

<i>Meeting</i>	OLC	<i>Agenda Item No.</i>	4
		<i>Paper No.</i>	93.3
<i>Date of meeting</i>	28 January 2019	<i>Time required</i>	15 Minutes

<i>Title</i>	Executive Report
<i>Sponsor</i>	Rob Powell, Chief Executive and Rebecca Marsh, Chief Ombudsman
<i>Status</i>	OFFICIAL
<i>To be communicated to:</i>	Members and those in attendance

Executive summary
<p>This paper updates Board on key issues arising since the December Board meeting.</p> <p>Quarterly performance and finance updates, including KPI tolerances, are covered in separate items on today's Board agenda.</p> <p>This paper provides a consolidated executive view, comprising separate reports from the CEO and Chief Ombudsman, supported by a summary of our meetings with key stakeholders, as set out in Appendix 1.</p> <p>A short update on the civil service staff survey results appears in Appendix 2.</p> <p>Appendix 3 provides an update on CMC transfer from the OLC to the Financial Ombudsman.</p>
Recommendation/action required
Board is asked to NOTE the issues highlighted in the paper.

28 January 2019

Chief Executive and Chief Ombudsman executive report

1. Activity on Chief Ombudsman priorities

The Chief Ombudsman's focus continues to be on operational delivery and quality, whilst ensuring we are preparing effectively for the coming year:

- Workload management has been rolled out, along with weekly case progression reviews. Team Leaders now supporting investigators in adapting to a way of working that calls for structured planning and progression.
- Along with workload management, forecasting has developed further - investigators are now actively providing commitments on a forward basis, supporting our capacity to provide accurate workflow forecasts.
- Preparations for development and rolling out of the quality and feedback model are underway, supporting the development of a high-performance culture.
- Full implementation of the revised front-end process, with correct staffing levels has resulted in the backlog of enquiries cleared and the service levels operating in line with good practice. Further refinement of the front end of the business to ensure key data is added to files at the earliest stages in order to save on investigator time.
- We were accepted as members of the Institute for Customer Service and amongst other benefits, will gain the insight from benchmarking our service provision.
- Whilst we are actively progressing legacy cases, the impact of delays and historic poor communication on quality is clearly evident from the customer feedback and service complaints data.
- We have refined the service complaints process and have a dedicated resource, ensuring we are capturing all expressions of concern or dissatisfaction, dealing with them in a timely and effective way as early as possible and capturing all the learning.

2. External affairs update

Appendix 1 summarises stakeholder meetings since the last OLC meeting. Wider stakeholder issues appear in the separate horizon scan paper. Key activity included:

- publication of the business plan consultation on 14 December, and discussions with key stakeholders, including staff, scheduled to support the consultation;
- the OLC Chair and Head Ombudsman (Operations Transformation) both spoke on price transparency at the SRA's COLP and COFA conference; our updated guidance on price transparency will be published in the next month;
- provided a well-attended professional learning course for the legal profession, and prepared three new guidance publications due for release in Q4;

- published the CMC scheme rule changes consultation on 2 January;
- continuing work with the SRA on their *Looking to the Future* reforms;

3. CMC transfer

Work on CMC transfer to FOS has progressed as set out in **Appendix 3**. The transfer agreement is being discussed by the parties - we will seek OLC approval as soon as detailed comments have been addressed. Data transfer work is underway and is being led by FOS. Staff consultation underway and final decisions are due by 21 January.

A stakeholder event on 11th February for claims management companies. The event is being attended by FOS and the FCA and will be an opportunity to engage stakeholders about how the jurisdiction will be transferred and the impact for providers.

4. IT update

There has been one outage since the last Board meeting. On 31 December our telephony system was unavailable and impacted our phone lines for just over an hour. This was a UK-wide issue affecting all West's customers.

Following successful introduction of the Customer Assessment Tool we are now working on a similar process to help filter incoming calls using interactive voice response.

Preparations for the mandatory CRM Dynamics upgrade have progressed well. Once the change freeze is lifted, work will commence on outstanding CMS enhancements previously de-scoped.

All remaining open CMS1 cases have now been transferred to CMS2 and all staff are now using CMS2. Preparations continue for decommissioning CMS1 in early April, following the work being done on the CMC data transfer for FOS.

We have engaged an expert provider to carry out independent penetration testing on much of our IT infrastructure, excluding Azure, which will be separately tested following the Azure rationalisation that Version 1 is currently undertaking.

