

Meeting	OLC Board meeting	Agenda Item No. Paper No.	13 116.10A
Date of meeting	18 October 2021	Time required	15 minutes

Title	Board Effectiveness Update
Sponsor	OLC Chair
Status	OFFICIAL

Executive summary
<p>In September 2020 the OLC Board considered a Board effectiveness update. This update took account of two external pieces of work, namely the main conclusions along with a draft action plan relating to a Board effectiveness review which had been externally facilitated by Ed Nally in March 2019; and the seven relevant recommendations relating to Board effectiveness from an Independent Review completed in October 2019 by Ron Barclay Smith.</p> <p>The paper also included wider reflections and recommendations for action from the OLC Chair including a revised focus and frequency of Board meetings in 21/22; plans for a Strategy Away Day; plans in relation to Board development including a dedicated Board seminar; and the future of Board leads.</p> <p>Since this time the Board has continued to recognise the importance of its own development alongside demonstrating a commitment to improving its Board effectiveness. In particular the Board/ OLC Chair has:</p> <ul style="list-style-type: none"> • Held two externally facilitated half day Board seminars dedicated to Board development. • With the support of the LSB appointed three new Board members and held meaningful and well-received induction sessions. • Revisited and closed the relevant actions from the Independent Review. • Committed to attending Inclusive Leadership training as part of the organisational-wide commitment to EDI. • Carried out a review of its Remuneration and Nominations Committee, resulting in revised Terms of Reference (Included as Appendix 1 in the related paper: Providing RemCom and Board Assurance on People-Related Activity). • Reviewed and updated the membership of all Board Committees. • Appointed a new Board Sponsor for EDI. • Re-established its Performance and Quality Task and Finish Group. <p>For completeness, this update seeks to draw together all relevant progress. This includes revisiting past actions from the previous external and independent reviews (Appendixes 1 and 2); looking at the internal audit report on Corporate Governance and the recommendation it made; along with providing a provisional plan of commitments for the end of 2021 and for 2022 (Appendix 3).</p>
Recommendation/action required
Board is asked to note and discuss the Board effectiveness update.

Board Effectiveness Update

1. Introduction

1.1 In September 2020 the OLC Board considered a Board effectiveness update. This update took account of two external pieces of work, namely the main conclusions along with a draft action plan relating to a Board effectiveness review which had been externally facilitated by Ed Nally in March 2019; and the seven relevant recommendations relating to Board effectiveness from an Independent Review completed in October 2019 by Ron Barclay Smith.

1.2 The paper also included wider reflections and recommendations for action from the OLC Chair including a revised focus and frequency of Board meetings in 21/22; plans for a Strategy Away Day; plans in relation to Board development including a dedicated Board seminar; and the future of Board leads.

1.3 Since this time the Board has continued to recognise the importance of its own development alongside demonstrating a commitment to improving its Board effectiveness. In particular the Board/ OLC Chair has:

- Held two externally facilitated half day Board seminars dedicated to Board development.
- With the support of the LSB appointed three new Board members and held meaningful and well-received induction sessions.
- Revisited and closed the relevant actions from the Independent Review.
- Committed to attending Inclusive Leadership training as part of the organisational-wide commitment to EDI.
- Carried out a review of its Remuneration and Nominations Committee, resulting in revised Terms of Reference (Included as Appendix 1 in the related paper: Providing RemCom and Board Assurance on People-Related Activity).
- Reviewed and updated the membership of all Board Committees.
- Appointed a new Board Sponsor for EDI.
- Re-established its Performance and Quality Task and Finish Group.

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2. GIAA Internal Audit on Corporate Governance

2.1 The GIAA report on Corporate Governance was published in February 2021 but significantly it was based on evidence gathered in 2020. In reviewing the report

ARAC identified that a number of the outstanding recommendations had already been addressed.

