

Minutes of the Fifty Fifth Meeting of the Office for Legal Complaints

Remuneration and Nomination Committee

18 November 2020

Present:

Dr Jane Martin, Chair

Rod Bulmer

Elisabeth Bellamy

In attendance:

Elisabeth Davies, OLC Chair

Mariette Hughes, Acting Chief Ombudsman

Steve Pearson, Deputy Chief Ombudsman

Petrina Hoggan, Interim Organisation Design and People Strategy

Board Secretary:

Kay Kershaw

Item 1 – Welcome, apologies, conflict of interest and matters arising

1. The Chair welcomed those present to the meeting.
2. There were no apologies.
3. There were no conflicts of interest reported.
4. The Chair changed the order of the agenda items: The People Plan Delivery Plan was to be discussed as agenda item 4 and the People Performance Report was to become agenda item 5.

Item 2 – Previous minutes

5. The minutes of the previous meetings held on 7 September 2020 had been circulated to the Committee for review and comment prior to the meeting.
6. Following discussion, it was **agreed** that the wording of paragraph 39, did not require amendment. Any subsequent questions or comments from staff would be dealt with accordingly.
7. The Committee **approved** the minutes of the RemCo meeting held on 7 September 2020 as an accurate record of the meeting.

Item 3 – Outstanding actions from previous meetings and matters arising

8. RemCo **noted** the update on the actions arising from previous meetings.

9. In discussion, it was **agreed** that the following actions should be marked as completed and closed off the actions log for the reasons stated below.

September 2020 - Action 3, paragraph 8: In response to RemCo's request to improve HR data, a People Performance report is to become a standing agenda item at all RemCo meetings. The first People Performance report is to be presented at this meeting.

September 2020 - Action 10, paragraph 71: The RemCo forward plan has been updated to include a detailed update on Health and Safety during the Covid pandemic as part of the 2021/22 Annual Health and Safety Report.

March 2020 - Action 6, paragraph 28 and March 2020 - Action 6 Paragraph 26. Rewards to encourage staff retention, recognise high performers with long service and recognise high performers in their first year of service are to be discussed as part of the agenda for this meeting.

March 2020 Action 9, paragraph 40: The staff appraisal process is on the agenda for discussion at this meeting.

ACTION: Board Secretary to update the RemCo actions log to mark the 4 actions listed above as completed.

10. Any subsequent actions arising from discussions on any of the items listed above will be captured as new actions on the actions log.

Item 4 – People Plan Delivery Plan

11. The Head of Organisational Design and People Strategy presented with two papers:
12. Paper 1 set out recommendations on the phasing of the People Plan Delivery Plan. This paper had been updated to reflect feedback provided by RemCo at its September meeting.
13. Paper 2, 'Shaping our Future Through Talent and Leadership', set out LeO's proposed vision and plan for developing a culture of leadership capability. Work was currently underway to review the 2020/21 and 2021/22 Business Plans to identify the implications for staff and the leadership requirements. Once completed, the Head of Organisational Design and People Strategy proposed that the following steps would be taken:
- To work with the leadership cohort to build alignment and demonstrate collaborative decision making.
 - To identify the knowledge, skills, behaviours and levels of accountability required for individual job roles in order to deliver the Business Plan and then re-design each job role within the organisation accordingly.
 - To create the context and the environment for the approach for leadership and talent development to thrive at LeO; this work will be phased as part of the People Plan Delivery Plan and aligned to both the immediate business priorities and the 3-year strategy.

- To design and implement training and development practices to support the development of the leadership and talent.

14. RemCo **endorsed** these four steps as a process for developing the culture of leadership capability.
15. RemCo felt that the narrative set out in the ‘Shaping our Future Through Talent and Leadership’ plan, was insufficiently grounded in improving operational performance and recommended that the narrative was strengthened to ensure greater clarity on why investment in leadership and talent was required and what it would achieve.

ACTION: The Head of Organisational Design and People Strategy to strengthen the narrative in the ‘Shaping our Future Through Talent’ plan to ensure that it is sufficiently grounded in improving operational performance and provides more clarity on why investment in a leadership and talent is required and what it would achieve.

