

<i>Meeting</i>	OLC	<i>Agenda Item No.</i> <i>Paper No.</i>	7 87.5
<i>Date of meeting</i>	23 April 2018	<i>Time required</i>	30 minutes

<i>Title</i>	Quarterly strategic update
<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 provides Board with an overarching commentary on the Legal Ombudsman's progress against the strategy at the end of Q4. It covers performance against the 2017-18 business plan, strategic risks, and performance. It also highlights key developments in the external environment.</p> <p>Appendix 1 summarises the key strategic risks, progress against this year's business plan and Q4 performance against the balanced scorecard.</p> <p>Appendix 2 is the more detailed quarterly operational performance paper.</p>
Recommendation/action required
Board is asked to NOTE the issues highlighted in the paper.

23 April 2018

Quarterly strategic update

1. Overview

This quarter has seen significant progress through investment in new processes, a more flexible staffing model and successful implementation of new Cloud-based IT infrastructure and telephony which addressed historical weaknesses. A new case management system is due to go live in mid-April.

During Q4 the organisation has been fully extended with business as usual alongside the final stages of Phase 1 of Modernising LeO. Along with the impact of high operational turnover in Q3 and increasing demand, operational performance has been very poor.

In Q4, an increased budget for 2018-19 was approved, and significant recruitment has taken place. Our forecast trajectory for improvement, drawing from the new forecasting model rolled out in Q4, shows we will need the 2018-19 financial year to conclude the backlog of unallocated cases and achieve sustainable performance against new KPIs.

The 2018-19 business plan has now been published and our priorities communicated to staff. We will focus the business on sustainable improvement in performance, and are aligning staff objectives with building and maintaining trust and confidence in LeO.

The organisation has also responded well to the focus and priorities of the new Chief Ombudsman, who has emphasised the primary importance of quality and the importance of timeliness in delivering a quality service. Improving performance and delivering the commitments in our business plan and KPI framework is the absolute priority for 2018-19.

2. The strategic environment

A number of issues in our own and other sectors have highlighted the criticality of building and maintaining trust and confidence. Objectives for 2018-19 for all staff will be framed around building and maintaining trust and confidence in the Legal Ombudsman. In particular, the following issues are worth noting:

1. **Ombudsman sector:** The Dispatches programme on the Financial Ombudsman Service has triggered an internal review. The External Affairs team is considering how we can work with the Ombudsman Association to address issues raised, while the Chief Ombudsman is leading a review of any lessons for LeO.
2. **Ministry of Justice and ALBs:** Within the Ministry of Justice, the Worboys case has raised a number of questions about the role and independence of the Parole Board, while the Secret Barrister's chronicling of issues in the court system, including the impact of budget reductions, has become an unexpected best-seller.

3. **Legal Services Board:** This quarter, there have been a number of discussions with the LSB about the OLC's voluntary assurance letter about the Legal Ombudsman's performance. In addition, we do not expect to know the new Chair's identity until the summer.
4. **Data protection:** Elsewhere, there has been significant damage to trust and confidence in Facebook as a result of Cambridge Analytica and its use of personal data, which also highlights the importance of GDPR implementation from 18 May; although LeO is well-prepared, and will discuss progress at April ARAC, the need to replace the current Data Protection Officer is a key imperative.
5. **Political landscape:** Brexit continues to dominate. Although concerns remain about how the UK's legal market will be impacted by Brexit, there were 514 applications to the SRA to open new firms in 2017 (5% of the current market).
6. **CMC transition:** working with other affected organisations, a project group is considering legal, financial, staffing and policy issues. Our CMC staff have been briefed about the latest position and the implications for them. We will work with regulators to assess the potential impact on our volumes if CMCs decide to become ABSs under legal regulators.
7. **Regulatory changes:** the table below summarises the potential impact of a number of changes on LeO.