Scoping work has started for three projects that will deliver next financial year – better records and information management (BRIM), a refreshed and re-platformed website, and some digital/online improvements similar to CAT. Management Team is also having a workshop on artificial intelligence in February so that potential projects can be scoped during 2019/20 for delivery in 2020/21.

5. HR update

Senior management structure

Significant work has taken place on a revised senior structure implementing the MoJ Tailored Review recommendation - a verbal update will be provided. An internal campaign has appointed a Head Ombudsman – Operational Transformation and Impact.

Significant casework, sickness and turnover

The December annual sickness rate was 4.3%, a similar level to previous months and above the comparable period last year. Long-term sickness remains high at 2.8%. Annual voluntary turnover for December was 16.4%, a decrease on previous months.

The team continues to focus on actively supporting performance improvement and there is a very significant caseload including three grievances.

Recruitment

Campaigns are active to find a new HR Business Partner and two roles in finance. We are planning a major Investigator campaign partnering with Network Public Sector and using a new selection and testing approach. New starters should arrive in March 2019.

Equality and diversity

The race action plan and our BAME network were launched in December.

Learning and development

In December, Courageous Conversations master classes were delivered to new and development team leaders and received excellent feedback. A leadership development coach continues to work Operations Managers and development team leaders. We are designing a development programme for our General Enquiries Team, on soft skills, communication and some core investigation skills to support progression.

Staff engagement and well-being

We have submitted evidence for the MIND well-being index survey. The outcome is due in March. Staff engagement remains a key issue. Following discussion with RemCo, and a request to share a summary with Board of our priorities to respond to staff feedback, an outline appears at **Appendix 2**.

Our breaks guidance was launched in December and will be supported with events on smoking cessation and better eating, back care and financial wellbeing. Following positive feedback further mindfulness sessions start in January.

6. Legal update

We have circulated a legal update separately under legal privilege.

Appendix 1 – list of key external meetings and events

Date	Meeting	Scope/key issues
11/12/2018	CEO regular telephone meeting with LSB CEO	Performance, respective 2019-20 business plan consultations, SRA handbook changes, Modernising LeO, scheme rules review, CMC transition and senior structures update.
12/12/2018	CEO meeting FOS staff attending the LeO offices to speak to CMC staff	A general introduction and stocktake on progress with people elements of transition.
13/12/2018	CEO meeting Methods, a company leading scoping workshops on Artificial Intelligence and machine learning	Strategic opportunities to exploit artificial intelligence and machine learning to inform a Management Team workshop in February.
20/12/2018	CEO telephone meeting with Amelia Wright, MoJ Deputy Director, International and Legal Services	General catch-up on policy and stakeholder landscape, including implications of exiting the European Union.
03/01/2019	2019-20 audit planning meeting with Chris Davis and Heather Johnson of the Government Internal Audit Agency	Options and priorities for the 2019-20 internal audit plan.
17/01/2019	CEO attending MoJ Single Departmental Plan engagement session	To ensure the work and outcomes of MoJ's ALBs are fully reflected in the updated Single Departmental Plan.
18/01/2019	Chief Ombudsman meeting with Duncan Wiggetts - ICAEW	Introductory meeting.

Appendix 2 – Staff survey response

The table below sets out the key issues arising from the 2018 civil service staff survey results at LeO. These are priority issues, which are accompanied by priority actions.

The actions will be agreed with Management Team, with consultation with the Staff Council. A small group of staff will be created to drive implementation of the action plan, reporting to the Staff Council and CEO.

Key issue	Proposed approach	Responsibility/timescale
Leadership and change management – constant, overwhelming and poorly communicated volume of change Lack of engagement, lack of consultation in decisions/direction and poor morale	1. Visible leadership: The CEO has challenged Management Team members to reflect on the extent to which they are demonstrating leadership rather than management, and their visibility. This is to include one Management Team member sitting on first floor every day, and all members to prioritise visible and high quality leadership and engagement.	CEO - Q4 2019-20 Ongoing – Chief Ombudsman
	2. Develop more effective communications and engagement channels: a. WLT re-purposing to engender stronger engagement, ownership and leadership from members b. Repurpose LeO Live	a) Kim Wallaard (Q4 19-20) b) CEO (proposals agreed end March '19)
	3. Develop regular 'you said, we did' communications about the survey results	External Affairs Team Leader (March 2019)
	4. Change management approach: develop specific documented approach to management of change – communication protocols for formal changes, engagement and channels; improve engagement of staff in shaping proposals, and be much better at explaining and evidencing the rationale for change, intended benefits and implications for staff	Corporate Planning and Programmes Manager (March 2019)
	5. Build feedback culture: Procure L&D interventions for Q2 2019-20 for all staff and specific sessions for line managers on giving and receiving feedback in a coaching culture.	Head of HR (April '19)
	6. Big picture and objectives:	a) CEO/CO - January 2019 b) CO – April 2019

