

To:	Legal Services Board	
	By circulation 8 November 2019	Item: Paper (19) 53

Title:	LSB Governance Manual Review 2019
Workstream(s):	None
Author / Introduced by:	Steph North, Corporate Governance Manager
Status:	Official

Summary:

In managing its affairs, the Board is obliged to 'have regard to such generally accepted principles of good corporate governance as it is reasonable to regard as applicable to it' (Section 5 of the Legal Services Act 2007). As part of this, we review the key governance documents, collectively termed 'the Governance Manual', annually.

The Board approved the current version of the manual at its 29 November 2018 meeting.

This paper reports on the 2019 annual review of the LSB Governance Manual and provides recommendations for revisions – An earlier draft of the Governance Manual was presented to ARAC at its meeting on 1 October and changes proposed by ARAC have been incorporated in the latest draft. The majority of the changes are minor editing changes, such as updates to position titles. The more significant changes are summarised as follows:

- Inclusion of the LSB's Policy on Using Social Media, to align with the recently updated Cabinet Office publication, *Code of conduct for board members of public bodies*;
- Inclusion of the LSB's Policy on Anti-Corruption and Bribery, with a counter fraud strategy annexed, to align with the UK Government's new Counter Fraud standards; and
- Inclusion of the LSB's Policy on Price Sensitive Information.

All of the component parts of the manual are published on the LSB [website](#).

Suggestions for further changes or updates from Board Members are welcome.

Annexes

Annex A: Draft Legal Services Board Governance Manual

Recommendation:

The Board is invited to:

- **Consider** and **agree** the proposed LSB Governance Manual
- **Propose** any further areas for revision

Risks and mitigations

Financial:

Legal:

Reputational:

Resource:

Good corporate governance promotes accountability, transparency and the effective and efficient allocation of resources.

Consultation	Yes	No	Who / why?
Board Members:	✓		ARAC
Consumer Panel:	✓		
Others:	LSB colleagues and key stakeholders from the Office for Legal Complaints and the Legal Services Consumer Panel		

Freedom of Information Act 2000 (Fol)

Para ref	Fol exemption and summary	Expires
N/A	None	

LSB Governance Manual Annual Review 2019

Background

1. The 2019 annual review of the Governance Manual was informed by the following:
 - The UK Corporate Governance Code¹
 - Code of conduct for board members of public bodies – updated in June 2019²
 - Corporate Governance in central government departments: Code of Good Practice³
 - Consultation with LSB colleagues and key stakeholders from the Office for Legal Complaints and the Legal Services Consumer Panel
 - Lessons learned from the day-to-day operation of the Manual.

Governance Manual

2. The Governance Manual comprises the following sections:
 - Overview
 - Role of the Chair, the Board, Board Members and Chief Executive
 - Schedule of matter reserved to the Board
 - Terms of Reference
 - Audit and Risk Assurance Committee (ARAC)
 - Remuneration and Nomination Committee (RNC)
 - Rules of Procedure
 - Code of Practice for Board Members and Panel Members
 - Scheme of Delegations
 - Annex A
 - The Seven Principles of Public Life
 - Annex B
 - Policy on complaints and disciplinary procedure for individual members
 - Policy on interests
 - Policy on reimbursement of expenses
 - Policy on gifts and hospitality

¹ Link to [The UK Corporate Governance Code](#)

² Link to [Code of conduct for board members of public bodies](#)

³ Link to [Corporate Governance in central government departments: Code of good practice](#)

- Policy on using social media
- Policy on internal whistleblowing
- Policy on handling external allegations
- Policy on anti-corruption and bribery
- Policy on price sensitive information

Code of conduct for board members of public bodies

3. The Cabinet Office updated its code in June 2019, the first time it had been updated since June 2011. The code sets out the personal and professional standards expected from non-executive board members. This updated code includes new provisions on:
 - the responsibility to promote an inclusive and diverse culture (section 5.2);
 - bullying, harassment and discriminatory behaviour (section 5.4);
 - the requirement to notify the sponsor department of any bankruptcy, current police investigation, unspent criminal conviction or disqualification (section 5.8 and 5.9);
 - social media usage (section 7); and
 - raising concerns (section 8).

2019 review of the Governance Manual

4. The 2019 review resulted in minor changes to the Governance Manual relative to the substantial changes made in the 2018 review. On the whole, the 2019 review found that the LSB Governance Manual is a useful document and that the substantial changes made during the 2018 review had been useful in creating a single governance framework that was both easier to navigate and more comprehensive in nature.
5. Specific amendments to the Governance Manual are outlined below.

Role of the Chair, the Board, Board Members and Chief Executive

6. Minor editorial changes have been made.

Schedule of matters reserved to the Board

7. Position titles have been updated. Additional clause included to permit the Board to approve in-year budget submissions from the SDT.

ARAC Terms of Reference

8. The cycle of agenda items has been updated to include fraud assurance as a standing agenda item. Position titles have been updated.

9. A new paragraph 8 has been added on the requirement for a financially qualified member of the committee.

RNC Terms of Reference

10. Position titles have been updated.

Rules of Procedure

11. Minor editorial changes have been made, including an update to the Board paper publication schedule i.e. following approval at the next meeting.

Code of Practice for Board Members and Panel Members

12. The section on *Conduct* has been updated so that the MoJ is notified of breaches, consistent with the new provisions in the Cabinet Office's *Code of Conduct for Board Members of Public Bodies*.
13. The new section on *Public speaking, external events and journalists* has been updated to reflect comments made by ARAC members. This follows the communications assurance mapping action to "consider if controls need strengthening in relation to Board member engagement and communications with external stakeholder, e.g., via additions to Board member Code of Conduct."
14. A reference to the LSB's social media policy has also been included.

Scheme of Delegations

15. Minor changes have been made to reflect the latest structures and positions of the executive.
16. The insertion of reference to the appointment of a Deputy Accounting Officer (the Head of Corporate Services).

Policy on Complaints and Disciplinary Procedure for Individual Members

17. No changes have been made.

Policy on Interests

18. A minor amendment to clarify that the register of interests is published on the LSB website quarterly.

Policy on Reimbursement of Expenses

19. This policy has been updated so that it is the relevant project manager that approves travel expense claims rather than the line manager.
20. A new paragraph has been inserted in relation to reimbursement of business lunch costs. A cross reference has been added to the Policy on Gifts and Hospitality.

Policy on Gifts and Hospitality

21. See addition at paragraph 27. No other changes have been made.

Policy on Using Social Media

22. This is an existing policy that was agreed by RNC at its meeting on 5 February 2019. It has been inserted into the LSB Governance Manual to align with the recently updated *Code of conduct for board members of public bodies*. Minor editorial changes have been made to the RNC agreed policy to ensure consistency with the rest of the LSB Governance Manual.

Policy on Whistleblowing

23. The role of the Senior Independent Director has been clarified in the procedure for raising concerns. Minor editorial changes have been made.

Policy on Handling External Allegations

24. Minor editorial changes have been made.

Policy on Anti-Corruption and Bribery

25. This is an existing policy that has been inserted into the LSB Governance Manual. It was last updated in January 2016. Editorial changes have been made to ensure consistency and clarity with the rest of the LSB Governance Manual.
26. A Counter Fraud Strategy has been inserted in Annex A to align with the UK Government's new Counter Fraud Standards, which is described in more detail in ARAC Paper (19) 26.

Policy on Price Sensitive Information

27. This is an existing policy that has been inserted into the LSB Governance Manual. It was last updated in January 2016. Editorial changes have been made to ensure consistency and clarity with the rest of the LSB Governance Manual.

Framework Agreement

28. A revised framework agreement between the LSB and the MoJ was agreed in December 2017, setting out the broad framework within which the LSB operates; the LSB's independent role; the rules and guidelines relevant to the exercise of the LSB's functions, duties and powers as a Non-Departmental Public Body; the conditions under which any public grant funds are paid to the LSB; and how the LSB accounts for its performance.

Financial Regulations – no changes

29. This document was not formally part of the 2019 review. It was last reviewed and updated in 2014/15. The executive recommend that it be reviewed at the five year mark in 2019/20. The review will be carried out by the Head of Finance and communicated to the Board in due course.

Next steps

30. The Board is invited to **consider** and **agree** the proposed LSB Governance Manual; and

31. Subject to securing the approval of the Board, the updated Governance Manual will be circulated to Board Members, colleagues, and Members of the Office for Legal Complaints and the Legal Services Consumer Panel. The revised Governance Manual will also be uploaded to the LSB website.



Draft – 6 November 2019

Legal Services Board Governance Manual

Approved by the Board on **26 November 2019**

Contents

Definitions	3
Overview	5
Role of the Chair, the Board, Board Members and Chief Executive	7
Schedule of matters reserved to the Board	11
Terms of Reference	14
Audit and Risk Assurance Committee (ARAC)	14
Remuneration and Nomination Committee (RNC)	18
Rules of Procedure	24
Code of Practice for Board Members and Panel Members	31
Scheme of Delegations	3635
Annex A	4443
The Seven Principles of Public Life	4443
Annex B	4544
Policy on Complaints and Disciplinary Procedure for Individual Members	4544
Policy on Interests	4948
Policy on Reimbursement of Expenses	5352
Policy on Gifts and Hospitality	5956
Policy on Using Social Media	6158
Policy on Internal Whistleblowing	6662
Policy on Handling External Allegations	7268
Policy on Anti-Corruption and Bribery	7571
Policy on Price Sensitive Information	8479

Definitions

Unless the context otherwise requires, the following definitions apply:

Act means Legal Services Act 2007

Board and **Board Members** means the members of the Board of the LSB (which for the avoidance of doubt includes the Chief Executive), appointed in accordance with paragraph 1 of Schedule 1 to the Act

Board Secretary means the colleague appointed as Corporate Governance Manager who acts as secretary to the Board

Chair means the person appointed by the Lord Chancellor as the Chair of the LSB, in accordance with paragraphs 1-2 of Schedule 1 to the Act

Chief Executive means the person appointed by the Board as the Chief Executive of the LSB, in accordance with paragraph 13 of Schedule 1 to the Act

Colleague means a member of staff of the LSB, appointed in accordance with paragraph 14 of Schedule 1 to the Act

Committee means a committee of the Board established under paragraph 20 of Schedule 1 to the Act

Committee Chair means a Chair of a committee

Committee Member means a member of a committee

The LSB means the independent oversight regulator of the legal professions in England and Wales, a body corporate established by section 2 of the Act

Meeting means a meeting of the Board

MoJ means the Ministry of Justice

Ordinary Board Member means a Board Member other than the Chief Executive

OLC means Office for Legal Complaints in accordance with section 114 of the Act.

OLC Members means members appointed to the OLC in accordance with paragraph 1 of Schedule 15 of the Act

The Panel means the Legal Services Consumer Panel established by the Legal Services Board in accordance with section 8 of the Legal Services Act

Panel Members means persons appointed to The Panel to represent the interest of consumers in accordance with section 8 of the Legal Services Act

Senior Leadership Team (SLT) means the senior management team of the LSB, comprising the following: Chief Executive, Strategy Director, Policy Director, ~~Director-Head~~ of Finance ~~and Services~~, General Counsel, Head of Corporate Services, and Head of

Policy Development and Research. The SLT provides oversight of the LSB's strategic and business plans, and enables discussion of planned and emerging policy issues

Subcommittee means a subcommittee of a committee established under paragraph 20 of Schedule 1 to the Act

Subcommittee Chair means a Chair of a subcommittee

Subcommittee Member means a member of a subcommittee

References to any statute or statutory provisions include a reference to that statute or statutory provision as from time to time modified or re-enacted

All generalised references to the male gender should be read as equally applicable to the female gender, and vice versa

Unless the context otherwise requires, words in the singular include the plural, and vice versa

Overview

Aim

1. The LSB is a non-departmental public body established under the Legal Services Act 2007 and is responsible for overseeing all approved regulators of legal services in England and Wales. It is independent of Government and of the legal profession and also oversees the OLC. The LSB is not a Prescribed Regulator under the provisions inserted into the Employment Rights Act 1996 (ERA) by the Public Interest Disclosure Act 1998 (PIDA).
2. The LSB Framework Document provides that: 'The overall aim of the LSB is to contribute to the reform and modernisation of the legal services market place in the interests of consumers, enhancing quality, and ensuring value for money and improving access to justice across England and Wales.'

Accountability to Parliament

3. The LSB is accountable through the Lord Chancellor to Parliament.
4. The LSB must present in respect of each financial year an annual report to the Lord Chancellor, who must then lay it before Parliament. The annual report is subject to audit by the National Audit Office.
5. The LSB must provide Parliament with such information as may be requested in respect of its actions and policy decisions. The LSB might be required to give evidence to Select Committees.

Relationship with Government / sponsor department

6. The LSB is sponsored by the MoJ. The principles, strategic framework and financial accountabilities for how the relationship between the LSB and the MoJ will operate is set out in the LSB Framework Document.
7. The Lord Chancellor (in consultation with the Lord Chief Justice) is responsible for appointing a lay Chair and at least seven, but not more than 10, additional ordinary Board Members (a majority of whom must be lay persons). The Lord Chancellor (in consultation with the Lord Chief Justice and, unless the Chair is the Board Member in question, the Chair) may also remove an ordinary Board Member, but only in accordance with the Act.
8. Communications between the LSB and the Lord Chancellor will normally be through the Chair or the Chief Executive. However, a Board Member may, if it is thought necessary, seek access to Ministers on any matter that they believe raises important issues relating to his or her duties as a Board Member. In such cases, the agreement of the Board should normally be sought.

9. Communications between the LSB and the MoJ about day-to-day matters will normally be through the Chief Executive or the Head of Corporate Services.
10. Although the LSB is accountable through the Lord Chancellor to Parliament, other than the specific cases set out in the Act where the Lord Chancellor has power to direct the LSB, the LSB is independent of government. While it is appropriate for the LSB to take account of the views of Ministers, it would be improper for the LSB to direct its actions purely on that basis.

Role of the Chair, the Board, Board Members and Chief Executive

Role of the Chair

1. The Chair, on the advice of the Chief Executive, has particular responsibility for providing strategic leadership on matters such as:
 - the formulation of the LSB's strategy for discharging its statutory duties;
 - representing the views of the LSB to consumers, other stakeholders and the wider public, and vice versa;
 - ensuring that the Board, in reaching its decisions, takes proper account of directions or guidance given by the Lord Chancellor or the MoJ;
 - encouraging high standards of propriety, and ensuring compliance with the Seven Principles of Public Life across the organisation;
 - promoting generally accepted principles of good corporate governance;
 - promoting the effective and efficient use of resources; and
 - providing an annual assessment of the performance of the Board, Board Members, the OLC Chair and the Panel Chair.
2. The Chair (in consultation with the Head of Corporate Services) will ensure that the Board meets and operates in accordance with the Rules of Procedure.
3. The Chair will ensure that new Board Members receive on their appointment a full induction about both their role(s) and the LSB.
4. The Chair is able to observe meetings of the Audit and Risk Assurance Committee and the Remuneration and Nomination Committee once per year.

Role of the Board

5. The Board's responsibilities include:
 - ensuring that the LSB complies with the Act and any supplementary legislation or Orders thereto, other legislation, and any statutory or administrative requirements in respect of the use of public funds;
 - ensuring that the LSB operates within the limits of its statutory authority and any delegated authority agreed with MoJ;
 - agreeing the overall strategic direction of the LSB and the policy and resource framework for the delivery of that strategy;

- developing and monitoring and reporting performance against an annual business plan and agreed performance indicators;
 - agreeing and overseeing the implementation of a strategy to manage risk; and
 - ensuring that generally accepted principles of good corporate governance are observed at all times.
6. The Board's responsibilities in respect of the LSB's role as an employer include:
- complying with all relevant legislation and employing suitably qualified colleagues who will discharge their responsibilities to the highest of standards;
 - ensuring that the LSB adopts management practices that use resources in the most economic, effective and efficient manner;
 - creating through recruitment and management procedures an inclusive culture in which diversity and equality is fully valued and where appointment and advancement is based on merit;
 - assessing and monitoring the LSB's culture and colleague morale and seeking assurance that the executive has taken corrective action where necessary;
 - ensuring that the structure, level and number of colleagues is appropriate to its functions and the requirements for value for money;
 - ensuring that a fair and effective remuneration policy and performance management system is in place;
 - ensuring proper consultation with colleagues ~~on all matters affecting them~~;
 - ensuring that relevant policies are adopted, including in respect of whistleblowing, grievances and disciplinary procedures; and
 - ensuring that colleagues and Board Members have appropriate access to expert advice and training and development opportunities to enable them to exercise their responsibilities effectively.
7. Board Members' individual responsibilities include:
- attending and participating fully at meetings, thereby contributing to the formulation of strategy and policy, including providing constructive challenge to the Executive;
 - contributing as necessary to the early stages of policy formulation and project development in collaboration with colleagues;
 - complying with the principles of collective responsibility, support and respect;
 - conducting themselves in a manner that is consistent with the authority and standing of their role;
 - leading by example and promoting the LSB's culture and behaviours;

- representing the LSB externally, as required;
- complying with the LSB's policies and procedures set out in this Governance Manual and other rules relating to the use of public funds; and
- participating in the annual Board evaluation and Board Member appraisal processes.