2.2 Some aspects of this report speak to the Executive rather than the Board function. For completeness, all four recommendations are included below and should be viewed alongside the Executive update (which was included in the risk assurance paper that went to ARAC in October 2021):

Recommendation	Action update (October 2021)
<p>The Board and executive establish clarity of terminology of the organisation and the scheme between OLC and LeO and ensure that this is communicated to all staff and stakeholders.</p>	<p>Terminology is now consistently used in corporate publications – such as the Annual Report and Business Plan – and the working style has been updated to avoid misleading or confusing use of ‘we’.</p> <p>This has also been raised with the MoJ in the context of the review of the Tripartite protocol and the OLC MoJ Framework document (both of which are due to be reviewed again this year).</p> <p>Further consideration is needed and will be revisited with the revised Communications function (following the review being carried out by the Chief Ombudsman).</p>
<p>Documented governance frameworks should be amended to include:</p> <ul style="list-style-type: none"> • A timetable for submission of management information/papers, including chase mechanisms for late papers; and • A quality review/assurance of the management information/papers prior to presentation at the Board/committee meeting. 	<p>Executive responsibility: Timetables and quality reviews have now been established.</p>
<p>The frequency and scheduling of each Board/committee meetings should be reviewed to ensure it provides for appropriate reporting to and from the Board.</p>	<p>In the September 2020 Board effectiveness update, the focus and frequency of Board meetings in 19/20 was highlighted and questioned, including that 10 meetings had been held and that 2 of these had been ad hoc and unplanned. A schedule of 7 core meetings was introduced for 2021 supplemented by a strategy away day</p>

	<p>and Board development seminar. It was also agreed that the morning of Board meetings should focus on performance review and scrutiny; that in the afternoon the Board would have a session experiencing LeO (this might be a session on the customer journey, a session with a LeO staff group – such as LeO’s BAME Network; or a session on the quality of LeO’s services).</p> <p>For 2022, a schedule of 7 Board meetings has been agreed along with up to 3 Board workshops or seminars.</p>
<p>A formal review of all issues, recommendations and planned actions to enhance Board effectiveness is undertaken to:</p> <ul style="list-style-type: none"> • Establish all outstanding actions; • Document all actions to be taken by named action owners by target dates; and • Report the progress of all issues, recommendations and planned actions. 	<p>This was carried out as part of the September 2020 Board effectiveness update. A further update is now included in Annexes Two and Three of this paper.</p>

3. Board development seminars

3.1 Two seminars focusing on Board development needs were run in 2021. The first was held in February and was informed by issues identified by the Chair and on the basis of the outcome of some of the Board appraisals and annual reviews carried out in the same month. February’s Board development session considered:

Collegiate working and Collective decision-making

Including:

- Moving beyond personal opinion; reaching conclusions and making a group decision.
- The risk of making statements that put you outside the group; the use of protective defence mechanism.

Board behaviour and self-discipline

Including:

- Discipline of not repeating each other’s points and recognising not everyone needs to speak; staying focused and building on each other.
- Re-establishing trust with the Executive (sharing questions in advance).
- Re-establishing the balance between executive and non-executive.

Importance of getting to know each other.

Including:

- Understanding, valuing and respecting the different perspectives around the table.
- Supporting the move from individual to group effectiveness.

3.2 The second development seminar was held in September 2021 and, in the light of being joined by three new Board members, focused on how the Board works together as a single unit; along with what this means for how collective decisions are made. September's Board development session considered:

Taking stock

Including:

- How members see OLC's challenges as a Board
- Taking into account past experiences
- Anticipating what needs to change in the future

Assessing the Board's performance in a year's time

Including

- Identifying and agreeing the key traits /behaviours/practices that will define excellence as a Board.
- Assessing the type of Board members want to be part of.

3.3 Both sessions were externally facilitated by Campbell Tickell, a management and recruitment consultancy focusing primarily on the public and not-for-profit sectors. Working with an external facilitator brought valuable expertise and objectivity.

3.4 2022 dates have now been circulated and include dates for possible Board seminars or workshops in February, July and September. Further consideration will be given nearer the time to the focus and form of these meetings, reflecting on Board development needs.

4. Board effectiveness review

4.1 Best practice suggests that Board's carry out an externally delivered Board effectiveness review every three years. The OLC last carried out such a review at the end of 2018, considering Ed Nally's report in March 2019.

4.2 Key issues identified by this Review included in relation to refreshing Board skills; improving strategic focus; and stakeholder engagement. Some of these actions relate to the specific circumstances of 2019/20. Nonetheless updates have been provided in Appendix 2 for completeness, reflecting current progress and using the questions to inform a useful process of self-evaluation.

4.3 In keeping with best practice the Board will carry out an externally commissioned Board effectiveness review in the first half of 2022 (see Appendix 3).