<i>Change</i>	<i>Potential impact for LeO</i>
The SRA is considering responses to a consultation which includes allowing freelance solicitors to work from unregulated practices.	Signposting, jurisdictional and enforcement issues, possible consumer confusion and long-term reputational risk.
The SRA is consulting on reducing eligibility for its Compensation Fund to those with net assets over £250,000 and reducing minimum Professional Indemnity Insurance cover requirements.	May reduce scope for consumers to gain redress.
ICAEW is judicially reviewing the Lord Chancellor's decision to reject its application to become a regulator and licensing authority for the remaining five reserved legal activities (aside from probate).	Minimal impact on complaint volumes.
CILEx Regulation has an ABS licensing authority application pending - any new models are likely to take effect from 2019.	Minimal impact on complaint volumes
A review of the regulation of legal services in Scotland is underway and the Chief Ombudsman is contributing to this. The review is considering whether an ombudsman scheme should be introduced. The Law Society of Scotland wants to become a cross-border regulator to improve its offering post-Brexit.	Possible implications for our jurisdiction.

3. Progress against the business plan

Appendix 1 shows continued progress against business plan deliverables. Over the year, delivery of the key items in the business plan has been strong despite ongoing poor performance against KPIs. This position reflects the investment in modernisation and the extent to which our ambitious business plan has allowed us to put key building blocks in place for the future.

47% of business plan deliverables have been completed; a further 24% have green status, all but one of which are rolling or ongoing commitments. 6% have been de-scoped. 18% are amber (any slippage or change of scope can be managed within a reasonable tolerance). Only two (4%) have a red status and relate to relationship management, which was put on hold to prioritise current workloads, and the review of the quality framework which has been postponed until 2018-19 to give the new Chief Ombudsman the time to direct this given its priority in our 2018-19 business plan.

4. Performance

Appendix 2 provides a full quarterly update on operational performance. The low level of closures has led to unit cost being higher than budgeted in spite of an overall budget underspend. This will be offset by the reduction in unit cost in 2018-19 as we will close a much higher number of cases. Investigator turnover has fallen, and sickness absence is also falling.

5. Risk

At present 7 of our 12 strategic risks are stable relative to Q3. Four are currently at target – response to the external environment, IT, business continuity and finance- are currently at target. Current risk has reduced for 3 risks. The operational resource risk has reduced as a result of recent recruitment and approval of our 2018-19 budget. Two risks have increased, data security and quality of service:

- **Quality risk** has increased due to current workloads, waiting times and deteriorating timeliness performance; these factors are likely to impact customer satisfaction, quality and service complaints until performance stabilises and our trajectory starts to improve as our additional resources start to make an impact; and
- **Data security risk** has increased solely as a result of the resignation of our Data Protection Officer; until a temporary replacement is secured while we recruit permanently, risks in this area are higher.

