

**Minutes of the Forty-first Meeting
Office for Legal Complaints (OLC)
Remuneration and Nomination Committee**

**Wednesday 14 March 2018
13:15 – 15:55**

Present:

Dr Bernard Herdan, Chair
Michael Kaltz
Elisabeth Bellamy
Annette Lovell

In attendance:

Rob Powell, Chief Executive
Rebecca Marsh, Chief Ombudsman
Marcus Passant, Head of Human Resources

Apologies:

Caroline Coates
Rebecca Hilsenrath

Observer:

Wanda Goldwag

Board Secretary:

Kay Kershaw

Item 1 – Welcome, apologies and conflict of interest

The Chair welcomed and thanked those in attendance. Apologies were noted. There were no declarations of interest reported. There were no Staff Council observers in attendance.

Following recent changes in its membership, all OLC members were invited to attend this meeting. This allowed quorum requirements for the committee meeting to be met.

Item 2 – HR Update

1. Balanced scorecard update: The Head of HR presented the Balanced Scorecard and reported on the actions being taken to address the Committee's concerns around the high level of staff turnover and the number of staff leaving the organisation within their first year of service; this included the introduction of a supervision model which ensured better support for staff from Line Managers, improvements to the way work was allocated, improved staff training and an improved Employee Value Proposition.
2. It was noted that sickness levels remained high, but a number of long term sickness absences were now coming to a resolution. The introduction of the supervision model would ensure that Line Managers had more time to focus on addressing sickness absence with their staff.

3. Occupational Health update: A potential new Occupational Health provider has been identified and discussions were taking place to agree final pricing with a view to awarding a contract.
4. Recruitment: Recruitment activity remains high. Appointments have been made to a number of roles, particularly recruitment to the new operational establishment. Recruitment campaigns to fill remaining frontline posts would conclude in Q1.
5. A discussion took place about the recruitment and training of Pool Ombudsmen. It was noted that whilst these appointments had been made in line with LeO's long-term flexible delivery model, the contractual arrangements could lead to high turnover. This would reduce the benefits of the initial investment of cost and time recruiting and training Pool Ombudsmen, and it was **agreed** that turnover of Pool Ombudsmen should be closely monitored and reported in the Balanced Scorecard.

ACTION: Head of HR to report the turnover of Pool Ombudsmen in the Balanced Scorecard to ensure closer monitoring.

6. Well-being audit: The Committee noted the results of the well-being audit conducted in December 2017. The Head of HR reported that he and the CEO had met with the specialist provider to discuss the audit's findings and were advised that the on-going actions being taken at LeO to address issues around staff well-being were sufficient. It was recommended that the audit be conducted again in 12 months' time and used to track progress.

7. [REDACTED]

8. [REDACTED]

9. [REDACTED]

10. [REDACTED]

Fol Exempt s.36 (2) (c)

11. Following discussion, RemCo **approved** the proposed changes to the Family Leave policy **subject to** the MoJ's clarification on Pay Remit.

12. The CEO reported that LeO would be unable to fund the proposed changes from the Pay Remit and would need to consider submitting a formal business case to the MoJ requesting permission to implement and fund these changes outside the Pay Remit.

13. [REDACTED]

14. [REDACTED]

15. [REDACTED]

16. [REDACTED]

Exempt s.36 (2) (c)

17. The Head of HR provided an update on the RemCo work programme items which included an analysis of the number of staff on legacy pay scales and the assessment of behaviours against values and customer service principles.

18. RemCo **noted** that the new equality priorities and objectives would be tabled at the April Board meeting along with a progress report against the 2017/18 objectives.

19. RemCo noted that due to Modernising LeO being at a critical stage, the annual PIF appraisal process had been deferred until the end of quarter one however objectives would be in place for the start of quarter one. Further discussions on the annual PIF process are to be tabled at a future RemCo meeting.

ACTION: Board Secretary to add PIF process to the forward plan for a future RemCo meeting.

