

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

**Friday 27 April 2018
16:00 – 17:00**

Present:

Dr Bernard Herdan, Chair (by telephone)
Michael Kaltz (by telephone)
Elisabeth Bellamy (by telephone)

In attendance:

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

Board Secretary:

Kay Kershaw

Item 1 – Welcome, apologies and conflict of interest

The Chair welcomed and thanked those in attendance.

To ensure that the meeting was quorate, Michael Kaltz joined the Committee.

A conflict of interest was declared for all LeO staff present with respect to all agenda items.

There were no Staff Council observers in attendance.

Item 2 – Employee Value Proposition: Reward and Recognition Controls

1. The Head of HR presented an updated paper setting out the proposals and controls for the reward and recognition framework following feedback from RemCo in March 2018 and ARAC in April 2018.
2. In a detailed discussion, the Committee felt that more clarity was required around the proposal for staff to nominate their peers for quarterly and annual awards and instant recognition vouchers. They **recommended** that the wording set out in the paper should be more explicit and encouraging and suggested that it stated 'we strongly recommend that staff make nominations' instead of 'any member of staff who wishes to. . .'.
ACTION: Head of HR to amend the paper to ensure that it is more explicit and encouraging around staff nominating peers for an award.

3. Overall the Committee was in favour of peer nominations as the management would have oversight of the process.
4. The CEO clarified that nominations for peer rewards would not be linked to the appraisal process.

5. The Committee felt that greater clarity was required around which awards would be nominated by management and which would be nominated by peers.

ACTION: Head of HR to amend the paper to ensure greater clarity around which awards would be nominated by management and which would be nominated by peers

6. Overall the Committee was satisfied with the value of the awards proposed.
7. In discussion, the Committee recommended that the team award should be spent on a team development event. An approved list of possible team development events should be set out and teams would need to submit a proposal for HR approval to ensure the team development event was appropriate.

ACTION: Head of HR to amend the paper to include a process for teams to submit their proposals for approval by the management and develop an approved list.

Post meeting Note: Following further discussion after this meeting with the Chair and MoJ, it was agreed that the team award would not need to be spent on a team development event and would be awarded as personal vouchers.

8. The Committee discussed the importance of fairly identifying the top performing staff for the annual performance reward, especially as staff undertook such a wide range of differing roles, which could make it difficult to compare performance.
9. In response, the CEO advised that this was not a new award; the top 30% of performers had been eligible for recognition in the past and a moderation process was in place to ensure fairness. Work was planned to revise the performance impact framework (PIF) and would include development of an appropriate moderation framework.
10. The CEO advised that the performance appraisal process would be refreshed and an individual's learning and development would be taken into account when considering reward and recognition.

ACTION: Head of HR to ensure the planned refresh of the performance appraisal process includes a rigorous moderation process to fairly identify top performers.

11. A paper would be tabled for RemCo to approve any awards recommended by the Executive to the top performing staff.
12. A discussion took place around whether the annual KPI delivery award could be phased so that it was not an 'all or nothing award' and would make staff eligible for a proportion of the award in line with the delivery of a proportion of KPIs.

13. In response, the CEO advised that this award was intended to incentivise staff to work towards meeting the organisation's KPIs, but the proposals were designed to allow RemCo discretion to award all or part of this reward if they felt it appropriate to do so. The Committee asked that the final paper make this explicit.

ACTION: The Head of HR to amend the paper to reflect that RemCo could chose to award all or part of the annual KPI delivery award.

14. The CEO confirmed that RemCo would have oversight of and the power to approve the end of year performance award and all annual awards.
15. A discussion took place about the merits of setting up an awards committee during which it was felt that the process set out for the management to oversee decisions on who receives an award was sufficient.
16. The CEO reported that equality and diversity, gender pay gap and fraud risks associated with the reward and recognition process would be monitored closely.
17. The Committee raised some concern around tracking equality and diversity characteristics and noted that tracking this information would only track trends and would not ensure fairness. The Head of HR agreed to review the paper and amend the wording to address these concerns.

ACTION: The Head of HR to re-word the paper to reflect that tracking equality and diversity characteristics could not ensure fairness as it would only track trends.

18. The Committee **approved** the proposals set out for the reward and recognition scheme and controls to take effect from 1 April subject to the amendments set out above. The Committee **confirmed** that it did not require further sight of this paper.
19. The Committee requested sight of staff communications, which would also be shared with Staff Council, before they are issued. The CEO agreed to circulate staff communications out of committee for information.

ACTION: The CEO to circulate staff communications to RemCo for information.

Item 3 – RemCo Pay Benchmarking Update:

20. [REDACTED]
21. [REDACTED]

22. [REDACTED]

23. [REDACTED]

24. [REDACTED]

25. [REDACTED]

26. [REDACTED]

27. [REDACTED]

28. [REDACTED]

29. [REDACTED]

exempt Section 36 (2) (c)

Item 4 – 2017/18 Bonus recommendations

30. The CEO presented a paper setting out his recommendation not to pay bonuses to staff for 2017/18 on the basis that there were reputational risks to the organisation because of poor operational performance.

31. The Committee noted that despite the poor performance considerable progress had been made on Modernising LeO and individual staff had performed highly throughout the year, but **approved** the recommendation that bonuses for 2017/18 should not be paid to staff.

Item 5 – Any Other Business

32. There was no other business.