

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

Date: 4 July 2018
Commencing: 10:30
Venue: LSB Offices, One Kemble Street, London WC2B 4AN

Present: Jemima Coleman Interim Chair of the Committee
(members) Jeremy Mayhew (from 11:00)
Marina Gibbs (co-opted for this meeting)

In attendance: Neil Buckley Chief Executive (CEO)
(except first part of item 8)
Sandra Jenner External HR Adviser to RNC
Rusere Shoniwa Director of Finance and Services
(except items 11 and 12)
Holly Perry Head of Corporate Services
(except item 12)
Nicola Galiana HR Manager
(except item 12)
Steph North Corporate Governance Manager
(except items 11 and 12) (minutes)

Item 1 – Welcome and apologies

1. The Chair welcomed those present to the meeting. No apologies had been received.

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

2. There were no declarations of interest.

Items 3 – Minutes of the meeting of 8 February 2018

3. The minutes of the meeting held on 8 February 2018 were approved as an accurate record.

Item 4 – Action tracker

4. The Committee **noted** the action tracker, including the following in particular:
 - Items 1 to 3 and 6 (Resourcing trends; Policy review – HR policies; Review of Health and Safety policy; NED update – LSB; NED update LSCP) were on the agenda;

- Equality and diversity survey: The Committee **agreed** the survey be repeated in September 2018 (alongside the pulse survey) thereafter biennially.

Item 5 – Non-executive appointments update - Paper (18) RNC 07

5. The Committee’s terms of reference required it to consider a variety of matters regarding non-executive appointments, including in relation to the Board, the Legal Services Consumer Panel (LSCP) and the Office for Legal Complaints (OLC).
6. The following points arose in discussion:

LSB Board

- The Committee **agreed** the appointment of two new lay members – one to take up post as soon as possible, to backfill for the vacancy created by the Chair’s permanent appointment, and one to take up post on 1 April 2019 – on Terry Babbs’ departure.
- A recruitment planning meeting was scheduled with MoJ officials on 12 July.
- The need to consider neutral language in the job description was noted.
- The Committee considered the skills that would be required in a new appointee(s) following the departure of Terry Babbs in April 2019, in particular corporate governance; risk management and control; compliance and assurance; and managing public money.
- Terry was currently Chair of the ARAC and John Ward was the independent financial adviser to the Committee. It would be desirable - though not essential - for one of the new lay members to have financial experience
- The following qualities were highlighted as important to consider in the recruitment process: socio-economic and geographical diversity; experience of corporate governance in a public sector / regulatory setting.

The RNC Chair recused herself from the discussion of the following point, handing the Chair to Marina Gibbs:

- In terms of the non-lay appointments [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[FOIA exempt s36(2)(b)]

OLC

- [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

- [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED] [FOIA exempt s36(2)(b)]

- The Committee noted the relative lack of diversity among the remaining Board members – who would be all female, and white - and the need to take this into account in the recruitment process in so far as possible, for example, by using an agency who focus on BAME candidates.
- The Committee **agreed** with the timetable for recruitment, [REDACTED]
[REDACTED]
[REDACTED]
- [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] [FOIA exempt s36(2)(b)]
- The Committee **approved** the suggested composition of the panel (Marina Gibbs, RNC member and OLC lead to chair the panel; Chair of OLC; Wanda Goldwag, OLC Chair; Jemima Coleman, Chair of RNC; and an independent member).

Consumer Panel

- The Committee **agreed** to commence a recruitment exercise to fill three vacancies, on the basis that the following members were coming to the end of their second term of office in early 2019: Cathy Gallagher, Frances Harrison, Andy Foster.
- The Committee **agreed** to push back the recruitment timetable to accommodate the new Panel Chair, Sarah Chambers, having time to assess the needs of the Panel. In due course, there would be engagement with the LSCP Chair about what skills should be emphasised in the recruitment round.
- There was an inclination to use WIG for the recruitment, following a good mix of industry and civil service experience in the most recent recruitment rounds.
- A mix of three- and four-year terms for new members would be helpful, to prevent a situation in which there were multiple leavers at one time.
- [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
- [REDACTED]
[REDACTED]
- [REDACTED]
[REDACTED]
[REDACTED]
- [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] [FOIA exempt s36(2)(b)]
- The Committee **approved** the suggested composition of the interview panel (Jemima Coleman Chair of RNC to chair the panel; Sarah Chambers, Chair of the Consumer Panel; and an independent member).

7. 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 new members.

Item 6 – Performance and pay 2018 including gender pay analysis - Paper (18) RNC 08

8. The Committee considered the paper prepared by the HR Manager, **noting** that the LSB had voluntarily undertaken a gender and equal pay analysis. At the time of writing, information on the pay remit had not been received from HMT / MoJ, but the guidance had subsequently been received on 27 June. The executive needed time to consider the guidance and how it might apply to LSB colleagues – as such, a paper would follow out of committee.