Role of the Senior Independent Director

8. The Senior Independent Director's responsibilities include:
 - acting as sounding board for the Chair in any matter which the Chair may determine appropriate;
 - acting as a trusted intermediary when necessary between the Chair and other Board Members, including the Chief Executive;
 - being available to stakeholders if they have concerns which contact through the normal channels of the Chair or Chief Executive have failed to resolve or for which such contact is inappropriate;
 - convening and chairing (once annually, as a minimum) a meeting of the Board without the Chair present to facilitate feedback to inform the annual appraisal of the Chair and on such occasions as are deemed appropriate;
 - acting as a last resort internal contact point for whistle blowers who feel unable to raise concerns through such channels as are set out in the Policy on Internal Whistleblowing; and
 - reporting to the Board annually on the fulfilment of the responsibilities of the Senior Independent Director.
9. The term of office will be two years with the possibility of renewal for a further two years subject to Board approval. The maximum term of office will be four years.
10. Appointment or removal from office is a decision reserved to the Chair.

Role of the Chief Executive

11. The Chief Executive, who will also be a Board Member, has responsibility for the operational management, resourcing and financial and other procedures of the LSB.
12. The Chief Executive is also the Accounting Officer of the LSB, responsible personally for the resources under their control to Parliament and to the Accounting Officer of the MoJ. This includes responsibility for:
 - the propriety and regularity of the public finances for which they are answerable;
 - the keeping of proper accounts;
 - prudent and economical administration;

- the avoidance of waste and extravagance;
- the effective and efficient use of all resources in his or her charge; and
- ensuring that appropriate advice in respect of these matters is tendered to the Board.

Delegation

13. Responsibility for certain matters are delegated as specified within this Governance Manual.

Schedule of matters reserved to the Board

1 Regulation and control

- 1.1 Approving the delegation of any of the Board's powers to the Chief Executive¹.
- 1.2 Approving the Board's own rules of procedure².
- 1.3 Approving all proposed expenditure above £250k.
- 1.4 Approving bids for expenditure above the authorised limits to the MoJ.
- 1.5 Approving the instigation or defence of legal proceedings or threatened proceedings.
- 1.6 Approving the minutes of Board meetings.
- 1.7 Authorising the affixing of the LSB seal³.

2 Appointments

- 2.1 Appointing and dismissing Committees and Subcommittees⁴.
- 2.2 Approving and amending the Terms of Reference of Committees and Subcommittees⁵.
- 2.3 Appointing, dismissing and consenting to the terms and conditions of service of the Chief Executive and any variations⁶.
- 2.4 Approving the Terms of Reference of the Panel.
- 2.5 Appointing, removing and approving the terms and conditions of appointment of the Chair and Members of the Panel⁷.
- 2.6 Appointing, removing and approving the terms and conditions of appointment of the Chair and Members of the OLC⁸.
- 2.7 Appointing, dismissing and approving the remuneration of the internal auditor.
- 2.8 Appointing, removing and approving the terms and conditions of appointment of special advisers to the Board.

3 Strategy, business plan and budget

- 3.1 Approving the LSB's strategy.
- 3.2 Approving the LSB's business plan (including the budget as considered by the Audit and Risk Assurance Committee). This includes approval of the LSB's research strategy and annual plan.

4 Risk management

- 4.1 Approving the LSB's strategy and procedures for the management of risk.
- 4.2 Approving the LSB's Corporate Risk Register.
- 4.3 Approving the LSB's strategy and procedures for the management of health and safety.

5 Operational decisions

- 5.1 Approving in principle the proposed response to an external consultation.
- 5.2 Approving the instigation of enforcement action under sections 31 to 48 of the Act.
- 5.3 Approving the content and exact form and words of rules (including Statutory Instruments) that must or may be made under the Act, including in relation to the Levy.

- 5.4 Approving recommendations to the Lord Chancellor about:
- the addition or the removal of a reserved legal activity⁹,
 - the designation or the cancellation of a designation as an approved regulator¹⁰ and/or a licensing authority¹¹,
 - the modification of the functions of an approved regulator¹²,
 - the ending of the transitional period¹³,
 - the ending of transitional protection for non-commercial bodies¹⁴,
 - the establishment of an appellate body¹⁵,
 - the carrying on of a reserved legal activity¹⁶,
 - the designation of the Board as an approved regulator¹⁷,
 - the designation of the Board as a licensing authority, or
 - exempt persons¹⁸.
- 5.5 Approving the process for considering requests to alter the regulatory arrangements of approved regulators and the Solicitors Disciplinary Tribunal.
- 5.6 Approving policy statements (including variations)¹⁹.
- 5.7 Approving Guidance (including variations)²⁰.
- 5.8 Agreeing to impose, and the amount of, a financial penalty.
- 5.9 Approving the Solicitors Disciplinary Tribunal's annual budget [and in-year submissions](#).
- 5.10 Approving any recommendation in whole or in part to refuse a rule change, so that the Board corporately can assure itself on matters of policy substance and legal risk.

6 The Panel

- 6.1 Endorsing the Panel's annual work programme.
- 6.2 Considering any representations made to it by the Panel²¹.
- 6.3 Approving any notice setting out the reason(s) for its disagreement with any representations made to it by the Panel²².
- 6.4 Requesting and considering advice or research from the Panel²³.

7 The OLC

- 7.1 Approving the OLC's annual budget²⁴.
- 7.2 Receiving and presenting the OLC's annual report to the Lord Chancellor²⁵.
- 7.3 Receiving and presenting the OLC's statement of accounts to the Lord Chancellor and the Comptroller and Auditor General²⁶.
- 7.4 Directing the OLC to prepare and to give the LSB a report in respect of any OLC function²⁷.
- 7.5 Approving OLC performance targets (including directing the OLC to set performance targets)²⁸.
- 7.6 Approving recommendations made under s130 of the Act to the Lord Chancellor (in respect of Orders under s128 of the Act)²⁹.
- 7.7 Approving recommendations made under s139 of the Act to the Lord Chancellor (in respect of limitation on value of directions under the Ombudsman Scheme)³⁰.
- 7.8 Consenting to the OLC's Scheme Rules (including directing the OLC to modify its Scheme Rules)³¹.

8 Financial and performance reporting arrangements

- 8.1 Appraising continuously the LSB's affairs by means of the receipt of reports as it sees fit from Committees, Subcommittees and colleagues.
- 8.2 Overseeing the effective executive management of the LSB.
- 8.3 Approving the LSB Framework Agreement.

- 8.4 Approving the LSB's annual report³².
- 8.5 Approving and presenting the LSB's statement of accounts to the Lord Chancellor and the Comptroller and Auditor General³³.
- 8.6 Approving the LSB's Finance Regulations and finance policies (including in respect of expenses and corporate gifts and hospitality).
- 8.7 Approving the LSB's performance targets.

¹ Paragraph 23 of Schedule 1 to Legal Services Act 2007 ('the Act').

² *Ibid.*, para. 21.

³ The LSB seal can only be used with the Board's authority, so there needs to be a Board decision reflected in the minutes of the relevant meeting. The affixing of the LSB seal can be undertaken by the Chair or CEO or their nominee (refer to Scheme of Delegations).

⁴ *Ibid.*, para. 20.

⁵ *Ibid.*, para 21.

⁶ *Ibid.*, para 13 and 15-16.

⁷ The Chair and Members of the Panel are appointed and may be removed only with the approval of the Lord Chancellor (*Ibid.*, section 8).

⁸ The Chair of the OLC is appointed and may be removed only with the approval of the Lord Chancellor and the Members of the OLC are appointed any may be removed only after consultation with the Chair of the OLC (*Ibid.*, Schd. 15, para. 1 and 8).

⁹ *Ibid.*, ss. 24 and 26.

¹⁰ *Ibid.*, s20, Schd. 4 and s45.

¹¹ *Ibid.*, s74, Schd. 10 and s76.

¹² *Ibid.*, s69.

¹³ *Ibid.*, Schd. 5, Part 2.

¹⁴ *Ibid.*, s23.

¹⁵ *Ibid.*, s80.

¹⁶ *Ibid.*, s15.

¹⁷ *Ibid.*, s62.

¹⁸ *Ibid.*, Schd. 3, para. 9.

¹⁹ *Ibid.*, s49.

²⁰ *Ibid.*, s162.

²¹ *Ibid.*, s10.

²² *Ibid.*, s10.

²³ *Ibid.*, s11.

²⁴ *Ibid.*, Schd. 15, para. 23.

²⁵ *Ibid.*, s118.

²⁶ *Ibid.*, Schd. 15, para. 26.

²⁷ *Ibid.*, s120.

²⁸ *Ibid.*, s121.

²⁹ *Ibid.*, s130.

³⁰ *Ibid.*, s139.

³¹ *Ibid.*, ss155-156.

³² *Ibid.*, s6.

³³ *Ibid.*, Schd. 1, para. 25.

Terms of Reference³⁴

Audit and Risk Assurance Committee (ARAC)

Responsibilities

1. The Board has established an Audit and Risk Assurance Committee³⁵ to review and to offer its views about such matters as may be referred to it by the Board or the Accounting Officer or such other relevant matters as the Committee may determine, in accordance with these Terms of Reference³⁶.
2. These matters may include, but are not limited to:
 - risk management, financial and other controls, and the Governance Statement;
 - considering and scrutinising a draft of the annual budget of the LSB;
 - the accounting policies, the accounts and the annual report of the LSB, including the process for reviewing the accounts prior to submission for audit, levels of error identified and management's letter of representation to the external auditor;
 - proposals for tendering for internal audit services or for the purchase of non-audit services from contractors who provide audit services;
 - the planned activity and results of both internal and external audit activity, including the annual plans;
 - the adequacy of management's response to issues identified by audit activity, including the external auditor's management letter;
 - assurances offered by the Executive relating to the corporate governance requirements for the LSB;
 - an annual review of Board Members' and senior colleagues' expenses;
 - anti-fraud policies, whistle-blowing processes and arrangements for special investigations; and
 - the outcomes of its periodic reviews of its own effectiveness and these terms of reference.

Authorities

3. The Committee is authorised by the Board to:
 - investigate any activity or topic covered by these Terms of Reference;
 - request any information it requires from the colleagues, all of whom are directed to co-operate with any request for such information;

- obtain at the expense of the LSB, external financial, legal or other independent professional advice or training, subject to budgets agreed by the Board; and
- appoint, remove and approve the terms and conditions of appointment of professional advisers to the Committee.

Membership

4. The Committee and its Chair will be appointed by the Board from amongst its ordinary, non-executive Members³⁷ and the period of appointment to the Committee shall be agreed by the Chair of the Board.
5. A majority of the Committee's Members will be lay persons³⁸.
6. The Chair of the Board may not be a member of the Committee.
7. The Chair of the Committee may not also be the Chair of the Remuneration and Nomination Committee.
- ~~7-8.~~ At all times, there must be a financially qualified member of the Committee. Where this requirement cannot be satisfied from among the non-executive Members, the Committee shall appoint a professional adviser who is financially qualified.

Access

- ~~8-9.~~ The internal and external auditors will have free and confidential access to the Chair of the Committee.

Meetings

- ~~9-10.~~ The Committee will meet at least three times a year.
- ~~10-11.~~ The quorum for a meeting of the Committee will be three Members³⁹, attending in person, ~~or, in exceptional circumstances,~~ by telephone or video-conferencing facility and decisions may be made or ratified following a suitable exchange of correspondence, either electronically or in hard copy.
- ~~11-12.~~ A lay majority is required for all decisions. Where a meeting is not quorate it will nevertheless go ahead, with decisions to be ratified via correspondence, at the next meeting of the Committee or the full Board as appropriate.
- ~~12-13.~~ Where necessary, in order to make sure that Committee members are aware of the nuance of a particular debate, a resolution may be circulated to all Committee members after a 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.
- ~~13-14.~~ The Accounting Officer, Head of Corporate Services, the ~~Director-Head~~ of Finance ~~and Services~~ and normally not more than two representatives of each of the internal and external auditors will attend meetings of the Committee. The Board Chair shall attend no more than one ARAC meeting in each year as an observer, thus strengthening the independence of the Committee. Board Members will have a standing invitation to attend meetings of the Committee, and will receive a full set of Committee papers prior

to each meeting. Other colleagues will attend meetings at the invitation or direction of the Committee or the Accounting Officer.

14.15. The Committee will have the right to direct those attending a meeting to withdraw to facilitate the open and frank discussion of particular matters. The Committee may direct all colleagues to withdraw during private discussions with either or both the internal and external auditors.

15.16. A Board Member or the internal and external auditors may request the Chair of the Committee to convene an additional meeting of the Committee.

16.17. The Corporate Governance Manager, in the capacity of Board Secretary, will be secretary to the Committee. Draft minutes of each meeting will be circulated by the Corporate Governance Manager within five working days of each meeting.

Reporting to the Board

17.18. The minutes and papers of each meeting of the Committee will be circulated to the Board.

18.19. The Chair of the Committee will present a written or oral report about each meeting of the Committee to the next appropriate meeting of the Board.

19.20. The Chair of the Committee 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. This 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.

Annual review of remit and performance

20.21. 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.

Annex

AUDIT AND RISK ASSURANCE COMMITTEE ANNUAL CYCLE OF AGENDA ITEMS			
Standing items	May	Oct	Mar
Approval of previous minutes	√	√	√
Matters arising and outstanding action points	√	√	√
Oral update on fraud assurance	√	√	√
Any other business	√	√	√
Agenda items			
Corporate risk register	√	√	√
Budget proposal for the next financial year		√	
Budget update for the next financial year			√
LSB annual report and accounts for the previous financial year - draft	√		
LSB annual report and accounts for the current financial year - update			√
LSB annual report on expenses for the previous financial year	√		
Internal audit report for the previous financial year	√		
Internal audit plan for the current financial year		√	
Internal audit update			√
NAO external audit report: completion report for the previous financial year and management letter	√		
NAO external audit update: lessons learnt from the previous years' audit and changes to guidance and issues that may affect the LSB for the current financial year audit		√	
NAO external audit planning report for current financial year			√
LSB Governance Manual annual review		√	
LSB risk management strategy annual review		√	
Assurance mapping		√	
ARAC annual report - draft	√		
Review of the effectiveness of ARAC			√

³⁴ *Ibid.*, Schedule 1, para. 21.

³⁵ Legal Services Act 2007, Schedule 1, para. 20(1).

³⁶ *Ibid.*, para. 21.

³⁷ *Ibid.*, para. 20(3), restricts the membership of the Committee only to Board Members.

³⁸ *Ibid.*, para. 20(4).

³⁹ *Ibid.*, para. 21(2).

Terms of Reference⁴⁰

Remuneration and Nomination Committee (RNC)

Responsibilities

1. The Board has established a Remuneration and Nomination Committee⁴¹ 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 Reference⁴².
2. These matters may include but are not limited to:

In respect of Remuneration (executive terms and conditions)

- To review and advise the Board on the terms and conditions of service, including remuneration, pensions, benefits and allowances, of the Chief Executive.
- To decide and review the terms and conditions of service, including remuneration, pensions, benefits and allowances of the Chief Executive's direct reports ('Executive Group'), and of any other colleague(s) as agreed between the Chair of the Committee and the Chief Executive⁴³.
- To oversee the process for determining the terms and conditions of employment, including remuneration, benefits and pensions of all colleagues.
- To oversee the process for determining the terms and conditions of all other appointments, including in relation to the Panel⁴⁴ and the OLC⁴⁵, but excluding ordinary Board Members⁴⁶.
- To advise the Chair on issues relating to the terms and conditions of ordinary Board Members for onward discussion with the MoJ.
- To ensure that no person shall be involved in any decisions on their own remuneration.
- To review and approve any amendments to pay strategy (including any proposals for linking reward to performance for colleagues), bandings and progression arrangements.

In respect of other executive employment matters

- To review annually the equality and diversity trends across the LSB.
- 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).
- To monitor and evaluate – at a strategic level and on an exception basis – the impact of the LSB's HR policies.

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

In respect of Nomination

The LSB executives

- To oversee and review the talent management strategy and succession planning for those colleagues⁴⁷ as agreed between the Chair of the Committee and the Chief Executive.

The LSB non-executives

- 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 Chair of the Board in advising the MoJ, as required, on plans for identifying and nominating non-executive members (including the Chair of the Board) to fill Board vacancies as and when they arise.
- To monitor and review the induction process for Board Members.
- In addition, to assist the Chair of the Board in making said recommendation 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.

The OLC and the Panel non-executives

- To review regularly the structure, size and composition of the OLC and the Panel, including members' skills, knowledge and experience.
- To consider the succession plans for the OLC and the Panel periodically.
- 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 Panel) to fill OLC and Panel vacancies as and when they arise.
- Making recommendations as to the composition of the recruitment panel, giving due consideration to the views of the appropriate Chair (OLC or Panel) and other relevant parties as appropriate.
- To consider reports from the relevant Chair on the evaluation of the performance of OLC and Panel Members annually, via the Chair of the LSB, and to make recommendations to the Board on re-appointments where appropriate.
- Overseeing that on appointment to the Panel, members receive an appropriate induction.