5. Review of the Remuneration and Nominations Committee

5.1 During September and with the assistance of the Chair of the Remunerations and Nominations Committee (RemCo), time has been spent answering the question: 'What assurance does the Board need about LeO's people?'. This has provided an opportunity to reflect on what information is required by the Board alongside what information is best reviewed and assured by a revised RemCo

5.2 As a result of this review an updated Terms of Reference for the Committee has been developed. This is included as Appendix 1 in the Board paper entitled: Providing RemCo and Board Assurance on People-related activity). The Board is asked to approve this. The Terms of Reference are based on a more focused and tighter remit for the Committee and one that avoids any duplication between what the Committee sees and what the Board needs to see. This further recognises the need for reports to the Board on people-related issues to be more holistic and directly linked to the impact on performance outcomes.

6. Board Committees and membership

6.1 Membership of the Board Committees has now been revisited to ensure best use is being made of the NEM skillset and experiences. In keeping with the needs of the current Budget and Business Planning process, the role of the Performance and Quality Task and Finish Group has also been revisited and its membership refreshed.

6.2 Membership is now as follows:

Committee or Group	Chair	Members
Audit and Risk Committee	Harindra Punchihewa	Annette Lovell Alison Sansome Martin Spencer
Remuneration Committee	Jane Martin	Elisabeth Bellamy Alison Sansome
Performance and Quality Task and Finish Group	Martin Spencer	Elisabeth Bellamy Annette Lovell Dale Simon

6.3 In addition, Dale Simon has been appointed as the new EDI Board Sponsor and is currently following up with LeO's EDI Manager. The Board will be receiving EDI updates at it December and January meetings.

Appendix 1: Independent Review

The outstanding actions from the Independent Review were all considered at the May 2021 Board meeting. All were closed on the basis that they now form part of Business as Usual (BAU) agreed policies systems and governance; or they form one of the projects and workstreams within the People Plan. Particular attention was paid to those actions relating to the Board effectiveness and relevant updates are included in the table below:

Issue and recommendation	Update from September 2020	Update and closure agreed by OLC Board in May 2021; additional updates from September 2021
<p>Issue: The target-driven issue is caused by senior management's unrealistic promises to the Board.</p> <p>Recommendation: It may be helpful for Board members to spend time shadowing investigators on a regular (annual?) basis to better understand the business of LeO and its dynamics.</p>	<p>The Quality and Performance Task and Finish Group is now well established and making good progress on delivering its five stage work programme including issues of understanding the model construct and activities associated with improvement and building confidence.</p> <p>Induction package is currently being reviewed and in advance of new NEM and Chair of ARAC starting. This will include opportunities for shadowing which will then be offered to the wider Board.</p>	<p>Board Secretary has included an action on the Board action log for the Board to consider shadowing investigators on a regular basis to better understand the business of LeO and its dynamics in line with the Independent review recommendation. This will be revisited when plans for return to the office work environment have been clarified.</p> <p>Revised induction programme has now been established for three new Board members who joined in 2021. Induction events were also opened up to longer standing Board members.</p> <p>Considerable time has been spent on revisiting what performance information should be reviewed by the Board at each meeting, along with reporting in between. In particular, the Board see the commonly agreed dataset every month and this is increasingly used to inform Board reporting.</p> <p>The Performance and Quality Task and Finish Group has also been revisited and its first meeting focused on: Assessment of Business Plan assumptions; confidence levels on assumptions; timescales for below the line activities contributing to performance</p>

		improvement; and counting customer outcomes differently.
<p>Issue: Flaws in setting the 8,000 case target.</p> <p>Recommendation: As a principle of good governance, I strongly suggest that the Board satisfies itself that ARAC is maintaining active oversight of the rolling list of GIAA management recommendations so that management can be held to account for variances and that the Board, ultimately, is assured that the appropriate actions are being taken by management.</p>	<p>Integrity of target setting is addressed by the Quality and Performance Task and Finish Group.</p> <p>ARAC now reviews a summary of progress against GIAA management recommendations at every meeting.</p>	Completed.
<p>Issue: Harassment of staff to complete or close overdue cases.</p> <p>Recommendation: The Board may wish to consider the introduction of a CONDOR* system to allow reporting of harassment incidents to the Board. *Condor = Confidential Direct Occurrence Reporting System</p>	Further consideration will be given to the CONDOR system by the new interim Head of OD.	It was agreed that that there were already appropriate procedures and policies in place for staff to confidentially report concerns about harassment and this recommendation should be closed.
<p>Issue: Falsification of information presented to the Board by senior management.</p> <p>Recommendation: If the Board believes that a risk of information</p>	Confidence in information on forecasting addressed by the Quality and Performance Task and Finish Group.	The Performance and Quality Task and Finish Group has also been revisited and its first meeting focused on: Assessment of Business Plan assumptions; confidence levels on assumptions; timescales for below the line activities contributing to performance