20. RemCo **noted** the HR update.

Item 3 – Gender pay gap and equal pay audit reports

21. In line with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 and in the spirit of transparency, the Legal Ombudsman has committed to publishing its gender pay gap despite having fewer than 250 staff.
22. The Head of HR presented the draft Gender Pay Gap report which set out the analysis of the hourly pay of staff at 5 April 2017 which identified a 10% mean pay gap in favour of men, a 0% mean pay gap and a 0% bonus mean and median pay gaps as no bonuses had been paid.
23. It was noted that changes in the staffing model as part of the change programme together with new appointments may have a significant impact on the pay gap as a large number of employees are changing roles and for this reason a decision was taken not to introduce any further specific initiatives to reduce the gap.
24. RemCo **noted** and **approved** the report for publication **subject to** clarification from the Head of Finance that bonuses had not been paid to staff during the reporting period and that granting staff a day off as a bonus would not need to be reflected in the way the equal pay / gender pay gap was calculated.
25. **ACTION: The Head of HR to publish the Gender Pay Gap report subject to clarification from the Head of Finance that bonuses had not been paid to staff during the reporting period and that granting staff a day off as a bonus would not need to be reflected in the way the equal pay / gender pay gap was calculated.**

Item 4 – Employee Value Proposition

26. The Head of HR presented a paper setting out proposals for the 2018-19 bonus scheme which included the introduction of a reward and recognition framework using the non-consolidated bonus pot. The paper set out the proposed governance and controls framework that would apply, details of how the process would be monitored to ensure fair treatment of staff in line with LeO's Public Sector Equality Duty and the proposed internal communications plan.
27. In discussion, it was noted that the paper made no reference to the current bonus scheme and a formal decision had not yet been made about whether or not bonus payments would be made to staff for 2017-18. It was **agreed** that a paper would be tabled at the next RemCo meeting for a formal decision to be made on the whether or not to pay bonuses under the 2017-18 scheme.

ACTION: CEO to table a paper on the payment of staff bonuses under the 2017-18 scheme at the next RemCo meeting.

28. There was some concern that the variance in team sizes could make team awards less equal.
29. RemCo asked that the word 'elect' be removed from the column summarising the proposed payment of quarterly team awards.
30. RemCo asked for the words 'if all significant KPIs are achieved' to be added to the column summarising the proposed annual all staff KPI bonus.
31. RemCo felt that the framework should allow staff the opportunity to nominate colleagues for rewards. Nominations should then be moderated to ensure consistency.
32. RemCo **noted** that the National Audit Office and Internal Audit would be invited to review and provide feedback on the control framework and any resulting changes would be reported to the Committee.
33. Subject to the Committee's points during the discussion, it was noted that RemCo **agreed** with the proposals set out in the paper, but asked for the process for staff nominating peers for rewards and how rewards would be paid to teams of different sizes to be developed further. Once this is done, an updated paper is to be circulated out of committee for approval.

ACTION: The Head of HR to update the paper as set out above. The updated paper is to then be circulated out of committee for approval.

Item 5 – Civil Service Staff Survey

34. Further to a request at the last RemCo meeting the Head of HR tabled a paper setting out an analysis of the verbatim comments from the Civil Service Staff Survey and the ongoing actions to address them.
35. The Head of HR reported on the action being taken to address three key themes highlighted in the survey around resources and workload, my work and managing change. This included changes in the approach to workload management, the implementation of a well-being project, a major recruitment campaign and an enhanced employee value proposition.
36. RemCo **noted** the contents of this paper.

Item 6 – Delivery partner – lessons learned

37. The CEO presented a paper setting out the lessons learned following work to develop a flexible delivery partner pilot which did not proceed as a result of legal risks arising from the constraints of the Legal Services Act 2007.

- 38.** RemCo **noted** the lessons learned and the strategic and operational implications of the constraints the Act imposed on the Legal Ombudsman's operational staffing.
- 39.** The paper reported on a number of alternative delivery models for operational staffing that had been considered; this included pool ombudsmen, pool investigators, secondments, agency staff and contractors, development of a supply pipeline of recruits with local academic institutions, evening shifts and the acceleration of flexible working.
- 40.** Of these, significant progress had already been made recruiting and on-boarding 10 pool ombudsmen and another cohort had passed the assessment centre and were ready to be brought on stream as capacity allows. Wider options were available in terms of delivering corporate services, including outsourcing, shared services and collaborative working with the MoJ family.
- 41.** A discussion took place around the benefits of employing staff to specifically work twilight shifts. It was noted that there were some limitations to this as not all parties to the complaints we deal with would be available during the evenings, and this could inhibit the progress of cases. Additionally, the organisation would have to ensure that appropriate supervision and support was in place to enable evening workers to operate effectively.
- 42.** The Committee questioned the decision not to develop a pool of investigators and noted that the Executive was not in favour of this option because of the need for continuity and critical mass for effective investigation, and the risk of significantly increased reallocation of cases.
- 43.** RemCo **noted** the contents of this paper.