General

3. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit. For the avoidance of doubt, this includes advice on matters where action or improvement is needed including:
 - on specific issues where the Board is the decision taker; and
 - on matters delegated to the Chief Executive where there is a substantive difference of view.

Authority

4. The Committee is authorised by the Board to:
 - investigate any activity or topic covered by these Terms of Reference;
 - request any information it requires from the colleagues, all of whom are directed to co-operate with any request for such information;
 - obtain at the expense of the LSB, external financial, legal or other independent professional advice or training, subject to budgets agreed by the Board; and
 - appoint, remove and approve the terms and conditions of appointment of professional advisers to the Committee.

Membership

5. The Committee and its Chair will be appointed by the Board from amongst its ordinary, non-executive Members⁴⁸ and the period of appointment to the Committee shall be agreed by the Chair of the Board.
6. A majority of the Committee's Members will be lay persons⁴⁹.
7. The Chair of the Board may not be a member of the Committee.
8. The Chair of the Committee may not also be the Chair of the Audit and Risk Assurance Committee.

Access

9. The internal and external auditors will have free and confidential access to the Chair of the Committee.

Meetings

10. The Committee will meet at least two times a year.
11. The quorum of the Committee shall be at least three members⁵⁰ attending in person, ~~or~~ in exceptional circumstances, by telephone or video-conferencing facility, and decisions may be made or ratified following a suitable exchange of correspondence, either electronically or in hard copy.

12. A lay⁵¹ majority is required for all decisions. Where a meeting is not quorate it will nevertheless go ahead, with decisions to be ratified via correspondence, at the next meeting of the Committee or the full Board, as appropriate.
13. Where necessary, in order to make sure that Committee members are aware of the nuance of a particular debate, a resolution may be circulated to all Committee members after a 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.
14. The Board Chair may attend the Committee when matters of nomination are discussed. Except in relation to nominations, the Board Chair shall attend no more than one RNC meeting in each year, thus strengthening the independence of the Committee. Whilst Committee members, including the Committee Chair, may participate in discussions about their succession, they must not make decisions in relation to their own position or succession. This also applies to the Chair of the Board, if they are in attendance.
15. The Accounting Officer, Head of Corporate Services and Human Resources Manager will attend meetings of the Committee. Other attendees, for example the Chairs of the OLC and the Panel, the ~~Director of Finance and Services~~Head of Finance and other colleagues may attend as required to assist the Committee on specific issues.
16. The Corporate Governance Manager, in the capacity of Board Secretary, will be secretary to the Committee. -Draft minutes of each meeting will be circulated by the Corporate Governance Manager within five working days of each meetings. The annual cycle of meetings is set out in Annex A.

Reporting to the Board

17. The minutes of each Committee meeting will be circulated to all members of the Board.
18. 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. This 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.

Communication

19. Communication between the Committee and the colleagues will be led by the Chief Executive; communications between the Committee and the Board will be led by the Chair of the Committee.
20. The Chief Executive will determine the appropriate level of engagement with the colleagues⁵² both prior to and following presentation of matters to the Committee and will provide details to members at the time matters are presented.

Conflict of Interest

21. 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.

Confidentiality

22. Decisions on matters relating to Board Members, Committee advisors, the Panel and the OLC will generally remain wholly confidential to the Committee and executive attendees.
23. 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).
24. 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.

Annual review of remit and performance

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.

Annex A

REMUNERATION AND NOMINATION COMMITTEE ANNUAL CYCLE OF AGENDA ITEMS		
Standing items	Feb	July
Approval of previous minutes	√	√
Matters arising and outstanding action points	√	√
Review of Board, OLC and Panel succession planning	√	√
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		√
Committee Annual Report – for approval	√	
Annual RNC performance self-assessment and review of Committee Terms of Reference		√

⁴⁰ *Ibid.*, Schedule 1, para. 21.

⁴¹ Legal Services Act 2007, Schedule 1, para. 20(1).

⁴² *Ibid.*, Schedule 1, para. 21.

⁴³ *Ibid.*, Schedule 1, para. 15-17.

⁴⁴ *Ibid.*, Section 8(6).

⁴⁵ *Ibid.*, Schedule 15, para. 10-12.

⁴⁶ *Ibid.*, Schedule 1, para. 1(2), defines 'ordinary' Board Members.

⁴⁷ Executive employees of the LSB

⁴⁸ *Ibid.*, para. 20(3), restricts the membership of the Committee only to Board Members.

⁴⁹ *Ibid.*, para. 20(4).

⁵⁰ *Ibid.*, Schedule 1, para. 21(2)

⁵¹ *Ibid.*, Schedule 1, para. 20(4).

⁵² 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 the colleagues' commitment to the organisation. This will be in line with the LSB's Colleague Forum and Communication Policy

Rules of Procedure

1. Introduction

- 1.1 In the exercise of its powers under paragraph 21 of Schedule 1 to the Act, the LSB has made these Rules of Procedure ('Rules') to regulate its procedures and those of its committees and subcommittees.

2. Statutory framework

- 2.1 The constitution and proceedings of the LSB are governed by section 2 of, and Schedule 1 to, the Act.
- 2.2 Paragraph 21 of Schedule 1 to the Act provides that the Board may regulate its procedure and those of its committees and subcommittees.

3. Meetings and proceedings of the Board

3.1 Meetings of the Board

- 3.1.1 The Board shall hold meetings at such regular intervals as may be determined by the Board.
- 3.1.2 The Board may invite any person to attend all or any part of a Meeting.
- 3.1.3 Meetings will normally be held at the offices of the LSB, but may take place at any other convenient location.
- 3.1.4 Board Members are expected to attend not less than 75 percent of the Meetings in any 12 month period.

3.2 Meetings – agenda and papers

- 3.2.1 In normal circumstances, the agenda and papers for a Meeting will be circulated to Board Members (and such other persons as might be agreed from time to time) five working days in advance of the Meeting. The non-receipt of papers by any Board Member shall not invalidate the business transacted at a Meeting.
- 3.2.2 The order of business at a Meeting shall follow the agenda issued in respect of that Meeting, unless otherwise directed by the Chair.
- 3.2.3 Papers may only be tabled at a Meeting with the prior permission of the Chair. Prior to being dispatched, the Chair may review papers at their discretion.
- 3.2.4 No business other than that on the agenda issued in respect of a Meeting may be taken, unless otherwise directed by the Chair.

- 3.2.5 Subject to the LSB's responsibilities under Freedom of Information Act 2000, the papers of Meetings are confidential and should not be left unattended. Board Members should report lost or misplaced papers immediately to the Corporate Governance Manager.

3.3 Power to call meetings of the Board

- 3.3.1 Where in the opinion of the Chair, an urgent matter has arisen, the Chair may call a Meeting.
- 3.3.2 Where two or more Board Members submit a request for a Meeting to the Chair, the Chair shall call a Meeting as soon as practicable.

3.4 Notice of Meetings

- 3.4.1 Board Members will be notified as soon as practicable of the dates of all meetings of the Board.
- 3.4.2 The non-receipt of a notice of a Meeting by any Board Member shall not invalidate the business transacted at a Meeting.

3.5 Chairing of Meetings

- 3.5.1 The Chair shall, if present, preside at all Meetings.
- 3.5.2 In the absence of the Chair, the lay Board Member nominated by the Chair (or, if they are unavailable, nominated by the Board) shall preside.
- 3.5.3 The procedure at Meetings shall be determined by the Chair, in accordance with these Rules (and in consultation with the Board Secretary).

3.6 Procedure at Meetings

- 3.6.1 Subject to these Rules, Board Members may meet together for the despatch of business, adjourn and otherwise regulate their Meetings as they think fit.
- 3.6.2 The Chair shall:
- preserve order and ensure that all Board Members have sufficient opportunity to express their views on all matters under discussion;
 - determine all matters of order, competency and relevancy;
 - determine in which order those present shall speak; and
 - determine whether or not a vote is required.
- 3.6.3 Papers shall be taken as read and questions shall be directed to the relevant executive colleague, unless otherwise directed by the Chair.
- 3.6.4 In the event that a Board Member is unable to attend a meeting, they will [be asked to](#) provide written comments on the agenda items ahead of the meeting. These will be read out at the appropriate point in the Meeting by the Chair or the Head of Corporate Services.

- 3.6.5 Decisions of the Board will normally be made by consensus. Failing consensus, decisions shall be reached by means of a vote when:
- the Chair believes that there are Board Members present at the Meeting who disagree with a proposal;
 - when a Board Member who is present requests a vote to be taken; or
 - the Chair considers that a vote should be taken.
- 3.6.6 Where a vote is taken, the proposal shall be determined by a majority of the votes of the Board Members present and voting on the question. The Chair shall declare whether or not a resolution has been carried.
- 3.6.7 In the case of an equality of votes, the Chair shall have a second, casting vote.
- 3.6.8 The minutes of the meeting will normally record only the numerical result of a vote, showing the numbers for and against the proposal and noting any abstentions. A Board Member may require that their particular vote be recorded in the minutes.
- 3.6.9 The Board may agree to defer a decision on a proposal to a later date. The decision to defer, together with the reasons for doing so, shall be recorded in the minutes of the Meeting.
- 3.6.10 Any agreement to delegate the decision on a proposal under paragraph 23 of Schedule 1 to the Act shall be recorded in the minutes of the meeting.

3.7 Quorum of the Board

- 3.7.1 The quorum for a Meeting shall be the higher of three or one-third of the number of Board Members, comprised of a majority of lay Board Members, save for circumstances where by reason of a vacancy the Board is not capable of having a lay majority.
- 3.7.2 ~~Meetings will usually be convened in person. In exceptional circumstances,~~ Meetings might, from time to time, be convened wholly or partly 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. In such circumstances participating Board Members shall be deemed to be present at the Meeting. The provisions of these Rules in respect of Meetings (including quorum) shall apply.
- 3.7.3 Where a meeting of the Board:
- is not quorate within 30 minutes from the time appointed for the meeting; or
 - becomes inquorate during the course of the meeting,
- then the meeting shall either:
- be adjourned to such time, place and date as may be determined by the Board Members present; or
 - continue informally with a requirement that any decisions will require ratification following a suitable exchange of correspondence either electronically or in hard

copy following the meeting. Such decisions must also have regard to the quorum requirements as per Rule 3.7.1. If the meeting regains its quorum, decisions may be ratified within the meeting.

3.8 Minutes of Meetings

- 3.8.1 In the absence of the Corporate Governance Manager, a colleague nominated by the Chief Executive shall act as secretary to the Board.
- 3.8.2 The Corporate Governance Manager shall record the minutes of every Meeting, to be circulated in draft for approval by the Board.
- 3.8.3 The minutes of a Meeting shall record key points of discussion. They will not attribute comments to specific Board Members, unless this is required by the Board Member concerned or the Chair. Where personnel, finance or other restricted matters are discussed, the minutes shall describe the substance of the discussion in general terms.
- 3.8.4 The minutes of a Meeting shall also record:
- the names of every Board Member and other person present during any part of the Meeting;
 - the names of Board Members who have tendered apologies for absence;
 - the withdrawal from a Meeting of any Board Member on account of a conflict of interest; and
 - any declaration of interest.
- 3.8.5 The agreed minutes of a Meeting shall be published on the LSB's website, ~~as soon following approval at the next meeting and~~ as is reasonably practicable subject to considerations about withholding information in accordance with the relevant provisions of the Freedom of Information Act 2000.

4. Delegation of powers

- 4.1 Paragraph 23 of Schedule 1 to the Act provides generally that:

The Board may authorise:

- the Chair, the Chief Executive or any other Board Member,
- a committee or subcommittee of the Board, or
- a colleague,

to exercise, on behalf of the Board, such of its functions, in such circumstances, as it may determine.

A committee may delegate functions (including functions delegated to the committee) to:

- a subcommittee,

- the Chair, the Chief Executive or any other Board Member, or
- a Colleague.

The Board may not delegate any function or duty the Board has to make rules under the Act, other than:

- rules of procedure made in relation to any committee or subcommittee of the Board, and
- rules made by the Board in its capacity as an approved regulator or a licensing authority.

- 4.2 There shall be a schedule of matters reserved to the Board. These are generally matters for which the Board is accountable, through the Act, to Parliament.
- 4.3 The Board remains accountable for all of the LSB's functions and will require regular information about the exercise of delegated functions to enable it to maintain its monitoring role.
- 4.4 The schedule of matters reserved to the Board does not preclude other matters being referred for decision by the Chair or the Chief Executive to the Board. All powers delegated by the Board can be reassumed and the Board reserves the right to deal with any matters, whether generally or exceptionally, previously delegated. The Board may also vary or revoke such a delegation.
- 4.5 There is delegated from the Board to the Audit and Risk Assurance Committee, the Remuneration and Nomination Committee and such other committees and subcommittees as might be established from time to time the discharge of those functions that fall within their agreed terms of reference.
- 4.6 All powers of the LSB that have not been:
- reserved by the Board under paragraph 4.2 of these Rules,
 - delegated to a committee or Subcommittee, or
 - covered by these Rules,
- shall be exercised on behalf of the Board by the Chief Executive.
- 4.7 The Chief Executive shall prepare and maintain a scheme of delegations identifying which functions they shall perform personally and which functions they have delegated. All powers delegated by the Chief Executive can be reassumed and the Chief Executive reserves the right to deal with any matters, whether generally or exceptionally, previously delegated. The Chief Executive may also vary or revoke such a delegation.
- 4.8 Powers are delegated to and from the Chief Executive on the understanding that:
- appropriate expert advice will be sought as necessary and that any costs involved can be met within the authorised budget; and
 - the powers shall not be exercised in a manner that is likely to be a cause for public concern or that might have an effect on the reputation of the LSB.

- 4.9 The Head of Corporate Services shall keep a record of the powers, authorities and discretions delegated by the Board.
- 4.10 In the absence of the Chief Executive, the powers delegated to them may be exercised by the Strategy Director, [Policy Director](#) or General Counsel, or a combination of the above, after taking advice as appropriate from the Chair.

5. Conflicts of interest

- 5.1 If a Board Member knowingly has any interest or duty that is (or might reasonably be considered to be) material and relevant, whether direct or indirect and whether pecuniary or not, that, in the opinion of a fair-minded and informed observer would suggest a real possibility of bias in any matter that is brought up for consideration at a Meeting, the Board Member shall disclose at the earliest opportunity the nature of the interest or duty to the Meeting.
- 5.2 If a Board Member has acted in accordance with the provisions of paragraph 5.1 of these Rules and has explained fully the nature of the interest or duty, the Board Members present at the Meeting shall decide whether and to what extent that Board Member should participate in the discussion and the determination of this issue shall be recorded in the minutes of the Meeting. If it is decided that the Board Member should leave the Meeting, the Chair may first allow the Board Member to make a statement about the item under discussion.
- 5.3 Colleagues who are in attendance at a Meeting should declare interests in accordance with the same procedures as for those who are Board Members. Where the Chair rules that a potential conflict of interest exists, any Colleague so concerned should take no part in the discussion of the matter and may be asked by the Chair to leave the meeting.
- 5.4 Board Members and colleagues shall be subject to the the LSB's policy in respect of interests.

6. Meetings and proceedings of committees

- 6.1 Paragraphs 20-21 of Schedule 1 to the Act provide that the Board may establish committees and any committee so established may establish subcommittees.
- 6.2 The Board shall appoint Committee Members (including Committee Chairs). Committees shall appoint Subcommittee Members (including Subcommittee Chairs).
- 6.3 The Board shall agree and may vary or replace the terms of reference for each committee. A committee shall agree and may vary or replace the terms of reference for any subcommittee.
- 6.4 The terms of reference for committees and subcommittees are subordinate to these Rules, which take precedence.
- 6.5 The quorum of a committee or subcommittee must not be less than three, including a lay majority.
- 6.6 The agreed minutes of meetings of committees and subcommittees shall be circulated respectively to the Board and the relevant committee.

- 6.7 Committee Chairs shall present a written report about each meeting of a committee to the next available meeting of the Board.
- 6.8 Committee Chairs shall present 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 a written report about the activities of the committee relevant to that financial year.

Code of Practice for Board Members and Panel Members

Scope

1. This Code of Practice applies to all Board Members and Panel Members. All members must adhere to this Code of Practice (or any modification of it agreed by the Board) and act in good faith and in the best interests of the LSB and the Panel.

Public service values

2. Board Members and Panel Members must at all times:
 - comply with the Seven Principles of Public Life, as set out by the Committee on Standards in Public Life (Annex A refers);
 - maintain the highest standards of propriety involving integrity, impartiality and objectivity in relation to the stewardship of public funds and the management of the LSB;
 - maximise value for money by ensuring that the LSB operates in the most economic, effective and efficient way, within available resources, and with independent validation of performance achieved wherever practicable; and
 - be accountable for the activities of the LSB, their stewardship of public funds, and the extent to which key performance targets and objectives have been met to Parliament, the public, other stakeholders and the colleagues.