16. Recognising the positive changes that had been seen within LeO over the last 12 months, RemCo felt that the Shaping our Future Through Talent plan should not be constrained by historical context, as much of this was now historical.
17. In response, the Acting CO advised that there was currently no hard evidence to substantiate the perceived positive changes in leadership; it was hoped the results of the 2020 Civil Service Survey results would provide evidence of this. Until then the Acting CO stated that it was her preference for the unique historical context to remain an integral part of the plan.
18. Considering previous staff survey results that had indicated a need for development in the operational leadership cohort, RemCo questioned the holistic approach being considered, suggesting that greater improvements in operational performance would be seen if the initial focus was on developing the operational leadership cohort.
19. In response, RemCo was advised that this focussed approach was being adopted. Work being undertaken to redesign job roles would focus on Ombudsman and Investigator roles in the first instance as it would have a significant impact on operational performance improvement.
20. Recognising that improving the culture of leadership capability was a primary focus for LeO, RemCo highlighted a need for cultural alignment across LeO. With the arrival of the new CO and COO, it was suggested that there was an opportunity for a cultural intervention to re-engage the whole organisation, re-set the rhythm and ensure that leaders and their staff were aligned and focussed on operational improvement.
21. The Head of Organisational Design and People Strategy explained that work on cultural development had been planned for Q2. Whilst recognising the importance of this work, there was insufficient resource to bring this work forward and deliver it in parallel with the other work already scheduled in Q4 and Q1. This would be reviewed once the first phase of the People Plan Delivery Plan work has been completed and further consideration would be given to whether there was any capacity to bring some of the cultural improvement work forward.

22. RemCo was advised of other interventions taking place to support operational improvement and cultural development, this included managing by behaviours workshops for Operational Team Leaders, discussions between operational leaders and staff to reiterate the need for operational improvement and a Team Leader development programme that is to be rolled out in January.
23. Having reviewed the phasing of the People Plan Delivery Plan, RemCo asked for more detail to be added to project 6, comms and engagement, in terms of what engagement would be taking place and who it would be with.
24. Concerns were raised about staff attrition and its implications on operational performance. RemCo was particularly concerned about experienced staff leaving the organisation and members of the senior team, many of whom had secured better outcomes for themselves with other organisations. RemCo asked the Executive to review the People Plan and consider whether LeO's offer was sufficiently compelling to ensure that staff remained in the organisation.

ACTION: The Executive to review the People Plan and consider whether LeO's offer was sufficiently compelling to encourage staff to remain in the organisation.

25. Considering project 8 of the People Plan Delivery Plan - HR and OD practices - RemCo sought more clarity around LeO's expectations regarding flexible working / office working arrangements post pandemic.

ACTION: The Executive to provide more clarity in project 8 of the People Plan Delivery Plan regarding flexible working / office working arrangements post pandemic.

26. RemCo was concerned that the KPI's set out in the Delivery Plan were insufficiently robust and lacked focus on organisational improvement. RemCo **recommended** that more quantitative metrics were included to supplement the qualitative KPIs already set out. Additionally, metrics on regretted staff losses and internal development and improvement should also be included.

ACTION: The Executive to review the KPIs to ensure that they are sufficiently robust and focussed on operational improvement, to consider including more quantitative KPIs to supplement the qualitative metrics already set out and to include metrics on regretted staff losses and internal development and improvement.

27. The OLC Chair stated that messages from the People Plan Delivery Plan needed to be more effectively grounded in the operational performance report sent to the Board.

ACTION: The Executive to more effectively ground the messages from the People Plan Delivery Plan into the report on operational performance that is sent to the Board.

28. The OLC Chair stressed that it was important to ensure that staff had visibility and understanding of the People Plan.

ACTION: The Executive to ensure that staff had visibility and understanding of the People Plan

29. The OLC Chair sought confirmation that there was no optimism bias in the deadlines set out for the People Plan deliverables and that deadlines would be met.
30. Executive was asked to review the deadlines set out People Plan Delivery Plan to ensure that there was no optimism bias. In response, the Head of Organisational Design and People Strategy explained that the deadlines set out were expected delivery dates and some refinement may be required as project work gets underway.
- ACTION: The Head of Organisational Design and People Strategy to review the deadlines set out in the Delivery Plan to assure RemCo that there is no optimism bias.**
31. RemCo was pleased with the progress that had been made over the last 9 months in developing the People Plan and Delivery Plan and the project management approach being taken.
32. The Executive was reminded that the People Plan must not become a HR plan and should remain a corporate plan.
33. The Chair stressed the need to ensure focus on all aspects of delivering the People Plan to ensure that performance improvement was optimised and reminded the Executive that it wanted clear visibility of the matrix between the People Plan and the key objectives.
- ACTION: The Head of Organisational Design and People Strategy to ensure that there is clear visibility of the matrix between the People Plan and the key deliverables.**
34. Having made recommendations for further improvements, RemCo **noted** the update on the People Plan.

