

Annex A

Remuneration and Nomination Committee (RNC)

Terms of Reference¹

Objectives

1. The Board has established a Remuneration and Nomination Committee² to consider (and, where appropriate, to agree) such matters as may be referred to it by the Board or the Chief Executive or such other relevant matters as the Committee may determine, in accordance with these Terms of Reference³. These matters may include but are not limited to:

~~The Board has delegated to the CEO, decisions about most aspects of the routine management of the LSB's executive team. The Remuneration and Nomination Committee⁴'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 and the Corporate Director on any novel or contentious matters that may arise and on what constitutes good employment practice.~~

~~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 Chairman of the Board or the Board may require and to advise the Board on options and, where appropriate, on an appropriate course of action.~~

Specific responsibilities

~~1. This section sets out the most significant responsibilities of the Committee. It is not an exhaustive list and can be amended at the Committee's discretion – subject to the agreement of the Board – to ensure objectives are met.~~

~~2.~~

3.2. In respect of Remuneration (executive terms and conditions)

~~a.~~ To review and advise the Board on the terms and conditions of service, including remuneration, pensions, benefits and allowances, of the Chief Executive

~~a.~~

~~b.~~ To decide and review the terms and conditions of service, including remuneration, pensions, benefits and allowances of the Chief Executive's director reports ('Executive Group'), and of any other colleague(s) as agreed between the Chair of the Committee and the Chief Executive⁵.

¹ *Ibid.*, Schedule 1, para. 21.

² *Legal Services Act 2007, Schedule 1, para. 20(1).*

³ *Ibid.*, Schedule 1, para. 21.

⁴ *Legal Services Act 2007, Schedule 1, para. 20(1).*

⁵ *Ibid.*, Schedule 1, para. 15-17.

- ~~b.~~
- ~~c.~~—To oversee the process for determining the terms and conditions of employment, including remuneration, benefits and pensions of all LSB staff.
- ~~c.~~
- ~~d.~~—To oversee the process for determining the terms and conditions of all other appointments, including in relation to the Consumer Panel⁶ and Office for Legal Complaints⁷, but excluding ordinary Board Members⁸.
- ~~d.~~
- ~~e.~~—To advise the Chair on issues relating to the terms and conditions of ordinary Board Members for onward discussion with the Ministry of Justice (MoJ).
- ~~e.~~
- ~~f.~~—To ensure that no person shall be involved in any decisions on their own remuneration.
- ~~g-f.~~—To review and approve any amendments to pay strategy (including any proposals for linking reward to performance for LSB colleagues), bandings and progression arrangements.

4.3. In respect of other executive employment matters

- a. To review annually the equality and diversity trends across the LSB.
- ~~b.~~—To comment on major management decisions and HR policies likely to have a significant impact on the LSB’s budget, workforce, culture or performance (for example, any plans for new senior management posts).
- ~~b.~~
- ~~c.~~—To monitor and evaluate – at a strategic level and on an exception basis – the impact of the LSB’s HR policies.
- ~~c.~~—~~Key HR policies include:~~
- ~~d.~~
- ~~e.~~—~~Health and safety⁹~~
- ~~f.~~—~~Capability procedure~~
- ~~g.~~—~~Colleague Forum and communication policy~~
- ~~h.~~—~~Grievance procedure~~
- ~~i.~~—~~Disciplinary procedure~~
- ~~j.~~—~~Sickness absence policy and procedure~~
- ~~k.~~—~~Holiday policy and procedure~~
- ~~l.~~—~~Smoking policy~~
- ~~m.~~—~~Alcohol and substance abuse policy~~
- ~~n.~~—~~Bullying and harassment policy~~
- ~~o.~~—~~Recruitment policy and procedure~~
- ~~p.~~—~~Leavers procedure~~
- ~~q.~~—~~Redundancy policy~~
- ~~r.~~—~~Adoption leave~~
- ~~s.~~—~~Parental leave~~
- ~~t.~~—~~Maternity leave~~
- ~~u.~~—~~Paternity leave~~

⁶ *Ibid.*, Section 8(6).

⁷ *Ibid.*, Schedule 15, para. 10-12.