Conduct

3. Board Members ~~or Panel Members~~ cautioned for or charged with a criminal offence, other than a parking or speeding offence without aggravating circumstances, must report the matter at the earliest opportunity to the Chair. ~~_(or, if~~
4. ~~If the Chair is the Board~~ ~~or Panel~~ Member in question, it must be reported to the Senior Independent Director. If the Senior Independent Director is also the Board Member in question it must be reported to the MoJ).
- 3-5. In the case of Panel Members, it must be reported to the Panel Chair. If the Panel Chair is also the Panel Member in question it must be reported to the LSB Chair. If the LSB Chair is also the Board Member in question it must be then reported the matter to the MoJ.
6. Board Members ~~or Panel Members~~ subject to finance-related legal proceedings, ~~or aware of matters relating to conduct that may affect their position or the reputation of the LSB,~~ must report the matter at the earliest opportunity to the Chair. If the Chair is the Board Member in question, the escalation process is at paragraph 4. In the case of Panel Members, follow the process in paragraph 5.

~~— (or, if the Chair is the Board or Panel Member in question, to the MoJ). The Chair must then report the matter to the MoJ.~~

~~5.8.~~ Board Members and Panel Members must avoid any action that involves (or may be seen as involving) the exploitation or misuse of their position for private purposes.

~~6.9.~~ The LSB's Complaints and Disciplinary Procedure for Individual Members applies to complaints against members of the LSB, the OLC and the Panel.

Criminal and civil liability

~~7.10.~~ Paragraph 33 of Schedule 1 to the Act exempts Board Members from liability in damages for anything done or omitted in the exercise or purported exercise of the functions of the Board conferred by or by virtue of any enactment, subject to certain specified exemptions (related to acts or omissions that were in bad faith or were unlawful under section 6(1) of the Human Rights Act 1998).

~~8.11.~~ A Board Member and Panel Member may be liable for breach of confidence under common law or for infringing provisions of the Data Protection Act 2018 if they misuse information gained by virtue of their position.

Confidentiality

~~9.12.~~ Sections 167-168 of the Act prohibit the disclosure of restricted information (as defined), subject to certain exceptions.

Concerns about propriety

~~10.13.~~ In accordance with recommendation 53 in the First Report of the Committee on Standards in Public Life (the Nolan Committee), the Chair is entrusted with the duty of investigating a colleague's concerns about propriety raised confidentially. Colleagues are accordingly able to make a complaint at this level without going through the normal management structure. If a colleague remains dissatisfied, they may take the matter first to the Senior Independent Director of the LSB, and, if they remain dissatisfied, to the Permanent Secretary of the MoJ.

~~11.14.~~ The LSB's Complaints and Disciplinary Procedure for Individual Members sets out the procedure for investigating concerns about the propriety of members of the LSB, the OLC and the Panel.

Interests

~~12.15.~~ Board Members and Panel Members are entitled to manage their own affairs in private. However, the work of the LSB must (and must be seen) to be carried out in an environment that is free from any suggestion of improper influence. Those providing information to the LSB must be confident that it will be handled properly and that conflicts of interests will be identified quickly and handled properly.

~~13.16.~~ The LSB recognises the input and value of its statutory non-lay Board Members and it is not considered that their status alone represents a conflict of interests.

~~14-17.~~ The LSB has in place a Policy on Interests, which requires a register of interests to be maintained. This register is published on the LSB's website for Board Members and on the Panel website for Panel Members.

Employment and appointments

~~15-18.~~ While in office, Board Members and Panel Members should have regard to any real or perceived conflicts of interest in relation to the acceptance of employment or appointments. If Board Members or Panel Members wish to take up new employment or appointments during their term of office where real or perceived conflicts of interest may be an issue, they should first discuss the details with the Chair.

~~16-19.~~ On leaving office, and when considering the acceptance of future employment or appointments, Board Members and Panel Members should continue to have regard to conflict issues and should discuss with their Chair if in any doubt.

~~17-20.~~ Board Members and Panel Members are expected to complete their terms of appointment, notwithstanding special circumstances.

Expenses

~~18-21.~~ The LSB has in place a Policy on Reimbursement of Expenses, which requires a register of expenses to be maintained. This register is published on the LSB's website for Board Members and on the Panel's website for Panel Members.

Gifts and hospitality

~~19-22.~~ The LSB has in place a Policy on Gifts and Hospitality, which requires a register of corporate gifts and hospitality to be maintained. This register is published on the LSB's website for Board Members.

Public speaking, external events and journalists

~~23.~~ The Chair and the Chief Executive will ~~normally~~ act as spokespersons for the LSB, ~~and but in addition ordinary other Board Members may also act in this capacity may also be required, where the need arises from time to time, e, to act in this capacity.~~

~~24.~~ Any requests made by journalists/media for Board Member comment on issues relating to LSB policy should be referred to the Communications Manager in the first instance, where practicable.

~~25.~~ If Board members comment on issues related to LSB matters, they should take care not to express views at variance with agreed LSB policy. Where Board Members are aware that matters relating to LSB policy will or are likely to be discussed, and /or upon receipt of an invitation, where possible they must advise the Corporate Governance Manager sufficiently in advance for briefing/advice to be provided. Situations in which this might be required include but are not limited to: media appearances, industry dinners, conferences or other public events. On such occasions, feedback to colleagues following the event would also be helpful.

~~20.~~ Unless there are exceptional circumstances, Board Members providing pre-written communications relating to LSB policy (articles, speeches, opinion pieces, etc.) should

invite feedback from the LSB Communications Manager with sufficient time in advance of publication deadlines/date of delivery to allow advice to be provided.

~~22. If Board Members attend events or write articles where issues related to the LSB policy may be raised, they should make it clear that their opinions are being offered in a personal capacity and, in any event, they should not express views at variance from agreed LSB policy. Board Members should advise the Corporate Governance Manager about such events or articles. Where Board Members are aware that matters relating to LSB policy will or are likely to be discussed, where possible they must advise the Corporate Governance Manager sufficiently in advance for briefing/advice to be provided.~~

~~23. The Corporate Governance Manager should be made aware of any invitations for Board Members to meet external stakeholders where matters related to LSB policy may be discussed. Similarly, Board Members seeking meetings with external stakeholders to discuss matters relating to LSB policy must discuss this with the Corporate Governance Manager before making arrangements.~~

~~— Invitations to attend or to speak at industry or stakeholder events on behalf of the LSB should be referred to the Corporate Governance Manager. Unless there are exceptional circumstances, Board Members providing pre-written communications relating to LSB policy (articles, speeches, opinion pieces, etc.) should invite feedback from the LSB Communications Manager team and other relevant colleagues with sufficient time in advance of publication deadlines/date of delivery to allow advice to be provided.~~

~~30. Board Members attending events or engaging in private meetings with external stakeholders on issues relating to LSB policy must provide feedback as soon as practically possible afterwards to the Corporate Governance Manager or relevant colleagues.~~

Policy on using social media

~~25-31. The LSB has in place a Policy on Using Social Media that includes guidelines for social media use.~~

Political activities

~~26-32. It would be inappropriate given the LSB's status as independent of government for any Board Member to engage in active politics. This includes: membership of the House of Commons, a devolved assembly or parliament, or the European Parliament; seeking adoption or selection as a candidate or prospective candidate for election to these bodies; membership of local authorities; seeking adoption or selection as a candidate or prospective candidate for election to local authorities, other than parish councils; seeking adoption or selection as a candidate or prospective candidate for election as a Police and Crime Commissioner; and acting as a party spokesman in the House of Lords. Advice on this is available from the Corporate Governance Manager.~~

Data Protection Act 2018

~~27-33. Board Members consent for all purposes to the holding, accessing and other processing of personal data about them held by the LSB.~~

Freedom of information

28-34. The LSB is a public authority subject to the Freedom of Information Act (FoIA) 2000. Information held by the LSB might be disclosed in response to a request for information, unless it constitutes exempt information under Part 2 of FoIA 2000.

Exit restrictions

29-35. On termination of office, Board Members must return (or destroy where appropriate) all LSB property (including but not limited to documents and software, credit cards, computer equipment, keys and security passes where issued).

Scheme of Delegations

1. This scheme of delegations is prepared in accordance with paragraph 4.7 of the Rules of Procedure.
2. Subject to paragraph 4.7 of the Rules, where the scheme of delegations requires the exercise of a power to be approved by two or more persons, the majority of those persons must approve the exercise of that power.
3. Any requirement to consult in advance of approving or exercising a specific power should be assessed on a case-by-case basis.

Key:

Committees:

ARAC – Audit and Risk Assurance Committee (Board committee)
 RNC – Remuneration and Nomination Committee (Board committee)
 SLT – Senior Leadership Team⁵³

Individual posts:

CEO – Chief Executive
 SD – Strategy Director
 PD – Policy Director
~~HDFS~~ – ~~Director Head~~ of Finance ~~and Services~~
 GC – General Counsel
 HCS – Head of Corporate Services
 HPDR – Head of Policy Development and Research
 RPP – Regulatory Policy Principal
 LA – Legal Adviser
 HRM – Human Resources Manager
 CGM – Corporate Governance Manager
 CM – Communications Manager
 BPA – Business Planning Associate

There are two parts to this scheme of delegations:

- **Part 1 sets out delegations from the Board to the Chief Executive**
- **Part 2 sets out delegations from the Chief Executive**

In the absence of the Chief Executive (annual leave, sickness absence or unexpected leave), the powers delegated to them may be exercised by a member of senior management nominated by the Chief Executive for such purposes - after taking advice as appropriate from the Chair. The CGM will manage this process, and will keep a record of all delegations exercised in the Chief Executive's absence. The Chief Executive's specific duties as Accounting Officer for the LSB are delegated in his absence to the Head of Corporate Services, who is appointed by the CEO and Accounting Officer as the LSB's Deputy Accounting Officer.

⁵³ The Senior Leadership Team comprises: CEO, SD, PD, ~~HDFS~~, GC, HCS, HPDR, CGM (secretary)

Part 1 - Delegations from Board to Chief Executive

Human resources			
Power	Approver	Contributors	Notes
Agreeing and amending remuneration policies	CEO	RNC, SD, GC, HFDFS , HCS, HRM and Colleague Forum	Subject to RNC ToR
Agreeing and amending HR contractual terms	CEO and HCS	RNC, SD, GC, DFSHE , HCS and HRM	Subject to RNC ToR
Agreeing matters in respect of termination, retirement and redundancy	CEO, HCS, relevant SLT member and line manager	RNC, SD, HRM, GC and DFSDFH	Subject to RNC ToR
Convening and agreeing agenda for meetings of the Colleague Forum	CEO and HCS	Colleagues	
Agreeing the senior executive succession plan	CEO	RNC and HCS	
Agreeing the Remuneration strategy	CEO	RNC, HCS and HRM	Subject to RNC ToR

Financial management			
Power	Approver	Contributors	Notes
Financial authority limits			See Finance Regulations
Agreeing Finance Manual	CEO	ARAC, HFDFS , GC, HCS and CGM	
Agreeing Finance Regulations	CEO	ARAC, DFSHE , GC, HCS and CGM	

Regulatory activity			
Power	Approver	Contributors	Notes
Agreeing project briefs, PIDs, etc.	SLT	Project Sponsor and Project Manager	
Agreeing to commence an investigation with a view to using enforcement powers; the issuing	CEO	SLT and Project Manager	Subject to Statement of Policy – Compliance and Enforcement

of s55 notices and actions taken under s56			
Agreeing to recommend the exercise of enforcement powers to the Board	CEO	PD, GC, HCS, RPP and Project Manager	Subject to Statement of Policy – Compliance and Enforcement
Agreeing 'next steps' following Board approval of the exercise of enforcement powers	CEO	SD, PD, GC, HCS, RPP and Project Manager	Significant decisions to be referred to Board
Approving alterations to regulatory arrangements (including requests to be exempted from approval requirements)	CEO	SLT, RPP and Project Manager Relevant Board Members (where the CEO deems the proposed rule changes to be contentious)	The Board has delegated to the Chief Executive authority to determine the handling of rule change applications on a case-by-case basis following an assessment of significance, impact and risk; save that regulatory arrangements related to designation applications are approved by the Board as part of the decision on the designation application.
Approving AR practicing fees	CEO	SLT, RPP and Project Manager	Significant decisions to be referred to the Board
Agreeing to recommend the approval of applications for designation as an AR/LA to the Board	CEO	SLT, RPP and Project Manager	

Miscellaneous			
Power	Approver	Contributors	Notes
Leadership and operational management of the LSB	CEO		
Serving as Accounting Officer	CEO		
Agreeing delegations from CEO	CEO		

Chairing SLT	CEO	SLT	
Agreeing and amending ToR for executive groups	CEO	RNC and SLT	
Agreeing and amending Scheme of Delegation	CEO	ARAC and colleagues	
Changing management or control structure	CEO	Chair and RNC	
Agreeing answers to PQs	CEO or relevant SLT member (depending on subject)	SD/PD (depending on subject), GC, HCS, relevant SLT member, Project Sponsor, and Project Manager	
Agreeing formal correspondence etc. to MoJ	CEO or relevant SLT member (depending on subject)	SD/PD (depending on subject), GC, HCS, relevant SLT member, Project Sponsor and Project Manager	
Agreeing formal correspondence etc. to LeO	CEO or relevant SLT member (depending on subject)	PD, GC, HCS, relevant SLT member, Project Sponsor and Project Manager	
Agreeing formal correspondence to the Panel	CEO or relevant SLT member (depending on subject)	SD/PD (depending on subject), GC, HCS, relevant SLT member, Project Sponsor and Project Manager	
Agreeing publication etc. of documents approved in principle by the Board	CEO	SD/PD (depending on subject)/HCS, GC, relevant SLT member, Project Sponsor and Project Manager	
Agreeing responses to external consultations	CEO	SD/PD (depending on subject), HCS, GC, relevant SLT member, Project Sponsor and Project Manager	
Determinations in respect of FoI (s36)	CEO	HCS, CGM and GC/LA	NB The Chair also has delegation from the Minister to determine s36 exemptions

Agreeing decisions in respect of matters subject to legal proceedings	CEO	SD/PD (depending on subject), GC, HCS, relevant SLT member and Project Manager	Significant decisions to be referred to Board
Preparing Board agenda and papers	CEO	SLT	Prior to being dispatched, the Chair may review papers at their discretion.
Preparing Board Committee agenda and papers	CEO	ARAC – DFS-HF and HCS RNC – DFS-HF and HCS	Prior to being dispatched, the Chair may review papers at their discretion.
Agreeing to tender and to sign commercial contracts	CEO	GC, DFS-HF and relevant SLT member	Subject to financial delegations
Agreeing and commissioning research projects	CEO and SD	HPDR, Research Manager and Project Manager	
Commissioning and oversight of external audit activity	CEO	ARAC, DFS-HF and HCS	
Commissioning and oversight of internal audit activity	CEO	DFS-HF , HCS and relevant SLT member	
Affixing of the LSB's Common Seal to appropriate documents	Chair or CEO or their nominee	GC, HCS, CGM	A company seal can only be used with the Board's authority, so there needs to be a Board decision reflected in the minutes of the relevant meeting. The seal should be fixed in the presence of a witness who can attest that the relevant authorisations have been granted. This will normally be either the GC or the HCS. Register of execution of the seal to be maintained by the CGM.

Part 2 - Delegations from Chief Executive

Human resources			
Power	Approver	Contributors	Notes
Creating individual posts / determining individual pay grades and salaries	HCS and relevant SLT member	HRM, DFS <u>HF</u> and line manager (depending on seniority of role)	Subject to RNC ToR
Agreeing and amending individual role descriptions	Relevant SLT member and line manager (depending on seniority of role)	HCS, HRM	Subject to RNC ToR
Agreeing recruitment advertising / use of external agencies	<u>CEO</u> , HCS and relevant SLT member	HRM, line manager	
Agreeing recruitment process	HCS, HRM	Line manager	
Shortlisting/interview panels	Line manager	HCS, HRM and relevant SLT member	
Agreeing to appoint	Interview panel and relevant SLT member	HCS, HRM	
Agreeing completion of probation	Line manager	HCS, HRM and relevant SLT member	
Changing individual reporting lines - SLT	CEO	HCS and relevant SLT member	
Changing individual report lines – below SLT level	<u>CEO on the advice of the</u> R relevant SLT member	HCS, HRM	
Approving expenses	Line manager		See Finance Regulations – all payment of expenses is approved by the Finance Director
Agreeing and amending HR policies (not remuneration)	HCS, HRM	RNC and Colleague Forum	Subject to RNC ToR
Health and Safety procedure changes	DFS <u>HF</u>	CEO, HCS, HRM, Health and Safety Group and colleagues	
Agreeing the Colleague succession plan (below the level of CEO direct reports)	PD, HF <u>DFS</u> , HCS	SLT and HRM	

General line management activities (not covered above or in HR policies)	Line manager	Deminos ⁵⁴ , HCS and HRM	
Maintaining HR records	HCS, HRM	DFSHE	

Financial management			
Power	Approver	Contributors	Notes
Financial authority limits			See Finance Regulations
Budget management	Budget holder	ARAC, DFSHE, HCS	
Preparing Annual Report	SD, DFSHE and HCS	ARAC and SLT	
Preparing Business Plan (including budget)	SD, DFSHE and HCS	ARAC and SLT	

Miscellaneous			
Power	Approver	Contributors	Notes
Overseeing core regulatory development and approval responsibilities of the LSB	PD	SD, RPP and Project Managers	
Overseeing non-regulatory business (excluding provision of legal advice)	DFSHE, HCS	Relevant Managers	
Providing legal advice to Board and colleagues	GC	LA	
Agreeing press releases, statements, speeches, articles, website changes and other media and PA activity	SD	PD, Relevant SLT member, Project Manager and CM	See Communications Process Notes
Agreeing formal correspondence etc. to MoJ	SD/PD (depending on subject), Relevant SLT member (depending on subject)	Project Manager	
Agreeing formal correspondence etc. to LeO	PD	HCS, relevant SLT member and Project Manager	

Agreeing formal correspondence to Panel	SD/PD (depending on subject), Relevant SLT member (depending on subject)	Project Manager	
Determinations in respect of DPA and FoI (not s36)	HCS	CGM and GC/LA	
Agreeing corporate policies – DPA, IT, business continuity, communications, etc.	HCS	CGM and GC/LA and colleagues	
Maintaining and reviewing Project Risk Registers	Project Manager	BPA	Subject to Risk Strategy
Maintaining and reviewing Corporate Risk Register	HCS and BPA	ARAC and SLT	Subject to Risk Strategy
Agreeing and commissioning research projects	SD	SLT, HPDR, Research Manager and Project Manager	See Research Strategy
Maintaining and reviewing a performance management framework	HCS	SLT	
Maintaining corporate registers (e.g. G&H, interests, minutes, papers, etc.)	CGM		

⁵⁴ A Human Resources consultancy with which the LSB has an arrangement for the provision of specialist advice and assistance to managers as required.