Item 5 – People Performance Report

35. The Head of Organisational Design and People Strategy presented the first draft a HR balanced scorecard report, setting out data from the last two quarters on HR metrics across four areas: People, Projects and Process, Performance and Growth and Financial. Further work to develop KPIs in respect of the operation of the organisation and the delivery of the People Plan is planned.
36. Attrition over the last two quarters has reduced, apart from Operations Management which remained static.
37. The first of the People Plan Delivery Plan workstreams – role design organisational structure – is to commence shortly.
38. Payroll has successfully transferred to a new provider; the first pay run with take place in November.
39. There are currently 104 cases being managed by HR in line with LeO's policies and procedures. Fifty of these relate to absence management cases which had been paused at the start of Covid to allow for new working practices to be embedded across the organisation. Other cases relate to investigations in respect

of disciplinary and grievance matters. There are two active investigation cases and 1 active disciplinary case; both are expected to conclude by the end of December.

40. In response to concerns raised about the number of absence management cases that had been paused, RemCo was advised that these were cases had already been in the system prior to Covid and the staff involved were aware that they had hit the absence management triggers. When determining whether to pursue these cases, HR would be taking into account the staff member's attendance during the pandemic.
41. Two cases are waiting to be heard by an Employment Tribunal.
42. An increase in the number of new flexible working requests have been received and will be considered in Q4.
43. There are 31 members of staff going through the probation process. Probation was paused at the start of the Covid pandemic. HR is now working with Line Managers to move probationers through the process as quickly as possible.
44. Further to discussions on agenda item 4, metrics on employee engagement and management and leadership effectiveness will be added to the balanced scorecard.

ACTION: The Head of Organisational Design and People Strategy to include metrics on employee engagement and management and leadership effectiveness in the HR balanced scorecard.
45. There was an 81% response rate to the recent Civil Service Staff Survey; a significant improvement on previous response rates. The results of the survey are due in December.
46. There is currently one active performance management case.
47. Financial indicators are being developed around staff costs and will include costs associated with training days, days lost to sickness absence and costs associated with payroll overpayments.
48. Overall RemCo was in support of the people performance balanced scorecard and the Executive's intent to report in more granular detail on people metrics.
49. Recognising that LeO had historically tended to over report on quantum of metrics, but under report on the important metrics, RemCo observed that the scorecard was missing some important secondary metrics on people performance; this included metrics on the differential between performers in the top and bottom quartiles and the impact of attrition on performance and productivity.
50. RemCo also observed that some of the metrics related to the performance of the HR function and were therefore more appropriate for the Executive to consider. Additionally, some of the metrics were more appropriate for Board level consideration and that Executive should provide a clear rationale for including them, whilst excluding others, if it was felt that they should continue to be reported in this scorecard.

51. Following discussion, RemCo **recommended** that further work was undertaken to refine the people performance scorecard and to identify and incorporate the key secondary people metrics that flowed down from LeO's primary KPI scorecard in order to ensure focus, flow and alignment.

ACTION: The Head of Organisational Design and People Strategy to refine the metrics set out on the people performance balanced scorecard in line with RemCo's comments.

52. RemCo also **recommended** that the Executive should consider the approach to monitoring the outcomes of the people metrics and determine who was accountable for them.

53. Two discreet ways of doing this were suggested: The Executive Accountable Model, where secondary metrics could be created from the primary scorecard to which the Head of Organisational Design People Strategy would be the accountable executive, or through the creation of a Function Plan, where the CO would then satisfy themselves that the aggregation of the function plans delivered the desired outcomes.

ACTION: The Executive to consider its approach to monitoring the outcomes of the people performance metrics and determine who is accountable for them.

54. Considering the need to ensure that information presented to each of the OLC's Committee's was aligned, the OLC Chair sought confirmation that the HR risks identified in the scorecard had been adequately captured in the risk assurance report being presented to ARAC at its next meeting. Whilst broadly confident that had been done, the Executive **agreed** to reflect on this further.

ACTION: The Executive to ensure that the risks identified in the people performance scorecard had been adequately captured in the risk assurance report being presented to ARAC at its next meeting.

55. The Chair noted concerns that there hadn't been an agenda item on Covid.

56. There was some concern that results of the 2020 Civil Service Staff Survey may be influenced by the way staff had been treated during the pandemic and as such, may not provide a true comparison to the previous year's results or be a reliable indicator of organisational improvement.