⁸ *Ibid.*, Schedule 1, para. 1(2), defines ‘ordinary’ Board Members.

⁹ ~~The LSB’s Health and Safety policy is a matter reserved to the full Board (4.3 of the schedule refers)~~

- v. ~~Flexible working~~
- w. ~~Compassionate leave~~
- x. ~~—~~

y-d. to review periodically the design of the objective-setting and appraisal process, and to assess how it has operated in practice

5.4. In respect of Nomination

LSB executives

- a. To oversee and review the talent management strategy and succession planning for those LSB colleagues¹⁰ as agreed between the Chair of the Committee and the Chief Executive

LSB non-executivesegal Services Board members

- a. To review regularly the structure, size and composition of the Board, including members' skills, knowledge and experience.
To consider the succession plan for the Board periodically so as to assist the ~~Chairman~~Chair of the Board ~~in advising and through him~~ the MoJ, as required, on plans for ~~in~~ identifying and nominating non-executive members (including the ~~Chairman~~Chair of the Board) to fill Board vacancies as and when they arise.

- b.
~~b. Making recommendations to the Chairman and through him the MoJ as to the composition of the recruitment panel, giving due consideration to the views of other non executive members of the Board as appropriate.~~
- ~~c. To assist the Chairman of the Board in making recommendations to the Lord Chancellor in respect of the appointment of Executive Board members.~~
- ~~d. To consider the succession plan for the Board periodically.~~
- c. To monitor and review the induction process for Board Members.

In addition, should a situation arise where the Board wishes to recommend to the Lord Chancellor that consideration be given to the appointment of an Executive colleague to the Board, to assist the Chair of the Board in making said recommendation.

Office for Legal Complaints (OLC) and Legal Services Consumer Panel (LSCP) non-executives

- a. To review regularly the structure, size and composition of the OLC and the LSCP, including members' skills, knowledge and experience.
—To consider the succession plans for the OLC and LSCP Consumer Panel periodically
- a-b.

¹⁰ Executive employees of the LSB

~~b-c.~~ _____ To approve, on the Board's behalf, plans for identifying and nominating non-executive members (including the Chair of the OLC and the Chair of the LSCP) to fill OLC and LSCP vacancies as and when they arise.

~~e-d.~~ _____ Making recommendations as to the composition of the recruitment panel, giving due consideration to the views of the appropriate Chair (OLC or LSCP) ~~of the OLC~~ and other ~~non-executive members of the Board~~ relevant parties as appropriate.

~~d.~~ _____ To consider reports from the relevant Chair ~~of the OLC~~ on the evaluation of the performance of OLC and LSCP members annually, via the Chair of the LSB, and make recommendations to the Board on re-appointments where appropriate.

~~e.~~ _____

~~e.~~ _____

~~Legal Services Consumer Panel ('the Consumer Panel')~~

~~a.~~ _____ ~~To review regularly the structure, size and composition of the Consumer Panel, including members' skills, knowledge and experience.~~

~~b.~~ _____ ~~To approve, on the Board's behalf, plans for identifying and nominating non-executive members (including the Chair of the Consumer Panel) to fill Consumer Panel vacancies as and when they arise.~~

~~c.~~ _____ ~~Making recommendations as to the composition of the recruitment panel, giving due consideration to the views of the Chair of the Consumer Panel and other non-executive members of the Board as appropriate.~~

~~d.~~ _____ ~~To consider reports from the Chair of the Consumer Panel on the evaluation of the performance of Panel members annually, via the Chair of the LSB, and make recommendations to the Board on re-appointments where appropriate.~~

~~f.~~ _____ ~~Overseeing that on appointment to the Consumer PanelLSCP, members receive an appropriate induction.~~

~~e.a.~~ _____ ~~To consider the succession plan for the Consumer Panel periodically~~

General

~~6.~~—The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit:

~~7.~~—

~~8.5.~~ any area within its remit where action or improvement is needed. For the avoidance of doubt, this includes advice on matters where action or improvement is needed including:

- a. on specific issues where the Board is the decision taker
- b. on matters delegated to the Chief Executive where there is a substantive difference of view.