Annex A

The Seven Principles of Public Life

Selflessness

Holders of public office should act solely in terms of the public interest.

Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their families or their friends. They must declare and resolve any interests and relationships.

Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

Honesty

Holders of public office should be truthful.

Leadership

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

For more information, visit: <https://www.gov.uk/government/organisations/the-committee-on-standards-in-public-life>

Annex B

Policy on Complaints and Disciplinary Procedure for Individual Members

Purpose

1. This policy sets the disciplinary procedure to be used in the event of a complaint of personal misconduct or impropriety.

Scope

2. This policy applies to complaints about Board Members, OLC Members, or Panel Members (hereafter collectively referred to as 'Individual Members').
3. This policy does not apply to colleagues, who are subject to the LSB's internal disciplinary procedures.
4. The Lord Chancellor may delegate their functions under these procedures to any person they direct.
5. Nothing in this document restricts the powers of the Lord Chancellor in their ability to appoint or terminate individuals to the LSB, as contained in Schedule 1 to the Act.
6. This policy will be agreed and where necessary reviewed with the MoJ.

Procedure for investigating complaints made about Individual Members in their professional capacity

7. If a complaint in relation to the conduct of an Individual Member in a professional capacity is made to the relevant professional body, it should be registered immediately with the Chair and declared at the next Board meeting.
8. If the complaint is relevant to the work of the Board, the Individual Member should seek advice from the Chair to determine whether a fair-minded and well-informed observer might think there was a real possibility that decisions made by the Board were biased by an individual's presence on the Board or participation in discussions. If the Chair judges that this is a real risk, the member should exclude themselves from discussions that directly relate to the work and disciplinary functions of the relevant approved regulator or work by the LSB that could have a unique effect on the governance arrangements of the approved regulator concerned.
9. If the Individual Member receives a formal disciplinary finding against them, they should declare this immediately to the Chair and the Lord Chancellor. A view will be formed on whether paragraph 7 of Schedule 1 of the Act is relevant. If the Individual Member remains on the Board, the fact of the finding should be declared on the register of interests.

10. If the Individual Member chooses to appeal, they should report the matter to the Chair and consideration will be given to whether the Individual Member concerned should voluntarily stand down until the matter is resolved.

Legal representation

11. At any stage of an investigation into allegations made against an Individual Member, the Individual Member is entitled to legal representation. This representation would be at the Individual Member's expense. However, in light of the outcome of the investigation, some or all of such costs can be reimbursed at the discretion of the Accounting Officer. The Individual Member will be reminded of this entitlement to advice at each relevant stage of the procedure.
12. If the Individual Member chooses to be legally represented, they must inform the Chair or the Lord Chancellor in writing of the name and address of the legal representative.

Procedure for investigating alleged breaches of duty in relation to Individual Members other than the Chair

A. Preliminary consideration

13. On receipt of an allegation of a breach of duty by an Individual Member, the Chair must, having sought such clarification as they think necessary:
 - inform the Individual Member in writing of the details of the allegation and invite them to submit written comments within 14 days, or such other period as may be specified; and
 - notify the Lord Chancellor that they have done so.
14. Following consideration of the Individual Member's written comments, if the Chair is satisfied, on the basis of all the information available to them, that the allegation is unfounded, no further action will be taken. The Chair must inform the Individual Member, the Lord Chancellor and the person who made the allegation of their decision.
15. If the Chair is satisfied, on the basis of all the information available to them, that a breach of duty may have occurred, they must immediately write to the Individual Member concerned:
 - stating that the allegation will be investigated;
 - enclosing a copy of these procedures;
 - setting a date for the individual to meet the Chair (preferably within 14 days from receipt of the letter); and
 - informing the individual of their entitlement to be accompanied or legally represented at the meeting and at any subsequent stages of the investigation.

B. Meeting with the Chair of the Legal Services Board

16. The Chair of the LSB will meet the Individual Member concerned to discuss the alleged breach of duty and the Chair will then decide the appropriate course of action to be taken.
17. The Individual Member may be accompanied or legally represented at the meeting by a person of their choosing.
18. After the meeting, the LSB Chair, having regard to all relevant factors, including the outcome of any further investigation they may consider necessary, will submit a report to the Lord Chancellor in which they may recommend that the Lord Chancellor should take one or more of the following courses of action:
 - dismiss the allegation;
 - direct further investigation of the allegation;
 - suspend the individual's appointment to the LSB pending further investigation;
 - terminate the individual's appointment to the LSB; and
 - direct such other action as the Chair considers necessary.
19. If the Lord Chancellor suspends the non-executive Individual Member's appointment, they may direct whether such suspension is to be with or without remuneration.
20. If the LSB member's appointment is to be terminated, the Lord Chancellor will consult the Lord Chief Justice before doing so.
21. The Individual Member must be informed in writing without delay of the Lord Chancellor's decision.

C. Further investigation

22. If the Lord Chancellor directs further investigation, they may appoint a person of their choosing as Investigating Officer. The Investigating Officer may be an official of the MoJ or any other person at the Lord Chancellor's discretion.
23. Subject to the LSB's Policy on Whistleblowing, the Investigating Officer may seek any further evidence and interview any person, as they consider necessary.
24. The Investigating Officer must report their findings of fact to the Individual Member concerned and invite comments within 14 days, or such other period as may be specified.
25. At the conclusion of the investigation, the Investigating Officer will report their findings together with the Individual Member's comments, if any, to the Lord Chancellor. The Investigating Officer may also make recommendations to the Lord Chancellor.

D. Notification of decision

26. After consideration of the Investigating Officer's report, and any recommendations and of any comments made by the Individual Member, the Lord Chancellor will determine the matter.

27. The Lord Chancellor's decision must be communicated to the Chair and Individual Member either in person or in writing at the earliest opportunity. If the decision is communicated in person, it must be confirmed in writing.
28. At the conclusion of the investigation, the Lord Chancellor may publicly announce their final decision. Any such announcement would normally be brought to the attention of the Office of the Commissioner for Public Appointments.

Investigations relating to the Chair

29. Any allegation of a breach of duty by the Chair should be made to the Lord Chancellor via the MoJ.
30. The Lord Chancellor will inform the Chair of the allegation as soon as possible.
31. Any investigation relating to the Chair of the LSB will be carried out by the Lord Chancellor, or on the Lord Chancellor's behalf.
32. The procedures set out in this document will apply, save that references to the Chair in the conduct of the investigation will be substituted by 'the Lord Chancellor' or any person they direct.

Policy on Interests

Purpose

1. This Policy ensures that the work of LSB is, and is seen to be, carried out in an environment that is free from any suggestion of improper influence and that those providing information to LSB are confident that it will be handled properly and that conflicts of interests will be identified quickly and handled properly.

Scope

2. This Policy applies to LSB Board Members, OLC Board Members, Panel Members, full time and part time employees on full or short-term contracts, and to others working with the LSB, including secondees, agency contractors and others employed under a contract of service (hereafter collectively referred to as 'individuals').

General principles

3. The LSB is committed to:
 - ensuring that no individual is involved in taking a decision or participates in a discussion about a matter in which they have a conflict of interest;
 - ensuring that those providing information to LSB can be confident that it will be handled properly; and
 - avoiding any impression that any colleague has used their relationship with LSB to their personal advantage.
4. Individuals should avoid situations in which their duties and private interests might conflict and should ensure that, before they become involved in taking a decision or participating in a discussion, there are no conflicts of interest that, in the opinion of a fair-minded and informed observer, would suggest a real possibility of bias.
5. Individuals must not use or disclose confidential information that comes into their possession in the course of their LSB duties in order to benefit themselves or any other person. For guidance on handling price sensitive information, individuals are referred to the LSB's policy on this subject.
6. A Board Member should consult the Chair before accepting a new appointment which may lead to a conflict of interest. Executive colleagues should consult the Chief Executive.
7. Individuals are responsible for their own compliance with this Policy and with the law.

Interests that should be registered

8. In the interests of accountability and transparency, individuals are required to register formally those interests that might conflict with their duties.
9. A Register of Interests will be maintained by the Corporate Governance Manager. Individuals are responsible for keeping up-to-date their entries in the Register and should notify the Corporate Governance Manager about necessary changes. The Register in respect of Board Members' interests is published on LSB's website [quarterly](#).
10. The Corporate Governance Manager will confirm at least annually that individuals have registered any relevant interests.
11. Individuals should register the following interests:
 - Relevant Securities that are not placed in a Blind Trust (see paragraph 12 below);
 - remunerated employment, office or profession other than LSB;
 - other regular sources of remuneration;
 - directorships, whether remunerated or not;
 - membership of public bodies (e.g. governing bodies of schools), trusteeships (of museums, galleries and similar bodies) and appointments as an office holder or trustee of a pressure group, trade union or voluntary or not-for-profit organisation; and
 - in the case of Board Members and members of the SLT, membership of a registered political party.
12. 'Relevant Securities' means any financial interest (shares, debt securities, options, rights or future rights to shares or other securities, but not including units in a unit trust or equivalent managed fund) in companies having an interest in the legal professions in England and Wales held by themselves, their spouses or dependent children that are not placed in a Blind Trust. 'Blind Trust' means an arrangement by which a colleague gives a stockbroker or other professional investment manager absolute discretion to manage investments in Relevant Securities and under which that colleague:
 - is not consulted before any dealing takes place;
 - does not instruct the investment manager with regard to any specific securities; and
 - is not informed of changes in specific investments or the state of the portfolio other than in an aggregated form or as required for tax returns.

Disclosing other interests

13. An individual might from time-to-time have or become aware of interests that do not have to be registered, but which might nonetheless conflict with their LSB duties. As well as keeping up-to-date their entry on the Register, they must disclose such interests as soon as possible (e.g. on receipt of the agenda for a Board meeting) to the Corporate Governance Manager.

14. Such interests must be disclosed whether or not they are entered on the Register.
15. The minutes of any Board or Committee meeting shall record any declaration of interest and the withdrawal from a meeting on account of a conflict of interest.
16. When considering whether to disclose such interests, colleagues should ask whether, in the opinion of a fair-minded and informed observer, the interest would suggest a real possibility of bias or conflict on that colleague's part. As a general guide, colleagues should consider whether they have, or recently had:
 - any material financial, beneficial or pecuniary relationships with a stakeholder within the past two years;
 - any other relationships with another party, the existence of which might suggest a real possibility of bias on their part;
 - they have taken a public position that might be seen as compromising their ability to deal objectively with a matter that is relevant to LSB; or
 - in the opinion of a fair-minded and informed observer, the interests of close family members would suggest a real possibility of bias.
17. The presumption should always be in favour of declaring any interest that could be relevant to the performance of the functions of a colleague.

Procedures for handling interests

18. In the event that a colleague receives a paper about a matter in which they have a conflict of interest, they must immediately return the paper to the Head of Corporate Services, with an indication of the extent to which the paper has been read.
19. The Rules of Procedure provide that:

'5.1 If a Board Member knowingly has any interest or duty that is (or might reasonably be considered to be) material and relevant, whether direct or indirect and whether pecuniary or not, that, in the opinion of a fair-minded and informed observer would suggest a real possibility of bias in any matter that is brought up for consideration at a Meeting, the Board Member shall disclose at the earliest opportunity the nature of the interest or duty to the Meeting.

5.2 If a Board Member has acted in accordance with the provisions of paragraph 5.1 of these Rules and has explained fully the nature of the interest or duty, the Board Members present at the Meeting will decide whether and to what extent that Board Member should participate in the discussion and the determination of this issue will be recorded in the minutes of the Meeting. If it is decided that the Board Member should leave the Meeting, the Chair may first allow the Board Member to make a statement about the item under discussion.

5.3 Colleagues who are in attendance at a Meeting should declare interests in accordance with the same procedures as for those who are Board Members. Where the Chair rules that a potential conflict of interest exists, any colleague so concerned should take no part in the discussion of the matter and may be asked by the Chair to leave the meeting.'

20. Before trading Relevant Securities or exercising options, a Board Member should disclose his intention to trade to the Chair, giving at least 24 hours' notice. Colleagues should disclose their intention to trade to the Chief Executive. The Head of Corporate Services will record the disclosure of the intention to trade by any colleague.

Policy on Reimbursement of Expenses

Purpose

1. This Policy sets out the responsibilities when claiming reimbursement of expenses.

Scope

2. This Policy applies to LSB Board Members, OLC Members, Panel Members, full time and part time employees on full or short-term contracts, and to others working with the LSB, including secondees, agency contractors and others employed under a contract of service (hereafter collectively referred to as 'individuals').

Expenses claims

3. The LSB operates an electronic system of claim authorisation. To avoid rejection of claims at the formal approval stage, individuals are requested to summarise their claim on a *LSB colleague expenses form* and together with supporting receipts pass these to their line manager (or, in the case of Board and Panel Members, the Corporate Governance Manager) to confirm that the claim is in order and within the expenses policy guidelines.
4. Individuals can then either enter their own claims onto the Focal Point System or request that one of the administrative assistants enter this on their behalf. All forms and receipts should be scanned and uploaded to Focal Point as documents attached to the claim.
5. Focal Point will issue an automatic email to the colleague's line manager (or, in the case of Board and Panel Members, the Head of Corporate Services), asking them to view the expense claim and if appropriate to approve it for payment.
6. All claims for expenses must be supported by appropriate receipts or vouchers (credit card slips alone are not accepted as receipts).
7. In the case of colleague travel claims, approval to travel must be authorised by the ~~line~~ project manager ~~before~~ tickets are purchased. Travel should be business critical, and approved only when video / telephone conferencing is not a viable alternative}.
8. Claims will not normally be approved in respect of expenses incurred more than three months before the date of the claim but may be paid at the discretion of the line manager (or, in the case of Board and Panel Members, the Corporate Governance Manager).
9. HM Revenue and Customs ('HMRC') requires receipts to be submitted in respect of all claims for expenses (including travel). This explicitly includes receipts for travel on public transport, including claims for journeys on a pay as you go London Transport oyster card). HMRC has granted a concession for parking paid by telephone, but only if it is impossible to obtain a receipt.

10. Individuals should seek guidance before incurring high levels of expenditure or expenditure on items which are not mentioned in the policy.
11. Travel and subsistence expenses may be claimed at the rates set out at the Annex to this policy. The Annex may be re-issued, from time-to-time, to reflect alterations in the rates that will be paid, subject to the approval of the Audit and Risk Assurance Committee.

Items that can be claimed

Allowances

12. The general principle is that nothing may be reimbursed beyond actual expenditure reasonably incurred on the necessary business of the LSB.

Train

13. In line with wider public sector policy, the LSB will reimburse individuals for travelling by train on journeys incurred wholly, exclusively and necessarily in the course of their duties, and individuals should make sure they obtain the best value they can. In this regard, all colleagues should be aware of the following:
 - Individuals will normally only be reimbursed for standard class travel.
 - Any individuals with a disability may request approval to travel first class travel as part of *reasonable adjustments to carrying out their duties*, but approval must be obtained in advance of the journey. (A 'standard permission' may be granted depending on the nature of the adjustment required). The Corporate Governance Manager should be contacted in the first instance to discuss the request and they will advise the appropriate mechanism for obtaining approval to travel first class in these circumstances.
 - Individuals who wish to travel first class at their own expense (i.e. are content to pay the first class supplement as part of the original ticket rather than a separate payment), and claim the standard fare for the journey, are required to submit their tickets, as well as written confirmation of the cost of the equivalent standard class journeys (such as a screen shot from the booking page). In determining the cost of the equivalent standard class journeys, the same discounts, such as gold card, senior or young person's rail card should be applied at the same time as the first class ticket was purchased. Individuals will be reimbursed at the standard rate, provided that this is less than the cost of the first class ticket purchased.
14. It is expected that tickets would normally be purchased in advance, as this generally provides better value for money. Individuals should use the corporate credit card and make their own travel arrangements or request the help of an administrative assistant.

