

Message

From: Amanda Burton (1); [GRO]
Sent: 05/08/2024 16:09:34
To: Saf ismail (1); [GRO]; Elliot Jacobs (1); [GRO]; Karen McEwan
[GRO]; Nicola Marriott; [GRO]
Subject: Private and confidential, Remco issues

Dear Saf and Elliot

Strictly Private and Confidential

Further to your email of 26 July, I have had a look back through the Remco meetings and also got some further information from Nic Marriott.

All of the below happened when Angela Williams was CPO. Most of the arrangements were signed off by RemCo, although having gone through the papers I think they sometimes lack clarity (and there wasn't consistent sign off). None of the RemCo members are still here so I can't ask them what they remember. I also think that some of the arrangements are poorly conceived, and I am sure Karen and Nic would agree.

As you know Ian and I have worked hard to put in place better governance around senior pay and we are all determined to learn from the past. Looking back at all these examples it is clear that the organisation has not been good at performance management and giving tough messages (eg why was Jeff rated a 3?) and there has been a tendency to do bespoke deals. We need to do better.

Angela Williams: as already advised, the information was covered by Marianne Tutin who investigated the Rose 2 allegations and you have access to her report on Diligent. As you can see, [REDACTED]

Ben Foat: Ben was employed in May 2019 and his package was signed off by RemCo. The salary was [GRO] plus standard terms for senior employees ie annual bonus and LTIP plus health insurance, pension and car allowance. In July 2020 RemCo authorised an [GRO] alignment of pension to GE level and the incorporation of benefits into salary (in line with other GE members). Accordingly these allowances were grossed up and included in salary and again this was signed off by Remco, giving him a package of [GRO] compared to [GRO]. His bonus and LTIP went from [GRO] respectively down to [GRO] respectively.

In 2021 it was agreed that Ben's role would be expanded to include responsibility for the Remediation Unit and the Inquiry team. His salary was increased to [GRO] and there was also an agreement to indemnify him for any liabilities resulting from this work, plus an agreement as to what he would receive if his role was made redundant. There does appear to have been a discussion at Remco but the minutes don't go into any detail and there wasn't a paper on Diligent. [REDACTED]

In addition to the increase in salary there was also an agreement to pay [GRO] in relation to the Inquiry work. And he is entitled to a severance payment of no less than [GRO] if his contract is terminated ie 12 months notice.

Since 2021 Ben has had salary increases in line with the information Ian already sent you ie 5% in 22/23 and 4% in 23/24.

Zdravko: as part of the negotiations to move him from a contractor on a day rate to a permanent position in 2022, there was an agreement that he would be eligible for a project delivery bonus payable in 2024/25. Watson Towers Wyatt informed the Remco that the package for the position of Chief Digital Officer should be [GRO] The proposed salary was [GRO] plus annual bonus and LTIP taking the package to [GRO] but this was not deemed sufficient to land him so there was a proposal (which went through RemCo) to add a deferred bonus of [GRO] (depending on achievement of targets). When Zdravko left earlier this year his position was made redundant, he received normal redundancy terms and did not receive this delivery bonus.

Jeff Smyth: Jeff was appointed Group Chief Information Officer in 2020 and his package was approved by RemCo in July on a salary of [GRO]

Jeff's position was made redundant in November 2021 and he was offered a new role of Enterprise Cloud and Data Transformation Director which was expected to end in 2023. As part of the negotiations, he was given a retention bonus. The Remuneration Committee signed this off at that time as equating to [GRO] salary. The bonus was dependent on either achieving certain objectives or receiving at least a 3 performance rating. In early 2022 Angela Williams wrote him a letter saying that the retention bonus was [GRO] as had been approved). We can't find any documents showing why this changed or what authority Angela was given. Ian came to RemCo in November 2023 to explain that this letter had come to light and we reluctantly agreed we had no option but to abide by it. Nick gave Jeff a 3 performance rating, even though Belfast hadn't been delivered. Nic Marriott did get legal advice to [REDACTED]

As I say, all of this is disappointing but RemCo did on the most part sign everything off, although definitely improvements could be made in construction, execution and performance management.

Best wishes, Amanda

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