

Minutes of the 62nd Meeting of the
Office for Legal Complaints Remuneration and Nomination Committee

16 November 2023

Present:

Alison Sansome, Chair.

Dale Simon.

Rachel Cerfontyne.

In attendance:

Debra Wright, Head of People Strategy and Services.

Elisabeth Davies, OLC Chair, observing.

Mark Persard, EDI Manager (Item 5)

Apologies

Paul McFadden, Chief Ombudsman.

Minutes:

Kay Kershaw, Board Governance Manager.

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

1. The Chair welcomed attendees to the meeting.
2. Apologies were noted.
3. The Head of People Strategy and Services and the Board Governance Manager declared an interest in agenda item 4. The Committee **agreed** that they should remain in attendance for the discussion on this agenda item.
4. There were no other declarations of interest reported.
5. The meeting was quorate and with a lay majority.
6. A private meeting between RemCo members and the OLC Chair took place after this meeting to discuss matters relating to the Pay and Reward Strategy for senior staff.

Item 2 – HR metrics

7. The Head of People Strategy and Services presented a report on HR metrics. The following points were drawn to RemCo's attention:
 - The format of the HR metrics report would be reviewed as part of a wider review of Board reporting.

- A full cohort of HR Business Partners were now in role and working closely with line managers to support all aspects of people management, including providing advice, guidance and timely interventions to support performance management and sickness absence management in line with HR policies.
 - The key focus of the HR Systems Business Partner was to review HR systems and functionality to improve HR management reporting and processes, including absence reporting.
 - Overall sickness absence levels had increased in October, this was mainly due to an increase in Covid related illnesses, surgery and post operative recovery, the Head of People Strategy and Service suggested that performance management intervention may also be a factor.
8. RemCo thanked the Head of People Strategy and Services for the clear report on HR metrics and **confirmed** that the report provided the right level of information required to help the Committee understand the different HR related pressures. Board reporting requirements may differ.
9. Members discussed the increased levels of sickness absence, questioning the trend and reasons for long term mental health related sickness absences; suggesting that there may be value in providing training to Line Managers to help them manage sensitive mental health discussions with staff and that there may be value in implementing refresher training to reinforce the Sickness Absence Policy. In response the following points were made:
- The trend for long-term mental health related sickness absence was broadly consistent, with between 8 and 10 absences at any one time for a variety work and non-work-related reasons, including anxiety, depression and stress.
 - HR Business Partners were providing guidance and support to Line Managers on dealing with, and discussing, the sensitivities of mental health and other health conditions with staff.
 - Proactive, timely interventions were being made to help prevent and manage sickness absences, this included occupational health referrals, support from LeO's Wellbeing Champions and other wellbeing interventions offered as part of LeO's Employee Value Proposition (EVP).
 - All people managers had received absence management training, either as part of the Leadership Development Programme that was rolled out earlier in the year, or as part of their induction.
10. The RemCo Chair suggested that there may value in exploring additional cost neutral well-being initiatives, such as mindfulness or meditations sessions, to enhance the well-being elements of LeO's EVP.
- ACTION: The Head of People Strategy and Services to consider exploring additional cost neutral well-being initiatives, such as mindfulness or meditations sessions, to enhance the well-being LeO's EVP.**
11. RemCo had been pleased to note that overall attrition and investigator attrition had reduced in October.

12. RemCo was advised that the Executive would be participating in a workshop in January to consider the strategic risks, contributing factors and potential solutions to attrition and retention; this would help to inform further strategic discussions on attrition and retention with the Board in 2024.
13. Following discussion, RemCo **noted** the update on HR metrics.

Item 3 - People Strategy: Progress against action plan.

14. The Head of People Strategy and Services presented a report on the progress made on delivering the re-prioritised People Strategy, drawing RemCo's attention to the following points:
 - Four of the six roles in the HR Team had now been filled.
 - Improving the EVP was a key focus of the People Strategy. In response to staff feedback, a review of the staff benefits package had been undertaken and new resources and benefits had been secured, including counselling services; a virtual GP service; well-being and fitness resources; an extended discount scheme and financial advice. The staff benefits package had been actively promoted throughout October and had received positive staff feedback.
 - Further improvements to the EVP would focus on development of new family friendly, work/ life balance policies and a business wide structured learning and development offer.
 - It was envisaged that the introduction of a business wide learning and development offer would, in time, lead to a cultural shift where staff felt empowered to take part in learning and development.
15. In response to questions, RemCo was advised that:
 - There was currently no formal monitoring of the take-up rates of staff benefits, but anecdotal feedback had indicated that the discount schemes were popular with staff.
 - There was scope for managers to play an active role in promoting staff benefits and using them as tools to support staff; this would be factored into future discussions with people managers.
16. In discussion about the further improvements that could be made to the EVP, members suggested that there may be value in collaborating with staff networks to identify what additional benefits staff might value and exploring what benefits were being offered by other similar organisations and whether they could be introduced as part of LeO's EVP in a cost-neutral way.
ACTION: The Head of People Strategy and Services to consider collaborating with staff networks to identify any additional benefits staff might value and exploring what benefits were being offered by other similar organisations and whether they could be introduced as part of LeO's EVP in a cost-neutral way.