Air

15. In the rare event that an individual needs to travel by air, it should normally be by economy class. For colleagues with disability issues, the same approval should be sought as set out in paragraph [1312](#).

16. Within the UK, air travel should be used only when it is cost effective (for example cheaper than by train), or where the time saving is sufficient to justify any extra expense over road and rail travel.
17. If you are considering travel by air, the Corporate Governance Manager should be contacted in the first instance.

Taxis

18. Taxis may be used where there is no other public transport available or when they are more cost effective than other forms of transport.
19. Taxis may also be used for short journeys with heavy luggage or where several colleagues are travelling together to the same meeting.
20. Individuals who have to work on LSB business after 22:00 may take a taxi to their usual mainline railway or London Underground station or may take a taxi directly to their usual home address (or hotel if they are away from home on LSB business) where this is necessary to ensure a safe journey home.
21. Claims for taxi fares should be supported by receipts (which, in the case of evening journeys permitted under paragraph 19, should include date and time stamping). All taxi drivers should produce a receipt if requested. Payment of tips is at the individual's personal discretion and will not be reimbursed.

Car Mileage

22. Car mileage for business journeys may be claimed at the rate set out at the Annex to this policy, subject to it being more cost effective to travel by car rather than by public transport or there being no suitable public transport available.
23. In order to use a private car the person making the claim must have confirmed that they have an appropriate endorsement in their insurance policy for 'business use' and that a copy of this policy is provided to the LSB for inspection each year.

Meals

24. Subsistence expenses (based on actual receipts) will be paid to or on behalf of colleagues performing business away from their normal place of work for a period of at least five hours during which they have purchased one meal, or a period of at least ten hours during which they have purchased one or two meals. Subsistence expenses will be paid for late evening meals.
25. The Chair and other senior members of the LSB may from time to time meet with counterparts in major stakeholder organisations, some of which lie outside the immediate public sector. Custom and practice on the part of some of those organisations is to hold discussions over lunch. When this happens, the cost to the LSB representative should not be covered by the third party so as to put beyond doubt any question of undue influence or perceived undue influence. With the Accounting Officer's prior approval, the LSB representative will not be required to cover the expense personally and will be able to seek re-imbursement of reasonable expenses via the LSB

expenses policy. Details will be recorded in the monthly attestation return to the Ministry of Justice.

Overview and Review

26. Abuse of this policy, including the submission of false claims, may be subject to disciplinary action, including dismissal.
27. This policy does not form part of any colleague's contract of employment and the LSB can change this policy from time to time.

Current Rates of Travelling and Subsistence

This Annex may be re-issued, from time to time, to reflect any alterations in the rates paid.

1. Travel

- a) By car: rates *per mile*: (in a tax year)
 - First 10,000 miles 45p
 - Over 10,000 miles 25p
- b) Motorcycle allowance: 24p per mile

2. Subsistence (based on actual receipts)

a) Day

- One meal 5 hour rate⁵⁵ - up to £5
- Two meal 10 hour rate⁵⁶ - up to £10
- Late evening meal rate⁵⁷ - up to £15

b) Night Subsistence per night

In the event that it is necessary, to fulfil LSB business, to stay overnight in a hotel, authority must be obtained in advance from a member of the Senior Leadership Team (or, in the case of Board or Panel Members, the Corporate Governance Manager).

Hotels in London

Actual expenditure up to a ceiling of £120 for bed and breakfast costs plus if away for at least 24 hours up to £21 for lunch and evening meal unless this is provided.

Hotels elsewhere

Actual expenditure up to a ceiling of £100 for bed and breakfast costs plus if away for at least 24 hours up to £21 for lunch and evening meal unless this is provided. The cost of alcoholic drinks will not be reimbursed.

3. Overseas travel and subsistence

If a colleague is required to travel overseas on LSB business, reimbursement will be made for meals and accommodation on a 'reasonable charge' basis, which should be discussed in advance with the Corporate Governance Manager, and agreed by the Chief Executive as Accounting Officer.

⁵⁵ One meal (5 hour) rate – The rate may be paid where a person has been undertaking qualifying travel (i.e. travel and business away from their normal place of work for which a claim for subsistence would be paid) for a period of at least 5 hours and has incurred the cost of a meal

⁵⁶ Two meal (10 hour) rate – The rate may be paid where a person has been undertaking qualifying travel (i.e. travel and business away from their normal place of work for which a claim for subsistence would be paid) for a period of at least 10 hours and has incurred the cost of a meal or meals

⁵⁷ The rate may be paid where the employee has to work later than usual, finishes work after 8pm having worked their normal day and has to buy a meal before the qualifying journey ends which they would usually have at home.

Policy on Gifts and Hospitality

Purpose

1. This Policy sets out the responsibilities when offering or receiving corporate gifts and/or hospitality.

Scope

2. This Policy applies to Board Members, OLC Board Members, Panel Members, full time and part time employees on full or short-term contracts, and to others working with the LSB, including secondees, agency contractors and others employed under a contract of service (hereafter collectively referred to as 'individuals').

General Principles

3. Individuals generally will not be in a situation that requires them to offer or to receive corporate gifts and/or hospitality. However, these guidelines are intended to assist individuals to:
 - act with propriety;
 - avoid any conflict of interest with their LSB duties and private interests; and
 - know what they may and may not offer or receive.
4. Hospitality may take various forms, from the provision of tea and coffee at meetings attended by individuals, to large formal receptions or dinners. The same general principles apply in every case.
5. However, when individuals do offer or receive corporate gifts and/or hospitality, they must not do anything that might undermine, or be reasonably thought to undermine, the independence or impartiality of the LSB.
 - Individuals and their spouses or partners should refuse to accept corporate gifts and/or hospitality that could influence, or be reasonably thought to influence, the professional advice and/or decisions of colleagues or that could, or be reasonably thought to place, them under an obligation to the donor, compromise their impartiality or otherwise be improper.
 - If a corporate gift is to be refused, this should be done politely and with an explanation that colleagues are not permitted to receive gifts or hospitality of the value offered. Unsolicited gifts should be returned with an explanation of LSB policy, except where refusal would clearly cause misunderstanding or offence. In this case, the gift should only be accepted after consultation with the Corporate Governance Manager and a letter should be sent saying that the gift has been accepted on behalf of LSB, not by the individual.

- The offering or receipt of corporate gifts (up to the value of £25) and/or hospitality is acceptable within reasonable grounds, provided that it is a normal and appropriate expression of business courtesy. It is the responsibility of colleagues to decide if the corporate gift and/or hospitality is conventional and normal and reasonable in the circumstances. If in doubt, colleagues should consult the Corporate Governance Manager.

28. Individuals should enter into reciprocal entertaining arrangements only where this is a normal and appropriate expression of business courtesy. Paragraph 25 of the LSB expenses policy refers in relation to business lunches.

6. The following principles apply to invitations from external organisations to functions:

- Event-based hospitality that allows individuals to meet stakeholders, and might shape or promote the LSB's work, is generally acceptable. For example, going to an industry awards dinner where it is important that a representative of the LSB is present.
- Work-related hospitality from a single stakeholder is acceptable, provided that it can clearly be seen to be of value to LSB's work. For example, working lunches, dinners or the reimbursement of necessary hotel or other accommodation costs.
- Individuals should avoid corporate hospitality that benefits themselves personally if it is difficult to justify as being of benefit to the LSB, or if there is potential for undermining the integrity of the LSB and its work. For example, tickets to sporting events or the theatre.
- Reference should be made to the LSB's anti-corruption and bribery policy for practical guidance on the types of gifts or hospitality that may or may not be acceptable.

Gift and hospitality register

7. All offered or received corporate gifts and/or hospitality – even where declined - with a value on the open market of approximately £10 or above must be reported as soon as possible to the Corporate Governance Manager, who will record the gift and/or hospitality on LSB's published Gifts and Hospitality Register. The monetary value of any corporate hospitality provided by LSB should be included in the declaration.
8. Gifts of more than £10 and up to £25 may only be retained with the ~~subject to the consent of the Chief Executive or their direct report,~~ and the Corporate Governance Manager will be advised of this.
9. Corporate hospitality includes working lunches etc. at the offices of other organisations. Working lunches etc. provided at LSB premises or by the LSB at LSB events need not be reported or registered.
10. The report of the corporate hospitality must include the name of each person attending and the reason for the hospitality. The LSB may require this information to prove that no tax is payable.

Policy on Using Social Media

Purpose

1. This Policy sets out the guidelines for using social media.

2. For the purposes of this policy, social media is any online platform or app that allows parties to exchange information, opinions and experiences. This includes social forums such as Twitter, Facebook and LinkedIn. Social media also covers blogs, online forums, instant messaging, chat rooms and video and image-sharing websites such as YouTube.

3. Colleagues/Individuals should be aware that there are many more examples of social media than can be listed here and this is a constantly changing area. Colleagues/Individuals should follow these guidelines in relation to any social media that they use.

Scope

4. This policy applies to Board Members, all full time and part time colleagues/individuals on full or short-term contracts, and to others working with the LSB, including secondees, agency contractors and others employed under a contract of service (hereafter collectively referred to as 'colleagues/individuals').

Use of social media at work

5. The organisation encourages colleagues/individuals to make reasonable and appropriate use of social media as part of their work. It is an important part of how the organisation communicates with its stakeholders and promotes its work.

6. Colleagues/Individuals may contribute to the organisation's social media activities, for example by tweeting about the LSB in an official capacity, retweeting LSB tweets on Twitter, or commenting on LinkedIn articles. However, all social media undertaken in an official capacity must come from the LSB's official accounts managed via the communications team. It is the LSB's communications function's responsibility to officially write blogs, and manage the LSB's social media accounts.

7. Speak to the communications team if you would like support or advice on how you can use social media in a professional capacity to support the LSB's work. You should seek approval from the communications team before setting up a new social media channel in a professional capacity.

8. Colleagues/Individuals must be aware at all times that, while contributing to the organisation's social media activities, they are representing the organisation. Colleagues/Individuals who use social media as part of their job must adhere to the following rules.

9. Colleagues/Individuals should use the same safeguards as they would with any

other form of communication about the organisation in the public sphere. These safeguards include:

- Making sure that the communication has a purpose and a benefit for the organisation;
- Getting a [colleagueindividual](#) to check the content before it is published.
- Being consciously aware about what you are re-tweeting/sharing and how this may impact the organisation

Any communications that [colleagueindividuals](#) make in a professional capacity through social media must not:

- bring the organisation into disrepute, for example by:
 - making defamatory comments about individuals or other organisations or groups; or
 - posting images that are inappropriate or links to inappropriate content;
- breach confidentiality, for example by:
 - giving away confidential information about an individual (such as a [colleagueindividual](#) or stakeholder contact) or organisation; or
 - discussing the organisation's internal workings or its future business plans that have not been communicated to the public;
- breach copyright, for example by:
 - using someone else's images or written content without permission;
 - failing to give acknowledgement where permission has been given to reproduce something; or
- do anything that could be considered discriminatory against, or bullying or harassment of, any individual, for example by:
 - making offensive or derogatory comments relating to sex, gender reassignment, race (including nationality), disability, sexual orientation, religion or belief or age;
 - using social media to bully another individual (such as a [colleagueindividual](#) of the organisation or a [colleagueindividuals](#) of one of our stakeholder organisations); or
 - posting images that are discriminatory or offensive or links to such content.

Excessive use of social media at work

[9-10.](#) Colleagues should not spend an excessive amount of time while at work engaged in personal/non-work related social media. This is likely to have a detrimental effect on colleagues' productivity. They should ensure that use of social media does not interfere with their other duties. The following is an extract from our internet and email policy, which refers:

[10-11.](#) Whilst the LSB allows limited non-work related use of LSB systems, the following types of non-work related activity are not allowed:

- excessive or inappropriate use of the internet; this includes listening to web-based background music during working hours (which has a detrimental effect on telephone calls and work-related internet use due to reducing available bandwidth),
- sending excessive numbers of personal emails or entering into lengthy personal email conversations during working hours; creating email congestion by sending

trivial email messages or unnecessarily copying/forwarding of emails, such as humorous stories etc. (spam and chain email letters must be deleted immediately);

- signing up to non-work related discussion groups or emails with an LSB email address; operating a private business or soliciting for work;
- deliberately undertaking activities that waste colleagues' time or networked resources including receiving, storing or circulating material that is inappropriate in the context of LSB's business functions.

Monitoring use of social media during work time

11.12. The organisation reserves the right to monitor colleagues' social media usage.

The organisation considers that valid reasons for checking a colleague's internet usage include suspicions that the colleague has:

- been using social media for personal/non-work related reasons when he/she should be working; or
- acted in a way that is in breach of the rules set out in this policy.

12.13. Monitoring is in the organisation's legitimate interests and is to ensure that this policy on use of social media is being complied with. The data controller is the LSB. A record will be kept of any decision to monitor, to explain why monitoring is considered necessary and proportionate.

13.14. Monitoring will consist of checking the social media sites that a colleague has visited, the duration of such visits and the content that the colleague has contributed on such sites.

14.15. Monitoring will normally be conducted by the LSB's security officer (Head of Finance and Services). The information obtained through monitoring may be shared internally, including with the HR Manager, a colleague's line manager, managers in the business area in which the colleague works and IT contractors, if access to the data is necessary for performance of their roles. Information would normally be shared in this way only if the organisation has reasonable grounds to believe that there has been a breach of the rules set out in this policy.

15.16. The information gathered through monitoring will be retained only long enough for any breach of this policy to come to light and for any investigation to be conducted.

16.17. Colleagues have a number of rights in relation to their data, including the right to make a subject access request and the right to have data rectified or erased in some circumstances. You can find further details of these rights and how to exercise them in the LSB's data protection policy. If colleagues believe that the organisation has not complied with their data protection rights, they can complain to the LSB's Data Protection Officer in the first instance (Head of Corporate Services), or to the Information Commissioner.

17.18. Access to particular social media may be withdrawn in any case of misuse.

Social media in your personal life

18.19. The organisation recognises that many colleagues make use of social media in a personal capacity. While they are not acting on behalf of the organisation, colleagues must be aware that they can damage the organisation if they are

recognised as being one of our colleagues.

~~19.20.~~ ~~Colleagues-Individuals~~ should take care to ensure that personal social media activity does not identify individuals as LSB employees. ~~are allowed to say that they work for the organisation, which recognises that it is natural for its staff sometimes to want to discuss their work on social media. However, t~~ The ~~colleague's-individual's~~ personal online profile (for example, the name of a blog or a Twitter name) must not contain the organisation's name.

~~20.21.~~ If ~~colleagueindividuals~~ do discuss their work on social media (for example, giving opinions on their specialism or the sector in which the organisation operates), they must include on their profile a statement along the following lines: "The views I express here are mine alone and do not necessarily reflect the views of my employer."

~~21.22.~~ Any communications that ~~colleagueindividuals~~ make in a personal capacity through social media must not:

- bring the organisation into disrepute, for example by:
 - criticising or arguing with stakeholders and, ~~colleagueindividuals~~;
 - making defamatory comments about individuals or other organisations or groups; or
 - posting images that are inappropriate or links to inappropriate content;
 - contradict our policy positions even when it is clear that they are writing in a personal capacity
- breach confidentiality, for example by:
 - giving away confidential information about an individual (such as a ~~colleagueindividual~~ or stakeholder contact) or organisation or;
 - discussing the organisation's internal workings or its future business plans that have not been communicated to the public;
- breach copyright, for example by:
 - using someone else's images or written content without permission;
 - failing to give acknowledgement where permission has been given to reproduce something; or
- do anything that could be considered discriminatory against, or bullying or harassment of, any individual, for example by:
 - making offensive or derogatory comments relating to sex, gender reassignment, race (including nationality), disability, sexual orientation, religion or belief or age;
 - using social media to bully another individual (such as an ~~colleagueindividual~~ of the organisation); or
 - posting images that are discriminatory or offensive [or links to such content].

Use of social media in the recruitment process

~~22.23.~~ Unless it is in relation to finding candidates (for example, if an individual has put his/her details on social media websites for the purpose of attracting prospective employers), the HR Manager and recruiting managers will not, either themselves or through a third party, conduct searches on applicants on social media. This is because conducting these searches during the selection process might lead to a presumption that an applicant's protected characteristics (for example, sexual orientation or religious beliefs) played a part in a recruitment decision. This is in line with the organisation's equal opportunities policy.

Disciplinary action over social media use

23-24. All colleagueindividuals are required to adhere to this policy.

ColleagueIndividuals should note that any breaches of this policy may lead to disciplinary action. Serious breaches of this policy, for example incidents of bullying of colleagueindividuals or social media activity causing serious damage to the organisation, may constitute gross misconduct and lead to summary dismissal.

Policy on Internal Whistleblowing

Purpose

1. This Policy sets out the procedure colleagues should follow when raising concerns about malpractice within the LSB to allow the LSB to investigate.

Scope

2. This policy applies to full time and part time employees on full or short-term contracts, and to others working with the LSB, including secondees, agency contractors and others employed under a contract of service (hereafter collectively referred to as 'colleagues').