~~9.6.~~ The Committee shall, at least annually, review its own performance and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

Authority

~~10.7.~~ The Accounting Officer and the Board authorises the Committee to investigate any activity or topic covered by these Terms of Reference, and to request any information it requires from LSB colleagues, all of whom are directed to co-operate with any request for such information.

~~11.8.~~ The Committee shall, in connection with its duties, and as authorised by the Board, obtain any legal or other professional advice at the LSB's expense.

~~The Chair of the Committee will have free and confidential access to the Accounting Officer, Corporate Director, Director of Finance and Services and National Audit Office, but will keep the Accounting Officer informed of any discussions that may take place as appropriate.~~

Membership, quorum, independence, objectivity and understanding

~~12.~~ Members of the Committee will act with independence and objectivity in the conduct of their responsibilities, and will have a sound understanding of the objectives and priorities of the LSB and of their role as a Committee member.

~~9.~~

~~13.~~

~~14.~~ The Committee Chair and members ~~and the Chair~~ shall be appointed by and from the Board¹¹ and the period of appointment to the Committee shall be agreed by the Chair of the Board. The Chair of the Board may not be a member of the Committee.

~~10.~~

~~15.~~

¹¹ *Ibid.*, Schedule 1, para. 20(3), restricts the membership of the Committee only to Board Members.

~~16.~~ One member of the Committee, either lay or non-lay, shall be appointed as Chair. The majority of the members must be lay persons. The quorum of the Committee shall be at least three members¹² attending in person or, in exceptional circumstances, by telephone or video-conferencing facility, and decisions may also be made or ratified following a suitable exchange of correspondence, either electronically or in hard copy. A lay¹³ majority is required for all decisions. Where a meeting is not quorate it will nevertheless go ahead, with decisions to be ratified at the next meeting of the Committee or the full Board, as appropriate.

11. The Chair of the Committee may not also be the Chair of the Audit and Risk Assurance Committee.

12.

~~17.~~

~~18.~~ Where necessary, in order to make sure that members are aware of the nuance of a particular debate, a resolution may be circulated to all members after a Committee meeting and a decision taken by email. A decision might be delayed to a subsequent meeting where there is any doubt as to the decision taken.

13.

~~19.~~

~~20-14.~~ The Chair of the Board ~~may not be a member of the Committee, but shall~~ may attend the Committee when matters of nomination are discussed. Whilst Committee members, including the Committee ~~The Chair, of the Committee, the Chair of the Board and Committee members~~ may participate in discussions about his/her succession, but they must not make decisions in relation to his/her own position or succession. This also applies to the Chair of the Board, if they are in attendance.

Current members and other attendees

Members	
Chair (non lay)	Jemima Coleman (whilst Helen Philips acting as Interim Chair)
Member (lay)	Jeremy Mayhew
Member (lay)	Marina Gibbs (co-opted)
Attendees	
Sandra Jenner	External adviser to the Committee
Chief Executive, Accounting Officer and Executive Board member	Neil Buckley
Corporate Director	Julie Myers
Director of Finance and Services	Edwin Josephs

¹² *Ibid.*, Schedule 1, para. 21(2)

¹³ *Ibid.*, Schedule 1, para. 20(4).

~~24.15.~~ In addition to the above, external attendees, for example the Chairs of the OLC and Consumer Panel, the external auditors, and other LSB staff may attend as required to assist the Committee on specific issues.

Conflict of Interest

~~22.16.~~ A Committee member or attendee who becomes aware of a potential conflict of interest relating to matters being discussed by the Committee should give prior notification to the Chair or, if this is not possible, declare this at the meeting and – where necessary – withdraw during discussion of the relevant agenda item.

Access to the Remuneration and Nomination Committee

~~23.17.~~ Representatives from the LSB’s internal and external auditors will have free and confidential access to the Chair of the Committee.

Confidentiality

~~24.18.~~ Decisions on matters relating to Board Members, Committee advisors, the Consumer Panel and Office for Legal Complaints will generally remain wholly confidential to the Committee and executive attendees.

~~25.19.~~ Decisions on matters relating to individuals’ remuneration will generally remain wholly confidential to the Committee and relevant executive attendees (executives will not attend for discussions relating to their own remuneration).