57. Recognising that all other Civil Service departments and ALBs would be in the same position, the OLC Chair stated that the survey results would provide valuable comparative data and there would be learning from benchmarking against the other organisations surveyed. The Board's analysis of the survey results would need to take the Covid effect into account.

58. The Chair advised that she would be happy to follow up with the Head of Organisational Design and People Strategy and the OLC Chair on any of the points raised about the people performance scorecard if required in order to ensure that the right information is presented to RemCo at future meetings.

59. RemCo **noted** the first draft of the people performance report.

Item 6 – Celebrating Success: Reward and Recognition.

60. Further to action 3, paragraph 8 from the September meeting and action 6 and paragraph 26 from the March meeting, the Acting CO updated RemCo on the Executive's views on rewards to encourage staff retention, including recognition awards for high performers with long service and awards for high performers completing their first years' service.
61. RemCo was advised that a full review of the Celebrating Success: Reward and Recognition framework would take place in Q4. The findings of this review would be aligned to project 5 of the People Plan Delivery Plan.
62. RemCo was advised that in addition to a pay structure providing progression from junior to senior grade and a benefits package including a pension, a Travel Wise scheme, an Employee Assistance Programme and childcare vouchers, LeO offers a reward framework of 4 different awards: organisational awards, annual and quarterly awards and instant recognition awards.
63. Considering rewards to encourage staff retention, RemCo was advised that, whilst the 2019 Civil Service Survey results had showed that only 32% of staff felt satisfied with the total benefits package, exit interviews completed in the same year indicated that leavers rated pay and benefits well and did not cite this as a reason for leaving the organisation.
64. The Executive, whilst mindful of the need to improve staff engagement and retention, concluded that reward and recognition was not considered to be a key driver of attrition.
65. As of August 2020, LeO has 32 members of staff with 10 years' service and the number of permanent staff with over 5 years' service was increasing.
66. Having considered rewards for high performers with long service, the Executive felt that the current in year reward and recognition package was appropriate for recognising high performers in the operational roles. However, the lack of a clear framework for non-operational roles made it difficult to identify what constituted high performance for corporate staff and as such corporate staff may feel that they are not considered equally for rewards when compared to their operational colleagues.
67. Having considered awards for high performing staff in their first year of service, the Executive was satisfied that pay progression from junior to senior grade was an appropriate of reward.
68. Considering the two-tier pay system, RemCo questioned whether LeO was under-valuing and under-rewarding those staff that performed consistently highly. Recognising that the pay and benefits were to be reviewed as part of project 5 of the People Plan, it was suggested that consideration might be given to paying a retention bonus to this group of staff to bridge the gap in the intervening period.
ACTION: The Executive to consider offering retention bonuses to high performing staff with long service.
69. RemCo raised concerns about the impact of pausing probation on pay progression for those staff that had joined LeO either just before or during the pandemic. The Executive advised that probation had been reinstated for new

starters and resumed for those that were part way through it. Line Managers would be moving this group of staff through the probation process as quickly as possible, using evidence from managing by behaviours, in order to minimise any risk of disadvantage. Pay progression for the cohort of new starters that joined in April may be delayed slightly.

70. RemCo **noted** the update on the previous actions relating to Celebrating Success: Reward and Recognition.

Item 7 – Update on the staff appraisal process

71. Further to action 3, paragraph 8 from the September meeting and action 9 and paragraph 40 from the March meeting, the Head of Organisational Design and People Strategy provided an update on LeO's annual appraisal process: Continuous Conversations.
72. Recognising that the appraisal process had not been applied consistently across the organisation over the last 12 months and that an internal review undertaken in July had identified that some training on the process was required for Line Managers, the Executive proposed that the appraisal process for 2020/21 was paused.
73. A full review of the appraisal process is planned in Q2 2021/22 in line with People Plan.
74. In the interim period, a light touch appraisal process for 2020/21 was proposed, using the framework of Continuous Conversations with guidance provided to Line Managers.
75. Concern was raised about reference to a 'light touch' appraisal process as it was felt that it might not be taken as seriously as it should be. Instead, it was suggested that the phrase "narrowed implementation" was used when informing staff of the plans for 2020/21.
76. RemCo reminded the Executive of repeated concerns raised by the Committee over the last 12 months regarding the risks associated how the appraisal process was being handled.
77. Reflecting on the paper presented to RemCo, the OLC Chair felt that it succinctly captured the challenges faced by the Executive around line management capability. Acknowledging that an interim solution would be required for 2020/21, it was stressed that a robust appraisal process needed to be identified as part of the work undertaken in project 4 of the People Plan Delivery Plan in order to ensure that LeO had a robust appraisal process that was implemented rigorously in order to drive performance improvement. Furthermore, leadership capability needed to be developed in order to ensure that managers were sufficiently skilled in dealing with this line management responsibility.
78. The Executive assured RemCo that an end of year review would take place in 2020/21 with guidance and support. RemCo sought clarity on who would be accountable for this.

