

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

**Date:** 8 February 2017  
**Commencing:** 10.00  
**Venue:** LSB Offices, One Kemble Street, London WC2B 4AN

**Present:** Helen Phillips Chair of the Committee  
**(Members)** Jemima Coleman  
Jeremy Mayhew **Joined from item 7**

**In attendance:** Neil Buckley Chief Executive  
Sandra Jenner External HR Adviser to RNC (via teleconference)  
**joined from Item 9**  
Julie Myers Corporate Director  
Edwin Josephs Director of Finance and Services  
Toni Whitby Corporate Governance Manager (*minutes*)

**Observer:** *Caroline Wallace* Strategy Director

### Item 1 – Welcome and apologies

1. The Chairman welcomed those present to the meeting. Sandra Jenner would be dialling into the meeting at 11 am. Jeremy Mayhew would join the meeting later. Caroline Wallace attended the meeting as an observer.

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

2. There were no declarations of interest.

### Items 3 and 4 – Minutes and reports of action points of the meeting of 6 July 2016

3. The minutes of the meeting held on 6 July 2016 were agreed as an accurate record.
4. The Committee considered the action tracker. Emerging messages from the Board Evaluation Exercise in 2016 had been reported to the Board in November 2016: Action closed.
5. An annual review of resourcing trends would come to the July meeting. The Chair and Julie Myers would meet to discuss proposals to review the Committee's Terms of Reference and would report to the Committee in July.

### 6. The action tracker was noted.

### Item 5 – Appointments | Paper (17) RNC 01

7. The Committee's terms of reference require it to consider a variety of matters regarding non-executive appointments, including in relation to the Legal Services Consumer Panel (LSCP) and the Office for Legal Complaints (OLC).
8. The Committee noted:  
LSB Board

- Jemima Coleman had been appointed to the Remuneration and Nominations Committee on her appointment to the LSB Board in April 2016.
- The appointment of Sir Mike Pitt as Chair of the LSB Board would end on 30 April 2017.
- The MoJ had confirmed both Marina Gibbs and David Eveleigh's reappointments for a second term. Letters were expected to be sent from the MoJ shortly.
- The second term of appointment of Terry Babbs, LSB Board Member and Chair of ARAC would end on 30 September 2017. The Board had sufficient members as the MoJ, anticipating Terry Babbs' departure, had appointed two lay members, Catharine Seddon and Jeremy Mayhew. Terry Babbs second term of appointment had been for 18 months. Whilst, theoretically, it would be possible that the MoJ could extend Terry's reappointment up to the maximum of five years, it was thought unlikely as they had anticipated his departure in appointing an additional lay member in recent appointments.
- Helen Phillips first term of office would end on 31 March 2018.

#### LSCP

- The LSB Board had endorsed the reappointment of Marlene Winfield, Michelle Goddard and Catharine Gallagher to the LSCP. All reappointments would be subject to Lord Chancellor approval, which had not yet been received. Precautionary extensions of appointments were in place should ministerial approval not be received.
- Dr Jane Martin CBE had been appointed as Chair of LSCP. The Committee noted that, as part of her induction, Dr Jane Martin would be meeting key stakeholders, LSB Chief Executive, Executives and colleagues. Jane Martin would be attending the LSB Board Meeting in March.