<p>falsification remains, the best way to achieve assurance would be to ask the GIAA to conduct a further review of Board reporting.</p>		<p>improvement; and counting customer outcomes differently.</p>
<p>Issue: Management appointments and promotion. Lack of diversity at management level.</p> <p>Recommendation: The Board should regularly review the relevant data, for example, applicants' ethnicity data should be reviewed against the same data for those who are successful in their applications.</p>	<p>In July 2020 the Board heard directly from LeO's BAME Network. The OLC Chair has shared and discussed with the Network possible follow up actions, feeding back to the Executive team.</p> <p>BAME Network have been involved in CO recruitment process; clear expectations will be set with new CO around commitment to EDI.</p>	<p>LeO has appointed an EDI Manager who shared their priorities with the Board in July 2021. The are reviewing what EDI data will be regularly shared with the Board and will be reporting back at Board meetings in December 2021 and January 2022.</p>
<p>Issue: Whether effective sick absence and wellbeing policies are embedded and whether these operate in a fair, reasonable and consistent manner.</p> <p>Recommendation: The Board may wish to consider the appointment of a non-executive Board member as LeO's 'Whistleblowing Champion'.</p>	<p>Effectiveness of sickness policies will be reviewed by the Interim Head of OD.</p> <p>Board lead role for Whistleblowing previously in place. OLC Chair giving consideration to this as part of new approach to Board sponsor roles.</p>	<p>Having considered the recommendation to consider the appointment of a non executive Board member as LeO's Whistleblowing Champion and it was agreed that such an appointment would not be appropriate and that this recommendation should be closed.</p>

<p>Issue: Reporting to the Board on performance.</p> <p>Recommendation: Reinstate the Board quarterly reports that include a more formal summary of achievements, outcomes and contribution against the organisation's wider strategic objectives from each of the supporting committees.</p>	<p>Work on commonly agreed dataset and revised KPIs will be considered by the Board in September; Board will have the opportunity to then consider whether the proposed monthly reporting will give it what is required.</p>	<p>Having considered the recommendation that the Board should re-instate quarterly reports that include a more formal summary of achievements, outcomes and contribution against the organisation's wider strategic objectives from each of the supporting committees, it was agreed that sufficient performance reporting was now in place and the Board was content for this action to be closed.</p> <p>Considerable time has been spent on revisiting what performance information should be reviewed by the Board at each meeting, along with reporting in between. In particular, the Board sees the commonly agreed dataset every month and this is increasingly used to inform Board reporting.</p>
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Appendix 2: Updated action plan from Ed Nally Review

Some of these actions relate to the specific circumstances of 2019/20. Nonetheless updates have been provided, reflecting current progress and for completeness, and using the questions to inform a useful process of self-evaluation.

Action	Responsibility	Timescale	October 2021 Update
Refreshing Board skills			
Develop annual Board development plan including collective Board development activities.	OLC Chair	Completed	Board development plan developed and implemented in 2021. Plans well progressed for maintaining momentum and focus in 2022. Board development needs for 2022 will be drawn out from annual Board reviews in February 2022 and through the annual Board effectiveness review.
Provide the two new NEDs joining in April 2019 with a quarterly check in conversation during their first year.	Chair/Board Secretary	Completed	Revised induction programme has now been established for three new Board members who joined in 2021. Board skills audit completed in July 2020 to inform this.

<p>Develop a programme of more informal work for the Board to build a more collegial feel.</p>	<p>Chair/Board Secretary</p>	<p>Completed</p>	<p>Both Board development seminars held in 2021 included sessions on the importance of getting to know each other.</p> <p>September's Board seminar took place in person. This was preceded by an informal Board dinner for those in Birmingham the evening before.</p>
<p>Improving strategic focus</p>			
<p>Allocate more time to strategy in Board forward programme, in particular to ensure the programme includes regular, clear time for dealing with significant strategic issues, including more frequent strategy workshop sessions/away days in the Board programme.</p>	<p>OLC Chair/Chief Ombudsman</p>	<p>Completed</p>	<p>Dedicated Board strategy seminar held in July 2021 and repeat session scheduled for 2022.</p> <p>2021 session had four objectives for the Executive and Board:</p> <ul style="list-style-type: none"> • To understand what type of Ombudsman scheme the Legal Ombudsman wants to be; to start to articulate what needs to change in order to be this type of scheme. • To consider the key strategic issues and choices facing the scheme and help lay the ground for the development of the OLC's 2022/23 Business Plan. • To understand the context the Legal Ombudsman scheme is operating within, reflecting on changes within the wider regulatory, Ombuds and legal services environment. • To provide the Board and the Executive Team with the opportunity to come together, reflecting on current joint working