17. Members welcomed the plans to introduce a business wide learning and development offer, questioning whether participation in staff networks would be considered part of an individual's learning and development.
18. RemCo reflected on the comprehensive review of the Staff Council and Staff Networks that had been undertaken, **noting** the new defined roles and responsibilities; the revised Terms of Reference; and questioning whether individuals would be permitted to stand again for election to the Staff Council after a defined period of time.

ACTION: The Head of People Strategy and Services to consider whether individuals would be permitted to stand again for election to the Staff Council after a defined period of time.

19. RemCo **noted** that despite the 2023 Civil Service People Survey being actively promoted, the response rate had been lower than the previous year. A short survey had subsequently been issued to identify the reasons for this and responses indicated that some staff, particularly some in Operations, had been too busy, or had run out of time, to complete it.
20. Whilst it was not mandatory for staff to complete the Civil Service People Survey, the responses provided valuable insight and were used to benchmark LeO against other ALBs. Considering the risks associated with lower response rates, RemCo had been pleased to **note** that the Executive would be considering what more could be done to encourage corporate engagement and ensure that staff had sufficient time to complete future Civil Service People Surveys.
21. The 2023 Board Effectiveness Review had highlighted the need to avoid the duplication of information presented to the Board and Committees. Considering this, the OLC Chair sought RemCo's advice on what level of information the Board should receive on the Civil Service People Survey results. In response, RemCo **agreed** that the detailed findings and analysis of the Civil Service People Survey results should be presented to RemCo and a summary of headline information and any key points arising from RemCo's discussions should be presented to the Board.

ACTION: The Board Governance Manager to update the Board and RemCo forward plans to reflect that the detailed findings and analysis of the Civil Service People Survey results should be presented to RemCo and a summary of the headline information and any key points arising from RemCo's discussions should be presented to the Board in the future.

22. RemCo **noted** the update on the progress that had been made on the People Strategy.

Item 4 – Pay and benefits benchmarking.

23. The Head of People Strategy and Services presented a report on pay and benefits benchmarking which outlined the findings of an external pay benchmarking exercise and a wider complimentary pay and benefits benchmarking exercise. The following key points were made:
 - The original external pay benchmarking exercise had been completed in June and refreshed in October following an update of the external pay benchmarking database; there had been no significant difference to the target market median.

- The outcome of the external benchmarking exercise had been influenced by the type of roles and organisations available for comparison within the external database and therefore a wider pay and benefits analysis had been undertaken to directly compare LeO to other ombudsman and regulatory sector organisations.
- The wider review of pay and benefits confirmed that LeO was not able to effectively compete with other ombudsman and regulatory sector organisations in terms of pay and benefits, particularly pensions, contracted working hours, ways of working and annual leave entitlement. Investigator salaries were also higher in other ombudsman and regulatory sector organisations, with some of the highest paid roles incorporating greater levels of delegated decision-making responsibility.
- Whilst this had created difficulty in comparing investigator roles like for like, data obtained from exit interviews confirmed that the experience and skills gained as an investigator at LeO enabled individuals to move into the higher paid roles offered by its competitors.

24. In response to a question, RemCo was advised that LeO tracked attrition. Peaks in investigator attrition could be tracked to the recruitment campaigns of other ombudsman and regulatory sector organisations that offered better salaries, benefits and career development through greater decision-making responsibilities. Legislative constraints prevented LeO aligning its investigator role to those of its competitors and governance constraints limited what LeO could do to improve pay and benefits to mitigate the associated risks.

25. Members urged caution when comparing LeO's Birmingham based salaries and those offered by its London based competitors which were enhanced by the application of London weighting.

26. As part of the Executive and Board's strategic discussions on attrition, members suggested that consideration should be given to the risks associated with remote working opportunities which enabled Birmingham based staff to apply for higher paid roles, such as those offered by LeO's competitors, in other part of the country, and whether LeO had the right structure to maintain its workforce considering that its competitors offered roles that provided career development through enhanced decision-making responsibilities.

27. A discussion took place about the scope to apply a market forces factor to aid recruitment and retention for specific roles that were difficult to recruit to or where there were high levels of attrition.

28. RemCo was advised that the findings of the pay and benefits benchmarking exercises had informed aspects of the draft 2024/25 Budget and Business Plan and would be used to inform ongoing work to assess LeO's competitiveness within the market and the development of a new EVP.

29. The high-level findings and information on how the Executive intended to use them would be communicated to staff.

30. RemCo **noted** the update on the pay and benefits benchmarking exercise.

Item 5 – Gender Pay Gap report.