#### OLC

- Interviews for a new Chair of the OLC Board were ongoing with the final interview scheduled for 13 February.
- Interviews for the position of Non-Lay Member had concluded on 7 February.
- A paper would go to the LSB Board as an 'out of board meeting' decision to consider the appointments of both OLC Chair and the appointment of an OLC Non-Lay Member. The Lord Chancellor would need to approve the appointment of the OLC Chair and there would need to be a pre-appointment scrutiny hearing before the Justice Select Committee. The Committee noted that timing would be tight to meet a date of the Justice Select Committee before the end of March.
- The Committee noted the risk of an interregnum in OLC Chair arrangements should an appointment of a new Chair not be made by 31 March 2017. This risk had been identified some months previously and the LSB Chair had been asked to discuss this possibility with the current OLC Chair, Steve Green. Options for covering an interregnum might include a brief extension to Mr Green's appointment or suitable interim arrangements being put in place. The Executive would consider appropriate arrangements and discuss with RNC and OLC if the risk looked likely to crystallise.
- In July 2017, the Committee would need to consider whether to offer reappointments to one lay and one non-lay member whose first terms of office were due to expire on 31 March 2018. The Committee noted that the OLC Chair conducts appraisals of all OLC Members. Reports of these reviews are passed to

the LSB Chair. Relevant appraisal information would be included as part of any RNC consideration of reappointments.

**9. The Committee noted the schedule of appointments for LSB Board, OLC and LSCP.**

**Item 6 – Chair interregnum**

10. The Chief Executive set out the current position with regard to the MoJ's plans to hold an open competition to recruit a new Chair to the LSB Board. The timetable proposes that the position would be advertised in the week commencing 27 February with interviews scheduled for the end of June. The Executive had been in correspondence with the MoJ on whether there were arrangements in place for an interim Chair or whether the incumbent Chair, Sir Mike Pitt, would be asked to stay on. The MoJ had yet to respond.

11. In considering what action to take should there be an interim period with no Chair, the Executive had reviewed the roles and functions carried out by the Chair. The CEO outlined options that the Executive had considered:

- Allocation of specified functions to alternative Board members for the period of the interregnum. These would be clearly set out in a document similar to a scheme of delegations, covering a specific period until a new Chair was appointed.
- The creation of a 'new role', for example, a Senior Independent Director (SID) or a Deputy Chair. The Executive had considered the typical role description of a SID within private and NHS bodies and noted that a number of the role's functions, such as undertaking an annual appraisal of the Chair, were not applicable to the LSB. With regard to the option of a Deputy Chair, this raised a number of considerations that would need to be explored. These would include:
  - a) whether a Deputy Chair would have to be a lay Member
  - b) the role description relative to current roles within the Board
  - c) whether it is in LSB's gift to make such an appointment or if the Lord Chancellor and Lord Chief Justice would need to be involved (if this role was to 'deputise for a Chair that they would otherwise appoint)
  - d) the terms and conditions of the post (these are set by MoJ and any uplift or alternation of role description may need to be considered by them)
  - e) the process for making any such appointment

12. The Committee considered that the options for addressing any interregnum would need to be considered by the Board as a whole.

13. The Executive were asked to explore options with MoJ should the Board consider appointing a SID/Deputy Chair, and whether such appointment might be for the long term (in perpetuity) or for an interim period only.

*[Julie Myers, Edwin Josephs, Caroline Wallace and Toni Whitby left the meeting]*

14. The RNC Members present held a private session with the CEO to consider arrangements for approaching the Board in relation to the Chair interregnum.

*[Julie Myers, Edwin Josephs, Caroline Wallace and Toni Whitby returned to the meeting]*

**15. The RNC Chair advised that she would speak to the LSB Chair about these matters before further discussion with the full Board in March.**

*[Jeremy Mayhew joined the meeting]*

**Item 7 – RNC annual report and review of effectiveness | Paper (17) RNC 02**

16. The Committee considered the report of activities of the Committee for the period 1 April 2016 to date. The report would inform the Governance Statement in the LSB's Annual Report and Accounts for 2016/17.

**17. The Committee approved the report, which would be submitted to the Board as a contribution to the LSB's Annual Report and Accounts for 2016/17.**

18. The Committee noted that a review of RNC's terms of reference (ToR) would be considered at their July meeting. Members proposed that where possible, the ToR should be shortened.

