at least annually to ensure it is operating at maximum effectiveness; and that • the Chair will produce and present to the Board on an annual basis a report summarising the activities of the Committee and the outcomes of its work. <p>With regard to an annual review of ToR, the RNC conducted a review of its terms of reference and made recommendations to the Board which were approved at the Board meeting on 24 January 2018.</p> <p>The current ToR are attached at Annex A.</p>		

Recommendation:
The Board is invited to note the work undertaken by RNC over the year and its contribution to the LSB's Annual Report and Accounts for 2017/18.

LEGAL SERVICES BOARD

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Annual report of the work of the RNC 2017/18

Recommendation

The Board is invited to note the work undertaken by RNC over the year and its contribution to the LSB's Annual Report and Accounts for 2017/18.

Background

1. RNC's ToR require that it reviews its own effectiveness each year and reports to the Board on its activities. This contributes to the LSB's Annual Report and Accounts. Specifically, the ToR require that:
 - the Committee reviews its own performance and ToR at least annually to ensure it is operating at maximum effectiveness; and that
 - the Chair will produce and present to the Board on an annual basis a report summarising the activities of the Committee and the outcomes of its work

Overview of the Committee and its Terms of Reference

2. As set out in the ToR the Board has delegated to the CEO, decisions about most aspects of the routine management of the LSB's executive team. RNC's role in relation to these issues is to oversee - on behalf of the Board - the exercise of these delegated authorities, and to advise the CEO on any novel or contentious matters that may arise and on what constitutes good employment practice.
3. In relation to policy or management matters reserved to the Board, matters relating to the performance of the Board and appointments to the Board, the Board of the OLC or the Consumer Panel, the Committee's role is to undertake such preliminary work as the Chair of the Board or the Board may require and to advise the Board on options and, where appropriate, on an appropriate course of action.
4. Matters included within the Committee's remit in addition to those outlined above include:
 - Reviewing the terms and conditions of service of the Chief Executive and the Chief Executive's direct reports;
 - Reviewing and approving amendments to the pay strategy, bandings and progression arrangements;
 - Reviewing annually the equality and diversity trends across the LSB;
 - Commenting on major management decisions and HR policies likely to impact on the LSB's budget, workforce, culture or performance;
 - Monitoring and evaluating on a strategic level the LSB's HR policies;

- Reviewing periodically the LSB’s objective-setting and appraisal process.

Membership and attendees

5. Arrangements for appointments to the Committee are set out in the Committee ToR. Members are appointed by and from the Board with periods of appointment agreed by the Chair of the Board. The quorum is three Members and a lay majority attending in person or by other means (in exceptional circumstances). Decisions may also be ratified by suitable exchange of correspondence.
6. The Committee met on two occasions during 2017/18: on 6 July 2017 and on 8 February 2018. As the Chair of the Committee, Helen Phillips, was appointed Interim Chair of the Board from 1 May 2017, Jemima Coleman took up the role of interim Chair of RNC on the same date. Other lay Board Members assisted with the meetings in July 2017 and February 2018 by being co-opted to back fill for the arising vacancy.
7. The Committee membership and attendance during 2017/18 was:

Remuneration and Nomination Committee	Out of 2
Jemima Coleman (whilst Helen Phillips is Interim Chair)	2/2
Jeremy Mayhew	2/2
* Marina Gibbs	1/1
** Terry Babbs	1/1

* co-opted for the meeting held on 6 July 2017

** co-opted for the meeting held on 8 February 2018

8. The Committee was supported in its work by an external advisor, Sandra Jenner. Attendees also included:
 - Neil Buckley (Board Member, CEO and Accounting Officer)
 - Julie Myers (Corporate Director - until December 2017)
 - Edwin Josephs (Director of Finance and Services)
 - Holly Perry (Head of Corporate Services – from January 2018)
9. The Secretary to the Committee was the Corporate Governance Manager.

Main activities

10. The main activities of the Committee in 2017/18 included:
 - Nomination matters:
 - Legal Services Consumer Panel - considering proposals regarding the appointment of one new member of the Panel
 - Office for Legal Complaints – considering proposals regarding the appointment of three new members
 - Legal Services Board – considering the progress made by the Ministry of Justice as regards the appointment of a new Chair
 - Debating the arrangements for the Chair interregnum during 2017/18
 - Remuneration matters:

- Considering the outcome of the performance review process and advising the CEO on the distribution of the 2017 pay award
- Agreeing the 2017 pay award for those colleagues within the RNC's ToR
- Considering non-pay options for improving the LSB's offer to colleagues
- Receiving the annual governance review of the LSB's pension arrangements
- Other executive employment matters:
 - Reviewing resourcing trends including turnover, wastage and vacancy rates, sickness absence, tribunal and grievance.
 - Considering the outcome and action plan emerging from the 2017 colleague pulse survey and colleague engagement matters
 - Reviewing the succession plan
 - Reviewing the following HR policies: Bullying and harassment policy, Grievance procedure, Disciplinary procedure and Capability procedure
 - Considering the results from the 2017 equality and diversity survey

11. The majority of these items were considered in the two formal meetings of the Committee, with a small number considered out of Committee by correspondence.

How effectively did the Committee comply with its ToR

12. The Committee concludes that, in spite of its co-opted membership arrangements during the 2017/18, it has provided both sufficient and rigorous challenge of, and where necessary, appropriate support to the executive.
13. Feedback from the executive is that the advice and challenge of the Committee is invaluable in testing emerging thinking as regards matters delegated to the executive, and in making sure a broader range of perspectives is considered. The level of interest and commitment shown by the Committee to colleagues' well-being, engagement and overall effectiveness is also valued highly.
14. The Committee has considered equality and diversity implications throughout its work including a detailed review of the equality and diversity survey results at July 2017 meeting.
15. Both Committee meetings were quorate and attendance is referenced at paragraph 7 above.
16. Written reports of Committee meetings were submitted to the Board, supplemented as required by an update from the Chair of the Committee.

Forward look to 2018/19

17. The Committee will continue to provide challenge, oversight and support to the executive, in line with its ToR, during 2018/19.

18. Consideration will be given to identifying best practice for effectiveness reviews of Remuneration and Nomination Committees and incorporating any lessons that can be learned.
19. The Committee will also continue to support the executive as it embeds actions arising from the colleague pulse survey and consider how best to evaluate colleague engagement going forward.

Conclusion

20. RNC is able to provide assurance to the Board that there were effective arrangements in place in relation to remuneration and nomination and other executive employment matters.