			relationships and identify options for enhancing this in the next year.
Private Board NED sessions to include consideration of duplication and assessment of quality of strategic narrative with a view to providing constructive feedback to the new executive team.	OLC Chair	Completed	Executive Team has since been restructured by new Chief Ombudsman. Quality of papers is consistently reviewed and is improving with clearer asks from the Board around what is required to provide it with an appropriate level of assurance.
Stakeholder engagement			
Achieve greater clarity about OLC stakeholders and targeted approaches to managing stakeholders by providing a bi-annual update on progress against the new stakeholder analysis/engagement strategy.	OLC Chair/Chief Ombudsman	Completed	A new Challenge and Advisory Group has been established in 21/22 and in keeping with Business Plan priorities to be more open and honest with stakeholders, along with a commitment to enhanced public accountability. Regular stakeholder communications are now sent by the Chair and the Chief Ombudsman on a regular/quarterly basis to all stakeholders and written communications are supplemented by an active meeting schedule.
Use Board slots to invite stakeholders for strategic conversations, and develop a programme of such conversations that include the regulated communities.	OLC Chair/Chief Ombudsman	Ongoing	Whilst more engagement has taken place with stakeholders – and this has included Board member engagement in a meeting with the BSB Board – this has not yet included actively inviting stakeholders into the OLC Board meeting. Further consideration will be given to this including the best use of Board time in a Board meeting. The LSB was invited to the strategy seminar to provide a session on changes in regulation and responding to legal need.

Ensure NEDs are aware of opportunities to join the Chair at stakeholder meetings.	OLC Chair	Ongoing	<p>This was discussed at September's Board seminar where the Board agreed that this should be based on need and clear added value.</p> <p>The OLC Chair ensures an update on stakeholder meetings is included in the end of week update to Board members along with an indication of any key meetings coming up. An OLC member joined the OLC Chair for September's meeting with the BSB.</p>
Performance management			
Enhance reporting of forecast performance to the Board, and invest in improving the presentation of performance data to enhance strategic performance conversations at Board.	Chief Ombudsman and Chief Operating Officer	Ongoing	<p>Considerable time has been spent on revisiting what performance information should be reviewed by the Board at each meeting, along with reporting in between. In particular, the Board see the commonly agreed dataset every month and this is increasingly used to inform Board reporting.</p> <p>The Performance and Quality Task and Finish Group has also been revisited and its first meeting focused on: Assessment of Business Plan assumptions; confidence levels on assumptions; timescales for below the line activities contributing to performance improvement; and counting customer outcomes differently.</p>
Operation of the Board			
Develop a SharePoint site or Board portal for the management and distribution of papers and cease sending papers to	Board Secretary	Completed	The secure sharepoint site is now up and running for both Board and Committee papers and no hard copies are shared with Board members.

NEDs who are happy to work with soft copies.			
Structural assurance			
RemCo should consider the operation of the new structure in Q2/Q3 and report back to Board, with ARAC input about its assurance on the management of strategic risks and internal control more generally.	Chief Ombudsman/Chair of ARAC	Completed	With the support of a new Risk Manager and the Chair of ARAC detailed consideration has been given to strategic risk reporting to both ARAC and the Board. This was informed by a Strategic Risk Workshop held with the Board in May 2021.

Appendix 3: Provisional Board development and effectiveness plans from Autumn 2021

Month	Activity
November 2021	Inclusive Leadership Training (provisional timing at this stage)
December 2021	
January 2022	Annual performance reviews of all OLC Board members
February 2022	Board workshops
March 2022	Annual Board Committee effectiveness reviews Externally commissioned Board effectiveness review (starts)
April 2022	
May 2022	
June 2022	Refresh of skills audit (last completed in July 2020)
July 2022	Board seminar
August 2022	
September 2022	Board seminar
October 2022	
November 2022	
December 2022	