ACTION: The Executive to clarify who will be accountable for end of year performance appraisals in 2020/21.

79. Recognising that a further review of the appraisal process would take place in line with project 4 of the People Plan, RemCo **noted** the update on staff appraisals.

Item 8 – Update on the Health and Safety Function

80. Since RemCo last met in September, the Annual Health and Safety Compliance report had been updated in line with RemCo's feedback. This report included an update on the Health and Safety during the Covid pandemic
81. A copy of the updated Health and Safety Compliance report is to be presented to ARAC on 23 November.
82. Further to action 10 paragraph 68 from the September meeting, RemCo **noted** that there was a requirement for LeO to have a suitably qualified Health and Safety resource.
83. A Health and Safety Group has been set up and is taking responsibility for Health and Safety until a suitable qualified resource is appointed. This group will be developing a job design for the Health and Safety role and, in discussion with the Executive, will be considering whether the role could be filled internally, or whether external recruitment would be required.
84. Further to a review of the Annual Health and Safety Compliance report and the Health and Safety policy a number of actions have been identified, including the need to update the Health and Safety policy and to review Business Unit risk 12 (failure to manage Health and Safety risks for the organisation) to ensure that current controls are more precisely defined and planned controls had more clarity in terms of responsibilities.
85. RemCo was advised that ARAC had overall responsibility for reviewing Health and Safety risks and satisfying itself that they were being managed satisfactorily. As such, Business Unit risk 12 would be reviewed, along with the full suite of risks, at the ARAC meeting on 23 November.
86. RemCo **noted** the Covid update, which included an update on the Health and Safety arrangements in place to protect those staff currently choosing to work from the office and an update on the mental health and well-being support available to all staff during the pandemic.
87. RemCo received an update on the number of staff that had reported Covid symptoms and had received a positive diagnosis.
88. A typographical error was identified in section 5 of the updated Annual Health and Safety report: the number of days lost to work related stress in Q1 of 2020/21 was zero and not 2019/20 as stated in the report.
89. Members questioned the accuracy of the data recorded on days lost in Q1 of 2020/21 to work related stress, asking whether staff were now managing their stress better because they were working from home, or whether the data hadn't been captured correctly.

ACTION: Head of Organisational Design and People Strategy to review the data on days lost to work related stress in Q1 of 2020/21 for accuracy and report back to RemCo.

90. Recognising the impact of Covid on staff morale and how this might impact on productivity, the Executive was asked whether any consideration had been given to capturing data on the impact of Covid on lost productivity.

91. The Executive reported that capturing this data would be challenging as there was no easy way of calculating the quantum of productive loss, but recoding and addressing this loss was something that needed further consideration so that it can be factored in to future planning and forecasting.

ACTION: The Executive to consider how data on the loss of productivity as a result of Covid could be captured to assist with future forecasting and planning.

92. Now that the organisation was moving towards more normal ways of working, the RemCo **recommended** that it was now time to re-set the narrative with staff by setting out the organisation's expectations in terms of productivity, performance and ways of working in order to ensure that staff understood the framework that they were being managed to.

ACTION: The Executive to consider re-setting the narrative with staff to ensure their understanding of the framework that they are being managed to as the organisation moves towards more normal ways of working.

93. Following review and discussion, RemCo **noted** the updated Annual Health and Safety Compliance report and was reassured by the work being undertaken by the newly formed Health and Safety Group.

Item 9 – AOB

94. RemCo sought to understand the impact of leadership changes during 2020 on the organisation, particularly in regarding staff morale, the loss of corporate knowledge and whether any of the changes would create opportunities for internal promotions in the future.

95. In response, the Acting CO explained that staff were generally feeling more positive now about the leadership changes within the organisation compared to how they had felt earlier in the year. It was recognised that the departure of members of the leadership team had created some gaps in corporate knowledge and the Executive Team was managing the collective consequence of this. Any decisions about whether there would be opportunities for internal promotions would need to be made by the new CO.

96. RemCo congratulated the Acting CO on becoming the preferred candidate for the Service Complaints Ombudsman for the Armed Forces and wished her well for her appearance before the Select Committee.