Meeting: Legal Services Board

Date: 24 March 2026

Item: Paper (26) 70

Title: Annual report of RNC 2025/26

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Status: Official

Purpose of the paper

1. This paper presents a final report about the activities of the RNC in the period 1 April 2025 to 31 March 2026, for approval by the Committee ahead of consideration by the Legal Services Board at its meeting on 24 March 2026. This report is intended to inform the LSB's *Annual Report and Accounts 2025/26* – in particular by supporting the annual governance statement. Producing an annual report of the Committee's work represents governance best practice.

2. This report concludes that the Committee's activities during the year under report provide sufficient assurance to the Board that there were effective arrangements in place in relation to remuneration and nomination and other executive employment matters. As such, the report also reflects on the Committee's effectiveness. This is in accordance with the RNC's Terms of Reference (ToR) which are attached at **Annex A**. (Last reviewed as part of the 2025 Governance Manual Review – agreed by the Board on 27 November 2025).

Recommendation

3. The Board is invited to **note** the annual report of the Committee.

Annexes

Annex A – RNC Terms of Reference

Annex B – RNC Work plan

RNC Annual Report 2025/26

Overview of the Committee and its ToR

4. As set out in the ToR, the Board has delegated to the Chief Executive decisions about most aspects of the routine management of the LSB's executive. RNC's role in relation to these issues is to oversee - on behalf of the Board - the exercise of these delegated decisions, and to advise the Chief Executive on any novel or contentious matters that may arise.

5. In relation to policy or management matters reserved to the Board, matters relating to the performance of the Board and appointments to the Board, the Board of the OLC or the Consumer Panel, the Committee's role is to undertake such preliminary work as the Chair of the Board or the Board may require and to advise the Board on options and, where appropriate, on an appropriate course of action.

Membership and attendees

6. Arrangements for appointments to the Committee are set out in the Committee's ToR. Members are appointed by and from the Board with periods of appointment agreed by the Chair of the Board. The quorum is three Members and a lay majority attending in person or virtually. Decisions may also be ratified by suitable exchange of correspondence.

7. Membership and attendance of the committee:
    - Dr Gary Kildare chaired the Committee for the period under report. Habib Motani (non-lay) and Lizzie Peers (lay) continued as members of the Committee.
    - The Committee met on three occasions during 2025/26: on 9 July 2024, 27 August 2025, and 10 February 2025

8. The Committee attendance during 2025/26 was:

Gary Kildare	3/3
Habib Motani	3/3
Lizzie Peers	3/3

9. Executive attendees were as follows:
    - Richard Orpin (Board Member, Interim CEO and Accounting Officer from 16 May 2025).
    - Matilda Quiney (Director, Corporate Services);
    - Nicola Galiana (HR Lead);
    - Femi Otukoya (Head, Finance, IT and Procurement);

- Heather McLoughlin (Corporate Governance Lead, and Secretary to the Committee).

Main activities

10. The main activities of the Committee in 2025/26 included:

a. Nomination matters

Legal Services Board:

- Supporting the Ministry of Justice (MoJ) with their LSB Chair recruitment.
- Resignation of one lay member of the board.

Office for Legal Complaints:

- Overseeing the recruitment of a new Chair of OLC for 1 April 2026, with support from an external recruitment consultancy.
- One lay member was appointed to the OLC in January 2026.
- Considering the proposal for reappointment of a non-lay member for a second term, though the non-lay member has turned down the reappointment.

Legal Services Consumer Panel:

- Recruitment of three new LSCP members to start their appointments on 1 April 2026.
- Starting to oversee the early preparations for the end of the first time of the LSCP Chair, whose first term ends in April 2027.

b. Remuneration matters:

- Discussing the 2025 pay award and its impact on LSB colleagues along with considering non-pay options for improving the LSB's offer to colleagues.
- Considering the gender pay gap data.
- Receiving the annual governance review of the LSB's pension arrangements.
- Reviewing and agreeing to increase the employer pension contribution rate.
- Discussing and agreeing the remuneration package for the CEO recruitment campaign.

c. Other executive employment matters:

- Reviewing the process for approving senior pay with MoJ.
- Reviewing resourcing trends including turnover, wastage and vacancy rates, sickness absence, tribunal and grievances.
- Reviewing elements of the HR strategy, including diversity and inclusion, colleague engagement, and learning and development.
- Reviewing succession planning and the senior resourcing contingency plan.
- Reviewing colleagues' terms and conditions.
- Reviewing various People policies.
- The majority of these items were considered in the two formal meetings of the Committee, with a small number of matters considered out of Committee by correspondence.

d. Miscellaneous

- Learning and development framework for Board members.