**Item 8 – Pensions governance review | Paper (17) RNC 03**

19. The LSB provides colleagues with access to a defined contribution personal pension scheme, arranged on a group basis, provided by Scottish Widows. As a responsible employer and in line with the Board's stated wishes, the LSB executive encourages all colleagues to join the Scheme. Barnett Waddington (BW), the LSB's pension's advisors provide an annual governance review to ensure that the Scheme remains appropriate for LSB colleagues. The Committee considered the review and noted:

- [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED] **[FOIA exempt s43]**
- In the 2015 Review, BW had noted that there should be an assessment of the default investment arrangements following new freedoms in accessing pension funds. BW had confirmed that Scottish Widows had plans in place to change the default investment arrangements, to provide flexible access as it was no longer a requirement to access pension funds solely through an annuity.
- BW had attended LSB offices in November 2016 and given a presentation to all colleagues on relevant pension matters.

**20. The Committee noted the Governance Review 2016 and asked that it be made available to all colleagues, should they wish to view it. The classification for the paper had been put as "official – sensitive" but this would be reviewed.**

**21. The Committee commended the Executive on taking forward the recommendations previously made by the Committee and BW in a timely manner.**

*[Sandra Jenner joined by teleconference]*

**Item 9 – Colleague engagement update**

22. The Chief Executive reported that when he first started at the LSB, a year ago, he had met with all colleagues individually. Key themes from these meetings, together with the feedback from the colleague survey, had been that colleagues wanted more engagement with the Board, less hierarchy, more visible leadership and clarity on the LSB’s vision.
23. One year on, the Chief Executive had met with the majority of colleagues again on an individual basis and had been encouraged by the feedback. Individuals reported feeling more confident about the leadership, and about the vision of the LSB. Colleagues also appeared to welcome the efforts that had been made to address engagement over the year.
24. The Chief Executive stated that to aid both visibility of senior colleagues and a commitment to openness, he holds a meeting with all colleagues (“Weekly Huddle”). He reported that there had been a colleague away day in July 2016 to discuss the LSB’s vision and policies followed by informal time together with a picnic and a rounders’ match, all at nil cost to the LSB, which had been a success. In addition, colleagues had been invited to attend one of two Corporate Social Responsibility initiatives days with a charity called Roots and Shoots, which, provides practical skills for youngsters. Mentoring support had also been arranged for colleagues, project interest groups had been set up and colleague involvement in workshops when considering business planning had all helped to increase colleague engagement.
25. Board members would be invited to attend future Colleague Forums to provide an opportunity for Board and colleague engagement.
26. During 2016, nine new colleagues had joined the LSB, three of whom were for maternity cover.
27. The Committee considered the feedback encouraging and advised the Executive to consider ways to survey current levels of colleague engagement in advance of a repeat of the formal survey at a future date.

**Action: The Executive to consider undertaking an informal colleague survey before the appointment of a new Chair (NB/July).**

28. [REDACTED]

29. The Committee continued to welcome the attendance of junior colleagues at Board meetings to present their items.

**30. The Committee noted the colleague engagement update.**

**Item 10 – Policy review - family related policies | Paper (17) RNC 04**

31. The Committee reviewed the following policies:

- Maternity Leave. The policy had been updated to reflect recent changes in legislation. The Committee asked the Executive to review whether current LSB enhancement to maternity pay was in line with LSB's comparator organisations. The Committee asked the Executive to consider whether an equivalent enhancement to maternity pay should be offered under this policy and also felt that this should apply to either parent.
- Paternity Leave. The policy had been updated to reflect recent changes in legislation.
- Parental Leave. The policy had been updated to reflect recent changes in legislation.
- Adoption Leave. The policy had been updated to reflect recent changes in legislation. The Committee asked the Executive to review whether current LSB enhancement to maternity pay was in line with LSB's comparator organisations. In addition, it asked that thought be given to reviewing whether the policy met the LSB's commitment to being a fair organisation if there was any differentiation between single parents and those in a partnership - although the Committee acknowledged the difference due to the primary carer role.
- Shared Parental Leave. This was a new and complex policy. It had been introduced to reflect recent changes in legislation. Any colleagues who wished to take up this type of leave would be assisted through the HR employment law advisory service. The Committee asked the Executive to consider whether an equivalent enhancement to maternity pay should be offered under this policy. This was common across the Civil Service and mitigated a potential discrimination risk, although the Committee recognised that LSB colleagues are not civil servants
- Right to request flexible working policy. Minor amendments to reflect operational practice. A number of colleagues had taken up flexible working patterns and it was seen as a helpful way to attract and retain talent.