Key issue	Proposed approach	Responsibility/timescale
	<ul style="list-style-type: none"> a. use 2019-20 business planning consultation sessions with staff to communicate the big picture for LeO and explain basis for workload targets and other key strategic issues; and b. engage operational staff on much simplified objectives. 	
Bullying, discrimination and harassment	<ul style="list-style-type: none"> 1. Issue zero tolerance policy statement in early New Year confirming LeO policy, using the ACAS definition and reminding staff of routes (formal and informal) through which to raise concerns. 2. Mandatory training in Q1 2019-20 for all staff on bullying, discrimination and harassment and include in all subsequent induction programmes. 	Statement - CEO (January '19) Training – Head of HR (March '19)
Variable results and specific staff groups	<ul style="list-style-type: none"> 1. HR to hold specific sessions with L2 Ombudsman, Operations Managers and Team Leaders to better understand the key issues to inform a specific plan to re-engage this critical group of staff. 	Head of HR (session January 2019, plan February 2019)
Employee Value Proposition	<ul style="list-style-type: none"> 1. Undertake scoping of potential enhancement of EVP covering recruitment and retention, including progression and career development pathways. 	Head of HR (June 2019)
Learning and development	<ul style="list-style-type: none"> 1. Develop and communicate clear learning and development offer for 2019-20, drawing on and aligned with the finalised LeO pathways document; and 2. Revise performance appraisal system to support effective staff development and delivery in 2019-20. 	<ul style="list-style-type: none"> 1. Head Ombudsman (Ops Transformation) and Head of HR (March 2019) 2. Head of HR (March 2019)

Appendix 3 – Update on claims management companies transfer from the OLC to the Financial Ombudsman Service

1. Introduction


- 1.1 This report provides an update on the project dealing with the statutory transfer of CMC complaints from the OLC to the Financial Ombudsman Service (FOS).

2. Legislative Process

- 2.1. The Financial Guidance and Claims Act will transfer the regulation of Claims Management Companies from the Claims Management Regulator to the Financial Conduct Authority. As part of this transfer, second tier complaint handling will move from LeO to FOS. The date of transfer is assumed to be Monday 1 April 2019.
- 2.2. A Statutory Instrument required to effect the transfer was approved by Parliament in November 2018.

3. OLC to FOS Transfer – update on key issues

- 3.1. **Data transfer:** All live and closed complaints will be transferred to FOS regardless of the status of the investigation at the time. LeO will transfer approximately 7,000 complaint files to FOS. The data transfer work has commenced and is being undertaken by Version 1. This work is due to be completed by mid-March 2019, ahead of all data being transferred on or shortly after 1 April 2019.
- 3.2. **Transfer Costs:** All previous issues with the transfer costs have now been resolved and a costs solution has been agreed. As a result, the work on both the transfer scheme and the data transfer are underway.
- 3.3. **Transfer Scheme:** The OLC is required to write the transfer scheme which will formally set out how the move from the OLC to FOS will happen. This needs to be approved by FOS, the FCA and the MoJ. The scheme is being written in consultation with these parties to make this process as smooth as possible.
- 3.4. At the time of writing the transfer scheme has been circulated and a telephone conference is scheduled for 18 January for all parties to agree the final version. Subject to final comments, we intend to circulate the final agreed version to OLC Board members as a late paper for approval on 28 January. If this proves



impossible due to third party comments, we will circulate the scheme after January Board. Once approved, the final approval from all other parties will be sought.

- 3.5. **CMC Staff:** FOS have confirmed that CMC complaints will be dealt with from their new Coventry office. They have provided the affected CMC staff with the necessary information about their (role dependent) options, and a consultation period is underway. This is scheduled to finish on 21 January 2019 and LeO should then have an understanding of what the affected staff are looking to do and the impact of this on legal staffing in 2019-20.