How effectively the Committee complied with its ToR

11. In drafting this report the Committee has considered whether or not it has provided both sufficient and rigorous challenge of, and where necessary, appropriate support to the executive and concludes that it has.

12. Feedback from the executive is that the advice and challenge of the Committee is invaluable in testing emerging thinking regarding matters delegated to the executive, and in making sure the broadest range of perspectives is considered. The level of interest and commitment shown by the Committee to colleagues' well-being, engagement and overall effectiveness is valued highly.

13. Oral reports of Committee meetings were presented to the Board by the Chair of the Committee and minutes circulated to all Board members.

Forward look to 2026/27

- The Committee will continue to provide challenge, oversight and support to the executive, in line with its ToR, during 2026/27.
- There will be a requirement to monitor, contribute and receive updates on the induction of the new LSB Chair, and the recruitment of one lay LSB board.
- There will also be a need to advise the Board on the recruitment and appointment of a new non-lay Board member for OLC. Along with the induction of the new OLC Chair.
- Considering the reappointment of Tom Hayhoe as Chair of the LSCP.
- The Committee will continue to monitor staff engagement, which will include monitoring of HR policies and how they impact on staff.
- The Committee will also continue to challenge the executive on the development of the Diversity and Inclusion work to make the LSB an inclusive place to work.
- Ensuring that the LSB's compensation arrangements continue to be satisfactory for recruiting and retaining staff.

Recommendation

14. The Board is invited to **note** the annual report 2025/26 of RNC.

LSB LEGAL SERVICES BOARD

Annex A – RNC's Terms of Reference

Terms of Reference[i]

Remuneration and Nomination Committee (RNC)

Responsibilities

1. The Board has established a Remuneration and Nomination Committee[xlii] 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 Reference[xliii].

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, subject to MoJ approval under the relevant spending control framework, 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 Executive[xliv].

- 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 Panel[xlv] and the OLC[xlvi], but excluding ordinary Board Members[xlvii].

- 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, taking into account all factors which it deems necessary, including public sector pay policy and any relevant legal requirement.

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 colleagues[xlviii] 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 and appraisal processes 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 Members[xlix] 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 persons[l].

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 members[li] composed of a majority of lay members,[lii] attending in person or by telephone or video-conferencing facility, and decisions may be made or ratified following a suitable exchange of correspondence.

12. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one member to chair the meeting.

13. Where a meeting is not quorate it will nevertheless go ahead, with decisions to be ratified via a Decision Notice and other suitable correspondence, at the next meeting of the Committee or the full Board, as appropriate.

14. 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.

15. The RNC Chair may convene additional meetings as deemed necessary. A Board Member may request the Chair of the Committee to convene an additional meeting of the Committee.

16. 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.

17. The Accounting Officer, Director, 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, IT and Procurement and other colleagues may attend as required to assist the Committee on specific issues.

18. The Corporate Governance Manager, in the capacity of Board Secretary, will be secretary to the Committee. Papers will be circulated to the meeting seven days in advance unless otherwise agreed with the Chair of the Committee. Draft minutes of each meeting will be shared with the Chair of the Committee for nominal approval before being circulated by the Corporate Governance Manager to the Committee. This will occur within 10 working days of each meeting.

Reporting to the Board

19. The minutes of each Committee meeting will be circulated to all members of the Board.

20. The meeting papers will be circulated to the Board in advance of each Committee meeting and Board Members have a standing invitation to attend meetings in an observer capacity. The exception to this is the Chair of the Board which is dealt with elsewhere within these terms of reference.
21. 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

21. 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.

22. The Chief Executive will determine the appropriate level of engagement with the colleagues[liii] 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

23. 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

24. 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.

25. 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).

26. 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

27. 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 B: RNC Work plan

REMUNERATION AND NOMINATION COMMITTEE INDICATIVE 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		√