Introduction

3. The LSB is committed to good governance and wants to create an environment in which all colleagues understand their responsibilities and in which management is accountable for its actions.
4. The LSB recognises that colleagues are often the first to realise that there may be something wrong within the organisation, so colleagues are encouraged to raise genuine concerns about suspected malpractice (unprofessional or illegal behaviour) at the earliest possible stage rather than wait for proof. This is known as "whistleblowing".
5. The LSB will investigate any concerns raised under this policy responsibly and in an environment where colleagues can raise genuine concerns without fear of reprisals. As long as the colleague is acting in good faith, it does not matter if they are mistaken. This whistleblowing procedure also aims to balance the need to protect colleagues who raise genuine concerns about suspected malpractice against the need to protect other colleagues and the organisation against false allegations that can cause serious difficulties for innocent individuals.
6. This policy is not intended to deal with complaints or grievances about a colleague's personal employment situation. Concerns of this sort should be raised under the Grievance policy and procedure in the *LSB Colleague Handbook of Policies*. If a concern relates to both policies (whistleblowing and grievance) or if there is uncertainty over which procedure to follow, the matter should be raised under the whistleblowing policy first. Any colleague who is unsure about which policy to use should contact the General Counsel for guidance.

Examples of malpractice

7. The following are examples of malpractice:

- Fraud or financial irregularity.
- Corruption, bribery or blackmail.
- Criminal offences.
- Failure to comply with a legal or regulatory obligation.
- Miscarriage of justice.
- Endangering the health and safety of others.
- Endangering the environment.
- Improper use of authority.
- Serious financial misconduct.
- Covering up any of the above.

Procedure for raising concerns

8. Any colleague (described in this procedure as the “**Discloser**”) who has reasonable grounds to believe that malpractice has happened, is happening or is likely to happen within the LSB (whether it involves a colleague or any other person or people as named in paragraph 2) and who wishes to report his or her concerns should follow the procedure set out below.
9. Reports of suspected malpractice should be disclosed as soon as possible and in confidence (stating the reasons for believing that there is or will be malpractice) to the General Counsel or (exceptionally) the Head of Corporate Services, both of whom are authorised by the LSB as having appropriate experience and standing to handle such issues, and each of whom is described in this procedure as the “**Designated Officer**”.
10. The Discloser can also raise the matter with the Chief Executive or Chair if there are reasonable grounds for believing that the Designated Officers named in the policy are or were involved in the suspected malpractice. Exceptionally, the Discloser may instead contact the LSB’s Senior Independent Director, Michael Smyth⁵⁸.
11. Disclosures may be made anonymously, and all efforts will be made to investigate any such allegations. This may, however, prove difficult, not least where any substantiated allegations made could lead to disciplinary action against another colleague.
12. The disclosure should ideally be made in writing and the Discloser should provide as much supporting evidence as possible about the disclosure and the grounds for the belief that malpractice has taken place or will take place.
13. The disclosure, however, need not be made in writing for the Designated Officer to initiate their investigation. If the disclosure is made verbally then the Designated Officer should meet informally with the Discloser, prior to the formal investigation interview. The

Designated Officer must produce a note of this informal meeting, which confirms that the disclosure was made under this procedure, gives full details of the allegations together with full details of any available evidence. A copy of this note must be provided to the Discloser.

14. If the Discloser has any personal interest in the matter, this should be declared when raising the concern.
15. When they receive the written/verbal disclosure, the Designated Officer must offer to formally interview the Discloser in confidence as soon as possible after the initial disclosure.
16. The Discloser can be accompanied by a work colleague at the interview.
17. As soon as possible after this interview, the Designated Officer will recommend what to do next, and his or her recommendations may include one or more of the following:
 - reporting the matter to the police;
 - investigating the matter further internally or passing it on to external auditors or investigators appointed by the LSB (the discloser should be informed of the timescales within which such investigation would be completed);
 - giving the Discloser the opportunity to settle the matter through the LSB's Grievance Procedure or Disciplinary Procedure, if appropriate.
18. In contrast, the Designated Officer may recommend that no further action be taken if they:
 - are satisfied after his or her own investigation that there has not been, and is not likely to be, any malpractice;
 - know that the matter is already part of legal proceedings, or has already been referred to the police or some other public authority;
 - know that the matter is already (or has already been) the subject of proceedings under one of the LSB's other procedures;
 - are satisfied that the Discloser does not reasonably believe that malpractice within the meaning of this procedure has happened, is happening or is likely to happen; or
 - are satisfied that the Discloser is not acting in good faith.
19. The Designated Officer will make any recommendations under this procedure to the Chief Executive unless the Chief Executive is suspected of being involved in the reported malpractice. If this is the case, the Designated Officer will make his or her recommendations to the Chair. Either way, the Discloser will not be identified, except in the situations outlined in Protection of Identity below.
20. The Chief Executive or Chair, as appropriate, will act on the Designated Officer's recommendations unless they feel there are good reasons for not doing so.
21. The Designated Officer will tell the Discloser what steps will be taken (although it may not be possible to give specific details of the action taken because doing so might break

duties of confidentiality to others) or give the reasons for deciding not to take the matter any further.

22. If the Discloser is not satisfied with what the Designated Officer has told them (under paragraph 21) then:
- if the Chair has not so far been involved, the Discloser should raise the matter with the Chair, who will investigate the matter, decide on the appropriate course of action, and then will inform the Discloser of this decision, which decision will be final.
 - if the Chair has already been involved in the matter, the Discloser should refer it to the ~~Chair of the Audit and Risk Assurance Committee~~ Senior Independent Director of the LSB. The Chair will, together with the Senior Independent Director and one other non-executive LSB Board member, investigate the matter, decide on the appropriate course of action, and then inform the Discloser of this decision, which decision will be final.
23. If the procedure set out in paragraphs 9 to 22 above has been followed in full and the Discloser is still not satisfied, then the matter can be raised confidentially with the Permanent Secretary at the MoJ.

Protection of Identity

24. Where possible, the Discloser will not be identified unless:
- the Discloser agrees in writing; or
 - there is reason to believe that the accusations of malpractice were made deliberately in order to cause trouble.
25. If neither in paragraph 24 applies, the Discloser will only be identified:
- if this is a legal obligation;
 - if the information is already in the public domain;
 - to an authorised person⁵⁹ to get legal advice; or
 - if it is necessary as part of a proper investigation.
26. Although the LSB will do everything possible to avoid identifying the Discloser, there will be some circumstances in which other people will be able to guess his or her identity, and, therefore, confidentiality cannot be guaranteed.
27. Any documents (including computer files and disks) relating to this matter will be kept secure, in order to ensure that, as far as possible, any documents prepared under this procedure will not reveal the Discloser's identity.
28. If the Discloser involves a work colleague, the Discloser will have a responsibility to do everything possible to make sure that this colleague keeps this matter strictly confidential, unless the matter:
- can be discussed under this procedure;

- must be revealed by law; or
- becomes public knowledge.

29. During an investigation into a disclosure, every effort will also be made to protect colleagues and / or other persons cited within a disclosure ("**the Accused**"), and therefore steps will be taken which will include:

- not identifying those concerned before any investigation of the disclosure has been completed, except where there is a legal obligation to do so, or to a professionally qualified lawyer to get legal advice or unless not identifying them would be prejudicial to the investigation;
- in some cases, moving the Accused from the area of work concerned whilst the investigation is being carried out.

Protection against victimisation

30. Any colleague who makes a disclosure of wrongdoing or malpractice in good faith, will be treated with respect and will be afforded protection against victimisation.
31. Anyone who victimises the Discloser, will be subject to the LSB's disciplinary procedure.

False/unfounded accusations

32. Colleagues will not usually face any disciplinary action because of any concerns they raise under this procedure. However, this will not prevent the LSB from bringing disciplinary action against the Discloser if there are grounds to believe that the Discloser:
- deliberately made false accusations to cause trouble or for personal gain.
33. A disclosure will not be protected if the Discloser commits an offence by making the disclosure, for example, an offence under the Official Secrets Act 1989. In addition, in making a disclosure, the Discloser should be mindful of the contents of the LSB's policies on data protection and must avoid disclosing personal data relating to a third party who is unconnected to this disclosure and has not given their consent to such disclosure.
34. Where the Discloser makes allegations in good faith, that turn out to be unfounded, they will not be penalised for being genuinely mistaken.

Independent advice

35. If a colleague is not sure whether to use this procedure or wants independent advice at any stage, they can contact the independent charity "~~Public Concern at Work~~Protect" (telephone 020 31172520, or visit their website at <https://protect-advice.org.uk/www.pcaw.org.uk>).

Overview and review

36. This policy does not form part of a colleague's contract of employment and the LSB can change this policy at any time.

⁵⁸ Contactable on Michael.Smyth@legalservicesboard.org.uk

⁵⁹ Section 18(1)(a) Legal Services Act: "For the purposes of this Act "authorised person", in relation to an activity ("the relevant activity") which is a reserved legal activity, means a person who is authorised to carry on the relevant activity.

Policy on Handling External Allegations

Purpose

1. This Policy provides a framework for anyone who is not an employee of the LSB to make an allegation of fraud or corruption (or to express a concern about possible fraud or corruption) related to members of the LSB's Board, and/or colleagues, Panel Members or OLC Members whilst acting in those capacities and to set out the procedures which will be adopted by the LSB in investigating an allegation or expression of concern. It is not about instigating a criminal or civil claim against the LSB as a body.
2. For the purposes of this policy, both an allegation of fraud or corruption and an expression of concern about fraud or corruption are referred to as 'an allegation'.

Scope - who is this for?

3. Any person who is not employed by the LSB may make an allegation under the policy, provided the subject matter falls within the scope of the policy.

Scope - subject matter of the allegation

4. The policy covers allegations about the way in which an individual or individuals employed by the LSB or appointed to the Board, ~~or the Panel~~ or the OLC or a contractor to the LSB has or have acted or omitted to act, in so far as the allegations relate to:
 - fraud; and/or
 - corruption; and/or
 - other serious misbehaviour falling short of the standards expected of public officials as identified in the LSB's own terms of employment and appointment.
5. Fraud is any false representation by means of a statement or conduct made knowingly or recklessly in order to gain material advantage.
6. Corruption relates to any improper influencing of persons including any activity that might fall within the provisions of the Bribery Act 2010.
7. These descriptions are not comprehensive and in the event of doubt, any suspicion of improper behaviour should be reported to the LSB (see paragraphs 9 to 12 below).

Scope - subject of the allegation

8. The policy is related to the acts or omissions of individuals acting within or ostensibly within the scope of their employment or appointment with the LSB.

Making an allegation

9. An allegation should be made in writing - by letter or email to:

- the LSB's Chief Executive - addressed to:

Chief Executive
Legal Services Board
One Kemble Street
London, WC2B 4AD
Email: [neil.buckley](mailto:neil.buckley@legalservicesboard.org.uk), [matthew.hill](mailto:matthew.hill@legalservicesboard.org.uk)@legalservicesboard.org.uk

- the Senior Independent Director - they can be contacted at the LSB's address, as above
- the Chair of the Board, if the allegation relates to the Chief Executive.

10. The allegation must contain the name and address of the informant and a daytime telephone contact number.

Acknowledgement of an allegation

11. The LSB will immediately acknowledge safe receipt of an allegation.

Initial examination of an allegation

12. On receipt of an allegation:

- The LSB's General Counsel⁶⁰ will examine the allegation to determine whether it falls within the scope of the policy.
- If it does, the LSB's Chief Executive will determine the appropriate arrangements for investigating the allegation, including responsibility for handling, logging and storing information.
- If the allegation does not fall within the scope of the policy, the LSB will notify the person who raised the concern and give their decision along with supporting reasons.
- If it is the case that there is insufficient information to determine whether the allegation falls within the scope of the policy, or to investigate the matter, the General Counsel will request further information from the person who raised the concern. If such information is not received within a reasonable period from the date of the request, and it is not possible to progress the investigation otherwise, the allegation would be treated as withdrawn.

Investigation of an allegation by the LSB

13. The LSB's Chief Executive will appoint as an investigating officer a senior member of staff who has had no prior involvement with the event or circumstances to which the allegation relates. Usually this will be the Head of Corporate Services.

14. The investigation will be conducted expeditiously and in accordance with the principles of natural justice.

15. The investigation will be concluded as soon as is reasonably practicable. The informant will be notified as to how long the investigation is likely to take, and will be provided with updates at reasonable intervals as to its progress.
16. The informant will be notified, in writing, of the outcome of the investigation, unless the LSB decides to refer the allegation to the police or other authorities for their consideration or investigation, in which event the LSB will inform the informant accordingly.
17. If the informant is dissatisfied with the outcome of the investigation, they have the right to refer the matter to the Chair of the Board, or to the Permanent Secretary at the MoJ, if the Chair is implicated in the allegation.

Reporting

18. For governance oversight purposes, allegations made under this policy, and the outcome of any investigation, will be reported to the next ~~available~~ meeting of the LSB's Audit and Risk Assurance Committee.

Variation of the policy

19. The LSB may from time to time vary the provisions of this policy.

⁶⁰ As long as the LSB's General Counsel has no prior involvement with the event or circumstances to which the allegation relates (in which case another senior member of staff with no prior involvement will be appointed).

Policy on Anti-Corruption and Bribery

Purpose of Policy

1. ~~The purpose of this~~ This Policy is to provide information and guidance on how to recognise and deal with corruption and bribery issues and sets out the responsibilities of the LSB and individuals to whom the Policy applies.
 - ~~Set out the LSB's responsibilities, and those of individuals to whom the Policy applies, in observing and upholding its position on bribery and corruption;~~
 - a. ~~Provide information and guidance on how to recognise and deal with bribery and corruption issues; and~~
 - a. ~~Inform LSB stakeholders as to how the LSB will seek to counter bribery and corruption.~~

Introduction and Policy Statement

25. This is the Anti-Corruption and Bribery Policy of the Legal Services Board ("LSB").

25. The LSB is committed to exercising its statutory functions in a transparent way and to conducting all of its business and carrying out all of its functions in an honest and ethical manner. The LSB takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings, stakeholder relationships and when implementing and enforcing effective systems to counter bribery.

25. The LSB will uphold all laws relevant to countering bribery and corruption. The LSB remains bound by the laws of the United Kingdom, including the Bribery Act 2010, in respect of its conduct both at home and overseas.

Scope and application of Policy

2. This Policy applies to LSB Board Members and Legal Services Consumer Panel ("LSCP") Members, full time and part time employees ~~LSB employees~~ on full or short term contracts and to others working with the LSB or LSCP, including secondees, agency contractors and other persons employed under a contract of service (hereafter collectively referred to as "individuals") ~~or on any other basis.~~
3. This Policy does not form part of your contract of employment or terms of appointment and the Policy may be amended at any time.

Administration and Review Overall policy responsibilities

4. ~~This Policy was approved by the LSB's Corporate Director on 18 January 2016.~~

5. The LSB's Chief Executive Officer is the accountable individual for this Policy at Board level. Fraud assurance is a standing agenda item for meetings of the Audit and Risk Assurance Committee.

5-6. ~~The LSB's Corporate Director~~Head of Corporate Services Head of Finance are the Counter Fraud Champions and have overall responsibility for ensuring this Policy complies with the LSB's legal and ethical obligations, and that all those to whom the Policy applies, comply with it.

6-7. ~~The LSB's Corporate Governance Manager has primary and day-to-day responsibility for implementing this Policy, and for monitoring its use and effectiveness, and for dealing with any queries relating to its interpretation. This Policy will be reviewed annually by the LSB's Corporate Governance Manager. In conducting a review, the Corporate Governance Manager will invite feedback about this Policy from a selection of LSB colleagues.~~

7-8. ~~Questions about the topics covered in this Policy should be directed, in the first instance, to the Corporate Governance Manager at:~~

board.secretary@legalservicesboard.org.uk

8-9. ~~The Senior Leadership Team are responsible for ensuring that those reporting to them are made aware of and understand the Policy.~~

Individual responsibilities

10. All individuals must read, understand and comply with this Policy. The prevention, detection and reporting of bribery and other forms of corruption is the responsibility of all individuals.

11. All individuals must notify their Manager or the Corporate Governance Manager as soon as possible if you believe or suspect that a breach of this Policy has occurred, or may occur in the future.

Record-keeping

12. The LSB must keep financial records and have appropriate internal controls in place which will evidence the business reason for making payments to third parties.

13. All individuals must declare all acts of hospitality or gifts accepted or offered , which will be subject to managerial review and will be logged as a written record on the LSB Register of Corporate Gifts and Hospitality;

14. All individuals must ensure that all expenses claims relating to acts of hospitality, gifts or expenses provided to third parties are submitted in accordance with the LSB's Policy on Expenses and specifically record the reason for the expenditure;

15. All accounts, invoices, memoranda and other documents and records relating to commercial dealings with third parties, such as stakeholders, suppliers and professional contacts, must be prepared and maintained with strict accuracy and completeness. No accounts must be kept "off-book" to facilitate or conceal improper payments.

Procedure for raising concerns

16. All individuals are encouraged to raise concerns about any issue or suspicion of bribery or corruption at the earliest possible stage, in accordance with the LSB's Policy on Internal Whistleblowing. If you are unsure whether a particular act constitutes bribery or corruption, or if you have any other general queries, these should be raised in the first instance with your line manager or the Corporate Governance Manager.

