

Minutes of a meeting of the Remuneration and Nomination Committee (RNC)

Date: 8 February 2018
Commencing: 11:00
Venue: LSB Offices, One Kemble Street, London WC2B 4AN

Present: (members)	Jemima Coleman	Interim Chair of the Committee
	Jeremy Mayhew	
	Terry Babbs	(co-opted for this meeting)
In attendance:	Neil Buckley	Chief Executive (CEO) (except first part of item 12)
	Sandra Jenner	External HR Adviser to RNC
	Edwin Josephs	Director of Finance and Services (except item 12)
	Holly Perry	Head of Corporate Services (except item 12) (<i>minutes</i>)

Item 1 – Welcome and apologies

1. The Chair welcomed those present to the meeting, and thanked Terry Babbs for agreeing to be co-opted for this meeting.

Item 2 – Declarations of interests relevant to the business of the Committee

2. There were no declarations of interest.

Items 3 – Minutes and reports of action points of the meeting of 6 July 2017

3. The minutes of the meeting held on 6 July 2017 were approved as an accurate record. The Committee noted that as part of the LSB Publication Scheme, the RNC's approved minutes would be published, subject to FOIA, on the LSB website.

Item 4 – Noting of decisions taken out of committee since the last meeting

4. The Committee formally **noted** the decision taken out of committee in November 2017 to appoint an additional lay member to the Office for Legal Complaints (OLC) on the basis that Jane McCall had tendered her resignation early, following her appointment as a Chair in the NHS.

Item 5 – Action tracker

5. The Committee **noted** the action tracker, including the following in particular:
 - Policy review – HR policies: This work would be progressed as soon as an HR Manager had been recruited. The business case to use a recruitment agency for this role was currently with the Ministry of Justice and an outcome was expected

LSB Board to determine, and no commitments could be made to the individuals concerned.

- It was **agreed** that there needed to be a process for the LSB Chair to secure feedback on OLC members, ahead of any recommendations regarding re-appointment, which could be used by the OLC Chair to feed into OLC members' appraisals. The LSB Chair would be advised to discuss and re-iterate the process and timescales with the OLC Chair in due course.

LSCP

- The recruitment process was underway to fill a vacancy on the Panel created by Professor Philip Marsden not seeking a second term of office. [REDACTED]

[REDACTED]

[REDACTED] **[FoIA exempt s36(2)(b)]**

It was **noted** that a recommendation would be submitted to the LSB Board by correspondence in the w/c 12 February, following which a recommendation to approve the appointment would be submitted to the Lord Chancellor.

- The appointment of Dr Jane Martin as lay member of the OLC with effect from 1 May 2018 created a Chair vacancy on the Panel. It was **agreed** that a recruitment exercise should commence immediately, according to the timetable set out in the paper. The Chief Executive would explore a cost efficient solution in relation to search and recruitment support, noting that WIG Talent had produced a very high calibre group of applicants for the member position.
- It was **noted** that the timetable set out in the paper did not allow for a preliminary interview stage, which presented a risk, but it was felt that this was a risk that could be managed e.g. via other opportunities to engage ahead of the shortlisting. While WIG was a membership organisation, it was **noted** that the advert for the Panel Chair role would be widely disseminated – including via the LSB website, Public Appointments and Women on Boards, and any suitable individual was free to apply;
- In relation to the composition of the recruiting panel, the Committee **agreed** the recommendation (LSB Chair, Chair of RNC, a possible further Board Member, and an independent member);
- [REDACTED]
[REDACTED]
[REDACTED] **[FoIA exempt s36(2)(b)]** If appropriate, a process would commence involving inviting expressions of interest, and if more than one candidate expressed an interest, a sub-group of LSB Members would need to convene to review the expressions of interests, having regard to Members' annual appraisals and their experience. The LSB would need to reserve the right to conduct interviews, with a final decision to be made by the LSB Board.
- It was **agreed** that a recruitment process should begin in the early autumn to appoint three new members to the Panel, with effect from 1 April and 1 May 2019.

8. The Committee **noted** the schedule of appointments for LSB Board, OLC and LSCP, and – subject to the points raised in discussion, **agreed** the proposals for the recruitment of a new Chair for the Legal Services Consumer Panel.

Item 7 – Pensions governance review - Paper (18) RNC 02

9. The Committee considered the paper prepared by Edwin Josephs, **noting** that the LSB had arranged individual defined contribution pension provision on a group basis and that this was provided by Scottish Widows, with Barnett Waddingham appointed as the LSB's pensions adviser. The scheme was subject to an annual governance review – the review recently completed was attached for Committee members' consideration. No specific issues had been identified and no specific action was required.

