

Terms of Reference¹

Remuneration and Nomination Committee (RNC)

Responsibilities

1. The Board has established a Remuneration and Nomination Committee² to consider (and, where appropriate, to agree) such matters as may be referred to it by the Board or the Chief Executive or such other relevant matters as the Committee may determine, in accordance with these Terms of Reference³.
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 Executive⁴.
- 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 Panel⁵ and the OLC⁶, but excluding ordinary Board Members⁷.
- 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 colleagues⁸ 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 Members⁹ 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 persons¹⁰.
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 members¹¹ attending in person,, 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 lay¹² 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 Head, Finance and IT 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 meeting. 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 colleagues¹³ 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		√

¹ *Ibid.*, Schedule 1, para. 21.

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

³ *Ibid.*, Schedule 1, para. 21.

⁴ *Ibid.*, Schedule 1, para. 15-17.

⁵ *Ibid.*, Section 8(6).

⁶ *Ibid.*, Schedule 15, para. 10-12.

⁷ *Ibid.*, Schedule 1, para. 1(2), defines ‘ordinary’ Board Members.

⁸ Executive employees of the LSB

⁹ *Ibid.*, para. 20(3), restricts the membership of the Committee only to Board Members.

¹⁰ *Ibid.*, para. 20(4).

¹¹ *Ibid.*, Schedule 1, para. 21(2)

¹² *Ibid.*, Schedule 1, para. 20(4).

¹³ 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