Item 7 – Policy approvals

- 44.** The Head of HR presented a paper summarising changes to the Pay policy, Professional Qualifications and Further Education policy, Learning and Development Policy and a minor change to the Time off Work policy.
- 45.** Following discussion RemCo **approved** the proposed changes to these policies.

Item 8 – Annual turnover exit report

- 46.** The Head of HR presented a paper setting out the key findings of the annual exit report. Between 1 January and 31 December 2017, 58 employees left the organisation, of whom 42 left voluntarily. Of those 58 leavers, 37 completed an exit interview. All leavers are encouraged to participate in an exit interview with a member of the HR team, but some choose not to participate.

47. It was noted that the voluntary turnover rates had increased during the reporting period to 17.5%, compared to 13% in 2016 and was now higher than the national average.
48. 47% of staff leaving in 2017 stated 'personal betterment' for their reason for leaving, 26.2% cited dissatisfaction with job content (mainly workload), 21.4% left as a lifestyle choice, such a retirement, domestic responsibilities, reduced responsibility or less commuting and 4.7% left because they were dissatisfied with their pay.
49. The Committee noted concerns about the high rate of new starters leaving within one year of joining the organisation.
50. The Executive reported that Line Managers would be given support to become more effective coaches in order to ensure that they were better able to support staff and address the high turnover of staff. The Executive also noted the significant work undertaken to develop the employee value proposition to maximise the benefits of the positive factors and tackle some of the concerns raised by those choosing to leave the organisation.
51. RemCo **noted** the content of this report.

Item 9 – RemCo member development

52. The CEO reported that he had made contact with the RemCos of a number of other local public bodies, three of which had expressed an interest in taking part in a joint meeting with the OLC's RemCo to discuss common issues and share learning.
53. RemCo members were keen to proceed with this meeting and in light of this, the CEO agreed to aim to arrange a meeting in the Autumn.

ACTION: The CEO to arrange a half day session for local RemCos in the Autumn

54. A discussion took place about members of RemCo attending Staff Council meetings and it was agreed that the Board Secretary would forward the dates of Staff Council meetings to Annette Lovell.

ACTION: Board Secretary to forward the dates of Staff Council meetings to Annette Lovell.

55. It was noted that the format of LeO Live events had changed to a more interactive approach and were being arranged on a meeting by meeting basis rather than being scheduled ahead for the year. Board members were advised that they still very welcome attend LeO Live events and the Board Secretary agreed to forward the dates of LeO Live events to the Board once they had been arranged.

ACTION: Board Secretary to forward the dates of LeO Live events to Board members once dates have been arranged.

Item 10 – Minutes of previous the meeting

56. RemCo noted the minutes of the previous meeting held on 29 November 2017.

Item 11 – Outstanding actions from previous meetings

57. RemCo noted the update on outstanding actions from previous meetings.

Item 11 – Any Other Business

58. A number of changes to the schedule of RemCo meetings were requested by the Chair:

- RemCo meetings scheduled for May and July 2018 are to be cancelled and replaced with a new meeting to be arranged for June.
- A new meeting is to be arranged for mid-September.
- The meeting scheduled for October is to be cancelled.
- A new meeting is to be scheduled for November.

ACTION: Board Secretary to implement the changes noted above to the RemCo meeting schedule.

59. It was agreed that the new RemCo members should be invited to attend a meeting of ARAC as part of their induction and wider understanding of OLC Board and Committee meetings.

ACTION: Board Secretary to arrange for new RemCo members to attend an ARAC meeting.

Next meeting: Date to be arranged