10. The Committee **noted** that:

- There was very little 'swapping out' by colleagues, even though colleagues were encouraged to review actively their pensions, and also to take independent advice. In addition, the fact that 22% of colleagues did not make a personal contribution was somewhat concerning – further communications would be disseminated, and the Chief Executive would raise at relevant opportunities (the report was available in a shared drive, and the LSB regularly offered colleagues sessions on pensions).
- Notwithstanding this inertia, the passively managed funds had performed well in recent years, and the LSB was content to continue with the current provider. In the longer term, and on the basis that markets were generally expected to become less stable, the LSB would need to consider the options available in relation to alternative providers, subject to the recommendation of future governance reviews.

11. The Committee **noted** the results of the annual pension scheme governance review.

Item 8 – Summer 2017 colleague survey results and follow up - Paper (18) RNC 03

12. The Committee considered the paper prepared by Holly Perry, which set out the results of the Summer 2017 colleague pulse survey, and the executive's actions in response, together with an action plan and a timetable for follow up work.

13. The following points were raised in discussion:

- [Redacted text block]
- [Redacted text block] **[FOIA exempt s36(2)(b)]**
- It was **agreed** that in relation to how matters were dealt with in Board papers, setting out a range of options, with a steer regarding the preferred option, was more beneficial than presenting a solution.

- The results on equality and diversity were disappointing. It was noted that the incomplete response on behalf of Board Members to the survey had not been helpful in this regard.

14. The Committee **noted** the outputs from the summer 2017 colleague survey results and the follow up activity, together with the actions already underway and planned.

Item 9 – Review of Total Reward Offer - Paper (18) RNC 04

15. The Committee considered the paper, which set out – on the basis of a request by the Committee - whether there was any scope for rewarding some colleagues based on performance.

16. The Chief Executive explained that he was supportive in general terms of bonuses, and noted that he was able to benefit from one himself. However, the small size of the organisation meant that the overall ‘pot’ available was very small, and there was a high risk therefore that those colleagues not subject to a reward would be demotivated.

17. A comment was made that there should be no expectation that everyone would receive an automatic pay rise – and in many organisations, it was general practice that a proportion of weaker performers did not receive a pay rise.

18. On balance, the Committee **agreed** that a bonus system should not be introduced, based on the size of the organisation and the risk of such a system being divisive.

Item 10 – Proposal to adjust the pay bands - Paper (18) RNC 05

19. The Committee considered a paper prepared by the Chief Executive which presented a proposal that the LSB pay bands should be amended to include a post titled ‘Principal’. The title was widely used in regulatory organisations, and many individuals searched on the title when looking for jobs. The role would be a senior project manager with experience in project leadership, policy analysis, communication and stakeholder management. The role would not be part of the Senior Leadership Team or SCS equivalent in grade. If agreed, a recruitment would commence immediately at Principal level (to replace the Head of Regulatory Reviews and Investigations).

20. It was **agreed** that the proposal would be helpful for succession planning and career progression but that in the interests of transparency, the pay band for ‘Principal’ needed its own line in the hierarchy, effectively creating a new layer within the organisation. The new bands would therefore be as follows:

- Strategy Director/Corporate Director - £86,000 - £117,000
- Director/Head - £62,000 - £100,000
- **Principal - £60,000 - £72,000**
- Manager - £45,500 - £65,000
- Associate - £32,000 - £41,000
- Support/admin - £23,300 - £30,000
- Apprentice admin - £14,655 -£17,745

21. The Committee **agreed** the proposed change to the LSB's pay band and **noted** that the recruitment of a Principal would commence.

Item 11 – Draft RNC annual report 2017/18 - Paper (18) RNC 06

22. The Committee considered the draft annual report of the Committee for 2017/18, which incorporated a review of activities during the year as well as an assessment of the Committee's performance. The intention was for Jemima Coleman, as RNC Chair, to present the report to the 22 March 2018 Board meeting.

23. The Committee commented as follows:

- The terms of reference, as signed off by the Board at its 24 January 2018 meeting, were agreed and no further amendments were proposed;
- At paragraphs 3 and 4 of the report (overview of the Committee and its terms of reference) the drafting would be reworked to draw out with more granularity the range of matters the Committee considered;
- The typographical error at paragraph 7 (2017/18 rather than 2016/17) would be amended.

24. Subject to the points raised in discussion, the Committee **approved** the draft report, which would be submitted to the Board as a contribution to the LSB's Annual Report and Accounts for 2017/18.

Item 11 – Succession Planning

Neil Buckley, Edwin Josephs and Holly Perry left the meeting

25. The Committee held a brief meeting in private, without any members of the executive present.

26. The Chief Executive re-joined the meeting to provide the Committee with a verbal update on succession planning.

27. There was no other business.

Date of next meeting

28. The next meeting of RNC would take place on 4 July 2018, 11:00 – 12:30.

Signed as an accurate record of the meeting

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Date
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