17. It is important that you tell the Corporate Governance Manager as soon as possible if you are offered a bribe by a third party, are asked to make one, suspect that this may happen in the future, or believe that you are a victim of another form of corruption.

18. Those who refuse to accept or offer a bribe, or those who raise concerns or report another's wrongdoing, are sometimes worried about possible repercussions. The LSB aims to encourage openness and will support anyone who raises genuine concerns in good faith under this Policy, even if they turn out to be mistaken.

Purpose of Policy

9.19. The purpose of this Policy is to:

b.a. Set out the LSB's responsibilities, and those of individuals to whom the Policy applies, in observing and upholding its position on bribery and corruption;

e.b. Provide information and guidance on how to recognise and deal with bribery and corruption issues; and

d.c. Inform LSB stakeholders as to how the LSB will seek to counter bribery and corruption.

Key Principles – Offences and Sanctions

What is corruption?

10.20. Corruption is the abuse of entrusted power or position for private gain. This includes any illegitimate use of office, and may include a range of different types of crime, including bribery.

What is bribery?

11.21. Bribery is limited to the giving or acceptance of payment or other illegitimate advantages.

~~12-22.~~ The Bribery Act 2010 (the Act) makes it an offence for a person to offer, promise, give or accept any financial or other advantage, to induce the recipient or any other person to act improperly in the performance of their functions/duties, or to reward them for acting improperly, or where the recipient would act improperly by accepting the advantage.

~~13-23.~~ An advantage includes money, gifts, political or charitable donations and hospitality (such as meals, hotels, invitations to arts and sporting events). They are considered bribes under [the Act](#) when they are given or received with the intention of influencing business decisions.

~~14-24.~~ The Ministry of Justice (MOJ) has issued guidance that the Act is not intended to criminalise proportionate and reasonable hospitality, promotional and other business expenditure aimed at better public relations, in good faith. Such expenditure can, however, amount to a bribe where it is accompanied by the requisite intention to secure a business advantage by influencing the official in his official capacity. All colleagues should have regard to the LSB's [policy](#) ~~Policy~~ on [G](#)ifts and [H](#)ospitality ~~which can be found [here](#).~~

An example relevant to the work of the LSB: colleagues may be asked to appoint a recruitment consultant to provide services to the LSB, or be asked to choose between tenders received from research providers. Suppliers seeking to provide services to the LSB may offer colleagues gifts or hospitality with the intention of influencing the decision to award a contract.

A person acts improperly where they act illegally, unethically or contrary to an expectation of good faith or impartiality, or where they abuse a position of trust.

The first person to be convicted and sentenced to four years' imprisonment under the Bribery Act 2010 was a Magistrates court clerk who admitted to using his privileged access to the court database to help more than 50 offenders avoid prosecution in relation to driving offences in exchange for the payment of sums of up to £500.

~~15-25.~~ The Act also creates a new offence: failure by a commercial organisation to prevent bribery. This seeks to ensure that organisations take corporate responsibility for the actions of their staff. This extends beyond actions of employees to include "associated" persons, which may include third parties such as contractors and suppliers.

~~16-26.~~ It is arguable whether this offence would even apply to the LSB as the Act defines a "relevant commercial organisation" as one that "carries on a business". This is yet to be tested in Court but all organisations are expected to comply, even where their aims are charitable, educational or purely in the public domain.

~~17-27.~~ An organisation would have a full defence to such an allegation if it can show that, even though one of its staff or an associated person may have committed a bribery offence, the organisation has *adequate procedures* in place to prevent persons associated with it from bribing.

- a. need to be proportionate to the bribery risks they seek to counter and to the nature, scale and complexity of the commercial organisation's activities. They must also be clear, practical, accessible, effectively implemented and enforced;
- b. rely upon commitment from the very top level of management in a commercial organisation (eg a board of directors, the owners or any other equivalent body or person) to prevent bribery by persons associated with it. This helps to foster a culture within the organisation in which bribery is never acceptable;
- c. need to undergo a full risk assessment where the commercial organisation assesses the nature and extent of its exposure to potential external and internal risks of bribery on its behalf by persons associated with it. This assessment needs to be periodic, informed and documented;
- d. need to be put through due diligence procedures, enabling the commercial organisation to take a proportionate and risk based approach, in respect of persons who perform or will perform services for or on behalf of the organisation, in order to mitigate identified bribery risks;
- e. rely upon the commercial organisation seeking to ensure that its bribery prevention policies and procedures are embedded and understood throughout the organisation through internal and external communication, including training, that is proportionate to the risks the organisation faces; and
- f. require the commercial organisation to monitor and review procedures designed to prevent bribery by persons associated with it and make improvements where necessary.

~~18-28.~~ The size of the LSB and the limited scope of its commercial activities make the committing of an offence under the Act, either by an individual colleague or by the LSB itself, more unlikely. That said, the following are examples of the types of activity which could put individual colleagues or the organisation at risk of committing an offence under the Act:

- a. A LSB employee requests, agrees to receive or accepts a payment or another advantage (such as theatre tickets or the use of a holiday cottage for free) from a stakeholder representative in return for reaching a favourable decision on a rule change application for that stakeholder; a decision, which but for the advantage offered, would not have been made.

- b. In a procurement situation, the LSB awards a research contract to a particular party who has offered to sponsor the LSB netball team for the forthcoming season.

Sanctions

~~19-29.~~ If the LSB is found to have taken part in corruption, it could face an unlimited fine and damage to its reputation. The LSB therefore takes its legal responsibilities very seriously.

~~20-30.~~ It is a criminal offence to offer, promise, give, request or accept a bribe. Individuals found guilty of bribery and/or corruption can be punished by up to ten years' imprisonment and/or a fine.

~~21-31.~~ An alleged breach of this Policy may lead to an individual facing disciplinary action. If the alleged breach is proven, this could result in dismissal for gross misconduct.

Highlighting key risks for the LSB

Hospitality and gifts

~~24-32.~~ This Policy does not prohibit normal and appropriate hospitality (given and received) to or from third parties and the giving or receiving of gifts, provided that this is done in accordance with the LSB's ~~policies relating to~~ [Policy on eGifts](#) and [HHospitality](#).

What is not acceptable?

~~25-33.~~ It is not acceptable for you (or someone on your behalf) to:

- a. Give, promise to give, or offer, a payment, gift or act of hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given;
- b. Give, promise to give, or offer, a payment, gift or act of hospitality to a government official, agent or representative to "facilitate" or expedite a routine procedure;
- c. Accept payment from a third party that you know or suspect is offered with the expectation that it will obtain a business advantage for them;
- d. Accept a gift or an act of hospitality from a third party if you know or suspect that it is offered or provided with an expectation that a business advantage will be provided by us in return;
- e. Threaten or retaliate against another colleague who has refused to commit a bribery offence or who has raised concerns under this Policy; or

- f. Engage in any activity that might lead to a breach of this Policy.

ANNEX A

Counter Fraud Strategy

Anti-fraud statement

1. The LSB takes a zero-tolerance approach to corruption and bribery and is committed to acting professionally, fairly and with integrity in all its business dealings, stakeholder relationships and when implementing and enforcing effective systems to counter bribery. The LSB will uphold all laws relevant to countering corruption and bribery.

Objective

2. Zero instances of fraud. Where fraud is suspected or detected, the LSB's procedure for raising concerns is followed and appropriate actions are taken.

Performance metrics

3. The LSB's counter fraud performance targets are as follows:
 - Zero instances of fraud
 - Routine reporting to ARAC
 - All colleagues to have completed counter fraud related training by end of 2019
 - New joiners to complete counter fraud related training within one month of joining (tracking to be undertaken by HR Manager / Finance and Resources Associate).

Risk Assessment

4. The fraud landscape facing the LSB is not expected to change in the coming years. The following are identified as particular ongoing risks for the LSB:
 - Receipt of gifts and other forms of corporate hospitality not considered to be in accordance with the LSB's policies
 - Claiming on expenses and travel not considered to be in accordance with the LSB's policies
 - Payroll system and procedures fraud
 - Timesheet fraud
 - Public procurement and other tendering processes, e.g., collusion facilitated by bribery
 - Statutory decision-making processes, e.g., collusion facilitated by bribery

5. To address these risks, the LSB has taken the following steps:

5.

- Implemented a policy on anti-corruption and bribery
- Implemented management controls, including separation of duties
- Had Annual Report and Accounts internally and externally audited
- Implemented a policy on gifts and hospitality and publish the register quarterly on its website
- Implemented a policy on expenses, including the requirement that managers approve claims, and publish the register quarterly on its website
- Implemented a policy in interests
- Implemented a policy on internal whistleblowing
- Implemented a policy on price sensitive information
- Commissioned a training programme for all colleagues

- Inserted standard clauses relating to Bribery Act issues into key contractual documentation, for example, relating to research agreements
- Published the LSB's Governance Manual on the LSB website to communicate the LSB's policy position to current and potential suppliers and stakeholders
- Provided fraud updates to Audit and Risk Assurance Committee meetings.

6. The following actions will be undertaken over the course of 2020 as part of this strategy.

Actions owned by the Corporate Governance Manager

- Review of the LSB Counter Fraud Strategy
- Review of the LSB Governance Manual
- Expense reports to be published to the LSB website each quarter
- Gifts and hospitality register to be published to the LSB website each quarter
- Counter fraud internal audit
- Fraud will be a standing item at each meeting of ARAC

Actions owned by the Head of Finance

- Review of the LSB Finance Regulations
- Review of the payroll procedure documentation
- Implementing supplier and payroll cross-check

Actions owned by Human Resources Manager

- Review of HR policies and procedures regarding timesheets
- Ensure colleagues do counter fraud training annually, not just when they join

7. The LSB has access to trained investigators who meet the public sector skills standard including the MoJ counter fraud and investigations team and the LSB's internal and external auditors.

Legal Services Board

Policy on Price Sensitive Information Policy

Introduction and Policy Statement Purpose

1. This Policy sets out the measures ~~and overall controls the Legal Services Board (LSB) has~~ in place to protect any price sensitive information and outlines:
 - a. the concept of price sensitive information;
 - b. how to deal with price sensitive information;
 - c. the legal and regulatory obligations to keep such information confidential; and
 - d. the relevant measures to be taken to ensure that where such material is received, it is kept safe.

~~it holds or which may come into its possession.~~

Scope and application of the Policy

2. This Policy applies to ~~LSB~~ Board Members and ~~Legal Services Consumer Panel ("LSCP")~~ Members, full time and part time LSB employees on full or short term contracts, and to others working with the LSB or LSCP, including secondees, agency contractors and other persons employed under a contract of service ~~or on any other basis~~ (hereafter collectively referred to as "individuals").
3. This Policy does not form part of your contract of employment or appointment and the Policy may be amended at any time.

Purpose of the Policy

4. ~~The purpose of this Policy is for all those to whom this Policy applies to be aware of and understand:~~
 - e. ~~the concept of price sensitive information;~~
 - f. ~~how to deal with price sensitive information;~~
 - g. ~~the legal and regulatory obligations to keep such information confidential; and~~

~~the relevant measures to be taken to ensure that where such material is received, it is kept safe.~~ What is price sensitive information?

5.4. In the context of this Policy, price sensitive information can be described as information involving the present operations or future plans of a quoted company (ie a company whose shares are listed on an official stock exchange); that is information which is specific and factual and that is likely to affect the price of a security.

6.5. The improper use of price sensitive information can be a criminal offence; for example, the activity of insider dealing is punishable by a fine and/or up to seven years' imprisonment under the Criminal Justice Act 1993.

7.6. Insider dealing is one of several categories of behaviour that can amount to market abuse¹.

There are three types of market abuse of which the LSB should be aware:

- a. Insider dealing – this includes dealing or trying to deal in the financial markets in reliance on inside information;
- b. Improper disclosure – where an insider improperly discloses inside information to a third party to assist in that party's dealings; and
- c. Misuse of information – behaviour based on information that is not generally available to the public, but would affect an investor's decision about the terms on which to deal.

8.7. In addition to the criminal sanctions that may be imposed in respect of insider dealing, market abuse is also punishable by way of financial penalties imposed by the Financial Conduct Authority to whatever level it deems appropriate.

9.8. In exercising its functions, the LSB would not normally need or be required to handle price sensitive information. However, as the market develops, and more legal businesses are either floated, or are acquired by publicly quoted entities, there is a greater possibility that the LSB could inadvertently acquire information regarding the prospects or performance of a business which, if disclosed, could have a material impact on its share price.

10.9. Licensing authorities are more likely to come into contact with price sensitive information as part of the authorisation process of an ABS. The LSB, on the other hand, would normally require more generic information, for example, on the timeliness and proportionality of applications handling, and would therefore not require identifiable information on the businesses concerned.

¹ s118 Financial Services and Markets Act 2000

~~11.10.~~ Price sensitive information could come into the LSB's possession if:

- a. information is provided by ABS in response to survey questions, or otherwise volunteered;
- b. responses are provided by a licensing authority regarding ABS processes in response to a section 55 requirement; or
- c. market intelligence relating to the performance of particular legal businesses is provided.

Overall Responsibilities, controls, safeguarding and safeguards and your responsibilities

~~12.11.~~ In the event that you come into possession of information which you believe to be price sensitive, you must immediately inform the Corporate Governance Manager who will inform the ~~Legal Director~~ General Counsel. The provider of this information must also be informed, and unless the LSB requires this information in order to carry out its functions, the information must immediately be returned to the provider.

~~13.12.~~ Additionally, in the event that you come into possession of information which you believe to be price sensitive, and which relates specifically to a quoted company in which you have/intend to have share dealings, you must immediately inform the Corporate Governance Manager. This obligation extends to dealings in bonds, futures, convertible securities, derivatives interests in securities, spread bets and put and call options. However, the prohibition does not apply to investment or disposal of an investment in funds or trusts which are managed by third parties where that third party has absolute discretion on decisions relating to the trust or fund. This would include standard investments in pension funds (although certain Self Invested Personal Pensions would be prohibited), ISAs and other collective investment schemes which are managed by third parties.

~~14.13.~~ "Dealing" includes the acquisition or disposal of interests in shares, the entering into of, or variation of, any derivative interest or convertible interest in shares.

~~15.14.~~ The Legal Services Act 2007 (LSA 2007) places restrictions on the types of information the LSB can disclose. For example, the LSB (and those receiving such information directly or indirectly from the LSB) cannot disclose "restricted information"² unless certain circumstances apply³. The LSA 2007 also sets out what falls outside the scope of "restricted information"⁴.

² s167 Legal Services Act 2007

³ s168 Legal Services Act 2007

⁴ s167(3) Legal Services Act 2007

~~16-15.~~ In the rare event that the LSB needs to disclose/make public price sensitive information, the following steps are to be taken:

- a. Access to the information should be restricted to the minimum possible number of individuals to whom this Policy applies. To this end, a list of these individuals should be created. As a further safeguard, a copy of this list should be provided to the stakeholder who provided the price sensitive information.
- b. The price sensitive information must be kept secure, in line with the principles set out in the LSB's Information Security Policy including:
 - i. Relevant features within the existing IT system should be used to ensure that access to particular matters or documents is restricted to identified individuals only – for example, password-protecting electronic documents and restricting access to electronic files;
 - ii. Hard copy documentation, when not being used, should be locked in the fireproof LSB Corporate Governance safe.

~~17-16.~~ Where publication or use of price sensitive information is necessary, consideration should be given to the use of code names or abbreviations, where appropriate, to protect this information.

~~18-17.~~ Consideration should be given to the need for third parties (ie not ~~employees~~[the individuals covered by this Policy](#)) accessing price sensitive information to sign a confidentiality agreement and be obliged to provide details of their own procedures for safeguarding such information, prior to any such information being provided to them.

~~19-18.~~ In the event that a leak of price sensitive information occurs, the LSB will instigate a formal investigation, under the auspices of the Chief Executive, to identify the source of the leak.

~~20-19.~~ Once the price sensitive information is no longer required by the LSB for the purpose(s) for which it was provided, any hard copies of the material must be disposed of confidentially and the electronic versions must be permanently deleted from all folders, drives and inboxes on which they had been stored. The provider of the price sensitive information should, where practicable, be notified of its destruction.

~~21-20.~~ ~~You All individuals~~ must ~~ensure that you~~ read, understand and comply with this Policy.

~~22-21.~~ ~~You All individuals~~ should also read and take account of the contents of the [FCA Factsheet entitled "Why market abuse could cost you money"](#).

Administration and Review

~~23. This Policy was approved by the LSB's Corporate Director on 18 January 2016.~~

~~24. The LSB's Corporate Governance Manager has primary and day-to-day responsibility for implementing this Policy, for monitoring its use and effectiveness and for dealing with any queries relating to its interpretation. This Policy will be reviewed annually by the LSB's Corporate Governance Manager. In conducting a review, the Corporate Governance Manager will invite feedback about this Policy from a selection of LSB colleagues.~~

~~26.~~23. Questions about the topics covered in this Policy should be directed, in the first instance, to the Corporate Governance Manager at:

board-secretary@legalservicesboard.org.uk

~~27.~~24. The Senior Leadership Team are responsible for ensuring that those reporting to them are made aware of and understand the Policy.