32. The Executive undertook to review enhancements offered by comparator organisations and to assess the costs and benefits of increasing the enhancements, noting that at the time of agreement, they were in line with LSB's agreed remuneration strategy.

33. The policies had been initially provided by the LSB employment law advisors and tailored for the LSB style. The Committee agreed with the Executive that the policies would benefit from being written in a more accessible style and with a consistent look and feel. A sentence at the top of each policy recognising various forms of relationships (a

gender-neutral acknowledgement would be sufficient and appropriate) might usefully added to each policy.

34. The Committee stated that they would find it easier if in future they were provided with the details of the changes in the cover paper and/or provided with track-changed versions of the documents. Additionally, it would be helpful if the cover paper could provide a reflection of the impact of the policies ie any impact on retention.

**35. The Corporate Director noted the advice on the HR policies. The Committee would review further policies at its July meeting.**

#### **Item 11 – Equality and diversity survey | Paper (17) RNC 05**

36. The executive anticipated that it would undertake an equality and diversity survey in March 2017 (the last one having been undertaken in November 2012).

37. Discussion ensued on whether the LSB should undertake an annual survey and noted the importance of abiding by the practice it requires of regulators, who ask small firms to do the same.

38. The recruitment policy would be considered by the Committee at its July meeting. The Committee stated that there were advantages if the LSB reflected the community and population it served. Whilst supporting the objective of a diverse workforce, this objective should normally not trump the core principle of “selection on merit”.

**Action: Recruitment policy to be considered at the July meeting (JM/July).**

39. The results of the diversity survey would be circulated to the Committee, showing any trends and future actions as appropriate.

#### **Item 12 – LSB apprenticeship | Paper (17) RNC 06**

40. For the first time, the LSB would like to appoint an apprentice administrative assistant. The Committee noted:

- The apprentice might or might not be in the office for five days per week depending on the training provider the LSB engages.
- The salary for an apprentice was set by the Government and it was considerably lower than the London Living Wage. The Committee considered that it would be appropriate to pay an apprentice the London Living Wage but suggested one option might be to pay minimum lower level of salary for the first three months, during probation. On successful completion of a probation period, they would receive the London Living Wage, which might also be backdated to their start date. The Committee agreed that offering the London Living Wage could attract good candidates who, depending on future availability of roles, could go on to become a permanent LSB colleague.
- The apprentice should also be offered London Living Wage on a pro-rata basis should it transpire that they are on a day release.
- The apprentice should be offered access to the LSB pension scheme, on an identical employer contribution of 10% as other colleagues receive.

- It would be for the Executive to make a final decision on whether the additional 10% benefits allowance should be offered to an apprentice at the start of their appointment.

**41. The Committee noted the apprenticeship review.**

**Item 13 - Any other business**

42. Jemima Coleman asked if the LSB was aware of its obligations under the Public Sector Gender Pay reporting requirements. Julie noted that we had not been informed of our inclusion on the list but would review.

***[Post meeting note: it was confirmed that whilst LSB was in the relevant schedule, it was not subject to the reporting requirement as it has fewer than 250 employees.]***

There was no other business the meeting closed at 12.46 pm.

**Date of next meeting**

RNC would next meet on 6 July 2017 at LSB Offices.

Signed as an accurate record of the meeting

.....  
Date  
.....