31. The EDI Manager presented the Gender Pay Gap report for 2023, drawing RemCo's attention to the following key points:

- The mean gender pay gap had increased marginally from 10% in 2022 to 11%; this was below the Public Sector average of 13.9%.
- The 2023 gender pay gap had been influenced by the distribution of genders across the pay bands.
- Sixty-eight percent of LeO's workforce identified as female.
- There was a higher representation of males in the upper quartile compared to the lower quartile; less representation of females in the upper quartile compared to the lower quartile, and there was a higher representation of females in the lower middle quartile.
- Benchmarking against other Ombudsman Schemes confirmed that LeO's gender imbalance towards female employees and the split of colleagues across the pay bands was representative of the sector.
- Positive action taken to promote gender equality over the last twelve months included the implementation of the personal development process; a traditional mentoring pilot in which eight of the nine mentees identified as female; a reverse mentoring pilot in which all five mentors identified as female; changes to the flexible working policy to allow colleagues to make flexible working requests as soon as they joined the organisation and to submit up to two requests a year; menopause awareness sessions and training for managers.

32. In discussion, members were advised that the recruitment policy is currently being reviewed and due for completion at the end of the business year. The HR Systems Business Partner is working to improve system functionality and data collection of EDI recruitment data so that better decisions can be made to address any areas of imbalance across the organisation.

33. As part of the review of the recruitment processes, consideration would also be given to capturing better EDI information at the application stage, this would include information on pronoun preferences; gender identity and caring responsibilities.

34. Reflecting on gender and representation in leadership roles, the OLC Chair highlighted that the gender composition of the OLC Board was predominantly female and reported on the gender composition of applicants for an OLC Board role.

35. Following discussion, RemCo **approved** the 2023 gender pay gap report.

Item 6 – Recruitment, Selection and Promotion Policy

36. The Head of People Strategy and Services presented an updated Recruitment, Selection and Promotion Policy. The following key points were drawn to RemCo's attention:

- Drawing on resources from the Business Disability Forum, the policy had been rewritten to provide more structure and rigour to the recruitment process, to

ensure HR and equality good practice and compliance with employment legislation.

- There had been wide consultation on the policy with staff networks, the EDI Team, Management Team and Executive Team and it had been reviewed by the Business Disability Forum.
- An end-to-end review of all the recruitment processes was underway to ensure they were fit for purpose.
- Once the end-to-end review of the recruitment process had been completed, the Recruitment, Selection and Promotion Policy would be rolled out to staff, along with training and a managers guide to recruitment.

37. RemCo had been pleased to note that the policy had been re-written in line with best practice and that it had a strong focus on EDI.

38. RemCo **approved** the Recruitment, Selection and Promotion Policy, stating that it was clear and comprehensive.

Item 7 – Annual review of RemCo’s Terms of Reference

39. RemCo undertook an annual review of its Terms of Reference (ToRs) and provided the following feedback:

- Consider updating the wording in section 4a to reflect that the Committee Chair could be lay or non-lay and that the majority of committee members should be lay, as stated in the OLC’s Operating Framework.
- Consider updating the section referencing the Committee’s specific responsibilities to include up to date details of all the policies RemCo was responsible for reviewing.
- Consider exploring whether there was any flexibility for RemCo to conduct a self-effectiveness review every other year instead of annually.

40. The Board Governance Manager **agreed** to share RemCo’s feedback with the Head of Programme Management and Assurance so that it could be included in a revised ToR that would be shared with the Board in December for approval as part of a wider review of governance documents.

ACTION: The Board Governance Manager to share RemCo’s feedback on its ToR with the Head of Programme Management and Assurance.

41. The OLC Chair sought to ensure that the timing of Committee effectiveness reviews aligned to the timing of the Chair’s annual review of Board effectiveness so that the Committees’ feedback could be taken into consideration.

ACTION: The Board Governance Manager to update the forward plans for the OLC Committees to ensure that the timing of Committee effectiveness reviews aligned to the timing of the Chair’s annual review of Board effectiveness so that the Committees’ feedback could be taken into consideration.

Item 8 – Previous minute, previous actions and matters arising.

42. The minutes of the RemCo meeting held on 27 March 2023 were approved as an accurate record of the meeting.
43. The minutes of the RemCo / Staff Council meeting held on 27 March 2023 were approved as an accurate record of the meeting.
44. RemCo **noted** the update on previous actions.
45. RemCo **ratified** a unanimous decision made out of committee in July 2023 to approve minor changes to the Disciplinary Policy, the Personal Development Review Policy, the Performance Improvement and Support Policy.

Item 9 – Items to escalate to Board.

46. There were no specific items for escalation to the Board.
47. A verbal update on the items discussed at this meeting would be provided to the December Board meeting.

Item 10 - Any other business

48. RemCo was advised that the Internal Audit of Grievances and Staff Complaints had attracted a substantial audit opinion and no management recommendations had been made. RemCo recognised the excellent work of the Head of People Strategy and Services and the wider HR Team in achieving this notable outcome.
49. It was suggested that consideration could be given in the future to an internal audit of absence management.
50. There was no other business.