~~26.20.~~ The Committee shall operate on the basis that matters it discusses are confidential to the Committee. Papers will clarify the status and next steps on any necessary communication.

Consultation

~~The Chief Executive and Corporate Director will determine the appropriate level of engagement and consultation with LSB colleagues, both prior to and following presentation of matters to the Committee and will provide details to members at the time matters are presented. This will be in accordance with good employment practice which expects some form of dialogue – at the most appropriate stage – on matters that are likely to make a material difference to working conditions, morale and LSB colleagues’ commitment to the organisation.~~

Support and meetings

~~27.21.~~ Support for the Committee will be provided by the Corporate Governance Manager who will make arrangements for the organisation and recording of Committee meetings, coordination and distribution of papers in a timely fashion. The annual cycle of meetings is set out in Appendix 1.

~~In respect of Committee meetings:~~

- ~~• these shall be held at least twice a year and where possible should coincide with key dates in the LSB's reporting calendar (see **Appendix 1** for the schedule).~~
- ~~• the Chairman/Chair of the Board (in respect of nomination issues), the Chair of the Committee or the Accounting Officer may convene additional meetings as deemed necessary~~
- ~~• the Chair may ask any or all of those who normally attend, but who are not members of the Committee, to withdraw should this be deemed appropriate.~~
- ~~• written agendas and supporting papers will, be dispatched to members and attendees five working days before meetings~~
- ~~• draft minutes will, be circulated by the Corporate Governance Manager to Committee members and attendees within five working days following a committee meeting~~

Reporting to the Board

28.22. The minutes of each Committee meeting will be circulated to all members of the Board and 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. The annual report will be presented to the meeting of the Board that is scheduled to consider and agree the LSB's Annual Report and Accounts for the preceding financial year.

Information and consultation

~~29-23.~~ Communication between the Committee and LSB colleagues will be led by the Chief Executive; communications between the Committee and the Board will be led by the Chair of the Committee.

~~30-24.~~ The Chief Executive ~~and Corporate Director~~ will determine the appropriate level of engagement with LSB colleagues¹⁴ both prior to and following presentation of matters to the Committee and will provide details to members at the time matters are presented.

Annual review of remit and performance

~~31-25.~~ The Committee will assess its effectiveness, and will also review these Terms of Reference, annually. It will submit recommendations for any proposed changes to the Board for approval. The Committee's duties and activities shall be disclosed in the LSB's Annual Report and Accounts.

Approved by the Board on ~~26 October~~23 November 2017~~6~~

¹⁴ The expectation is of some form of discussion – at the most appropriate stage - on matters that are likely to make a material difference to working conditions, morale and LSB colleagues' commitment to the organisation. This will be in line with the LSB's Colleague Forum and Communication Policy

APPENDIX 1

REMUNERATION AND NOMINATION COMMITTEE ANNUAL CYCLE OF AGENDA ITEMS		
Standing items	JanFeb	Julyne
Approval of previous minutes	√	√
Matters arising and outstanding action points	√	√
Review of Board, OLC and Consumer Panel succession planning Policy review (a separate timetable exists for the periodic review of policies)	√	√
Any other business	√	√
Agenda items		
Review terms and conditions of service, including remuneration, pensions, benefits and allowances	√	
Review of remuneration and resourcing trends across the LSB, including sickness absence		√
Review of pensions governance	√	
Review of staff performance assessment process and performance related pay scheme	√	
Annual remuneration review		√
Annual report on equality, diversity and accessibility		√
HR policy review (as required)	√	√
Talent management strategy and executive succession plan		√
Annual review of Board, OLC and Consumer Panel succession planning		√
Committee Annual Report – for approval	√	
Annual RemCo performance self assessment and review of Committee Terms of Reference	√	√

Information requirements

~~In addition to information cited above, as appropriate the Committee will also be provided on an *ad hoc* basis with:~~

~~proposals for any changes to the Terms of Reference
the remuneration and nomination strategy and proposed annual programme of Committee work
proposals for the appointment or re-appointment of Board, OLC and Consumer Panel members, according to the timetable of appointments~~

~~proposals for changes to human resource policies~~
~~quality assurance reports as deemed necessary~~