9. Nicola Galiana advised the Committee that a PCS ballot was currently underway to demand a 5% pay increase and that the ballot was open until 23 July. [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] [FOIA exempt s36(2)(b)]

10. On the gender pay and equal pay analyses, the Committee **noted** the following points:

- gender pay analysis - as at 31 March 2018, the LSB's mean hourly gender pay gap was 17.6%, [REDACTED]
[REDACTED] [FOIA exempt s36(2)(b)]
- equal pay analysis – the results of which found that three female colleagues were being paid less than male counterparts despite having the same experience. This had been rectified [REDACTED] [FOIA exempt s36(2)(b)]

11. The Committee **noted** the outcome of the 2018 performance management process.

Item 7 – Resourcing trends 2018 - Paper (18) RNC 09

12. The Committee considered the paper prepared by Nicola Galiana, which was an annual standing item setting out a summary of LSB leavers in the past year. The Committee noted the high turnover, including almost half of the Senior Leadership Team.

13. The following points were raised in discussion:

- It was impressive how quickly vacant posts had been filled – the LSB was now at full complement and the focus would shift to retaining colleagues.
- A number of colleagues had been recruited directly, without the use of agencies. The HR Manager had provided invaluable support with this.

- The Committee noted that the annual sickness absence figure had reduced slightly (from 7.65 days per person to 7.23 days per person).

14. The Committee **noted** the resourcing trends.

Item 8 – Annual review of colleagues’ terms and conditions - Paper (18) RNC 10

15. The Committee considered the paper, prepared by the HR Manager, which set out colleagues’ current terms and conditions.

16. No changes were proposed to the prevailing terms and conditions of the Chief Executive, the Strategy Director or to colleagues terms and conditions and standard benefits

The Chief Executive stepped out of the meeting

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] [FOIA exempt s36(2)(b)]

The Chief Executive re-joined the meeting

Direct Reports

- There were no observations on the Strategy Director’s Terms and Conditions.

All colleagues

- Pay bands for other colleagues had been reviewed and agreed by RNC in February 2018.
- The Committee **agreed** to formalise the Christmas office closure, giving colleagues three additional fixed days’ leave, [REDACTED]
[REDACTED] [FOIA exempt s36(2)(b)]
- The Committee **agreed** to increase the LSB’s maternity and adoption pay to 18 weeks, to bring the LSB closer to competitors’ offering, and to extend the enhancement to shared parental leave pay.

Consumer Panel

- The Committee **agreed** to consider an adjustment to the LSCP remuneration ahead of the next round of recruitment (as per the discussion at item 5).

Item 9 – Policy review - HR policies- Paper (18) RNC 11

17. The Committee considered a paper prepared by the HR Manager which presented a full review of all LSB HR policies, including some substantial changes as a result of GDPR. The aim had been to shorten the policies and to make them more user-friendly.

Colleagues' feedback had been sought and had been fed into the changes. There were no changes from a legal perspective. Some of the policies – mainly the employee relations policies including grievance and disciplinary related policies - had also been sent to Deminos for a second view.

18. The external HR Adviser had a number of points of detail that she would discuss separately with the HR Manager. The Chair also advised that she would submit any points of detail to the HR Manager. Subject to these points being reflected, the Committee **agreed** the adjustments to the HR policies proposed by the executive and **agreed** the timetable for future reviews.
19. The Committee invited the executive to consider collating the 27 policies into a 'colleague handbook'.

Item 10 – Colleague retention strategy including themes arising from exit interviews- Paper (18) RNC 12

20. The Committee considered the colleague retention strategy paper, prepared by the HR Manager, which had been an area identified by KPMG as part of their internal audit of retention. The overall objective of the strategy was to retain and develop high quality colleagues who stay, and where possible, progress within the organisation.
21. The Committee commented as follows:
 - The auditor's report was not focussed on the specific challenge of resourcing the LSB as a small organisation, where one leaver could have a disproportionate impact.
 - There was a distinction to be made between healthy turnover of individuals with a number of years of service, and valuable colleagues leaving after a short period of time.
 - Historically, comments from exit interviews had not been shared widely. This was now being addressed and the Committee **noted** the themes that had arisen in recent exit interviews.
 - The executive would consider whether there was more that could be done to prospectively retain colleagues, whilst acknowledging that promotion opportunities were limited. Succession planning for key individuals below the senior management level needed to be considered, through targeted discussions with individuals.
 - The Committee **noted** that feedback from colleague surveys was generally positive in answer to the question 'is my work interesting'.
 - Mentors/ coaches were a good idea in principle. The LSB could look beyond Civil Service-provided mentors, for example by looking to other regulators, NDPBs, ALBs, the UK Regulators' Network (UKRN). LSB colleagues could also act as mentors themselves. **ACTION:** HR Manager to raise at the next UKRN HR Directors' meeting.
22. Subject to the comments raised above, the Committee **approved** the proposed strategy, and the proposal to continue to approve it on an annual basis.

[REDACTED]

23. [REDACTED]
[REDACTED]
[REDACTED] [FOIA
exempt s36(2)(b)]

[REDACTED]

[REDACTED]

24. [REDACTED]
[FOIA exempt s36(2)(b)]

25. There was no other business.

Date of next meeting

26. The next meeting of RNC would take place on 5 February 2019, 14:00 – 16:00.

SN 09/07/2018

Signed as an accurate record of the meeting

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Date
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