Appendix 1

Q4 2017-18 business plan update to the Board

Summary of strategy risks – Q4

SUMMARY POSITION	Owner	Risk appetite	Current risk (IxL)	Target risk (IxL)	Trend (vs Q3)	Commentary
Credibility – scheme loses credibility (challenge, service failure)	RM	Minimalist	12 (3x4)	6 (3x2)	➡	Continued positive stakeholder engagement and communications. Current performance, workloads and service complaints increased current risk score in Q3. Departure of Communications Officer and scrutiny of ombudsman following Dispatches programme.
Demand – delivery of scheme compromised by unplanned changes in demand	ST	Cautious	12 (3x4)	6 (3x2)	➡	Increasing case volumes/complexity. Operational forecasting tool in use. Pilots helping respond to increasing demand. Staffing changes have increased flexibility.
Operational resource – insufficient human resources to deliver scheme effectively	ST	Cautious	8 (4x2)	6 (3x2)	⬇	Demand/case complexity, turnover/reallocations have stabilised in Q4 and at the same time significant recruitment has taken place, hence risk reducing. Over-recruitment continues and further recruitment of Pool Ombudsmen is planned. Workload and case holdings being managed to improve throughput/efficiency.
Failure to provide consistently high quality of service	ST	Open	12 (3x4)	6 (3x2)	⬆	Increased demand/case holdings has impacted quality, customer satisfaction and service complaints. Likelihood of quality issues higher due to unallocated cases and wait times, which will increase service complaints and customer satisfaction. Case holdings reduced to improve quality/throughput. Dedicated Senior Ombudsman co-ordinates feedback about quality and from Service Improvement Group.
Failure of the scheme to respond effectively to the external environment and feed back to providers	RM	Open	6 (3x2)	6 (3x2)	➡	Monitoring Financial Guidance and Claims Bill. Published response to CMA report. Reworking external affairs strategy and introducing monthly horizon scan. Working with SRA on joint research.
Failure to maximise the impact of our work for the benefit of consumers or providers	RM	Cautious	9 (3x3)	6 (3x2)	➡	Implemented SRA working group for joint consumer guide. Professional training delivered to plan. Impact studies planned within research programme.
Information technology does not function effectively	NG (RP)	Open	6 (3x2)	6 (3x2)	⬇	CMS Phase 2 development and testing in final stages and telephony rolled out. Single points of failure and absence/phased return of Head of IT increased risk in but this has reduced in Q4 as a result of the scale of progress in January and February.
Business continuity failure over extended period	RP	Minimalist	4 (4x1)	4 (4x1)	➡	New BCP approved at May ARAC. IT changes will improve resilience. Mutual support agreements in place with a number of public service bodies. Full test scheduled Q1 2018-19.
Data security – failure to comply with DPA or material information security breach	NG (RP)	Minimalist	9 (3x4)	6 (3x2)	⬆	GDPR progressing well but risk increased due to resignation of Compliance (Data Protection Officer). Until recruitment (of permanent DPO and interim) is complete, risk has increased.
Poor quality management information and ineffective data integrity and assurance	ST	Minimalist	12 (3x4)	4 (2x2)	➡	A Modernising LeO project is addressing the issues, and the new CMS and BI solutions will improve data integrity. Staff turnover will impact progress and management of the project.
Our Modernising LeO programme does not deliver the intended benefits to time, cost or quality	RP	Open	12 (3x4)	6 (3x2)	➡	CMS development has recovered and we are preparing for mid-April go live. There are significant pressures on the timetable and delivery risks. The overall score will not reduce to target risk until we have successfully moved to the new CMS.
Governance and financial controls – failure of internal governance, financial controls or planning affects credibility/insufficient resource	RP	Minimalist	3 (3x1)	3 (3x1)	⬇	Further assurance from the internal audit of financial controls which produced substantial assurance. Strong focus, as delegations for 2018-19 are rolled out, on reducing underspend risk.

Objective 1: Effective, efficient and high quality resolution of complaints

Objective	Deliverable	Timescale	Who	Status and Progress
Deliver an improved customer service experience and embed our customer service principles	Assess, review and refine process to accelerate initial assessment and investigation and so avoid undue delay for customers	Q1-3	ST	Complete: Streamlined assessment process maximising use of complaint forms implemented from Q1 2017-18 as we moved towards new assessment process from April '18.
	Improve customer experience by integrating assessment and resolution processes, and implementing case ownership for assessors	Q1-3	ST	Complete: Case ownership for assessors implemented in Q1 (2017/18). Integration of assessment and investigation launched 3 April 2018.
	Implement Live Chat for legal jurisdiction	Q1-2	ST	Complete. Live from Q1
	Promote equality and diversity throughout the delivery of our service	Each year	ST	Assessing vulnerability, including E&D factors, is embedded within the scope of CMS. Guidance has been written and training delivered. Factsheets written for the website. Action plan to track progress. Strategy and organisational objectives for E&D to be reviewed by new CO and approved at April 18 OLC.
	Review the quality improvement framework	Q1-4	ST	In progress in line with Modernising LeO. Review to take place in '18/19 to allow new Chief Ombudsman to direct.
Ensure operational hours meet business demand	Assess impact of extended hours pilot	Q1-3	ST	Complete. Pilot completed and presented to RemCo in September. Extending hours in the AC and CMC is no longer appropriate due to new staffing model.
	Consider pilot to extend hours in Assessment Centre/CMC			
Improve accessibility for vulnerable customers	Develop and implement vulnerability strategy	Q1	ST	Action plan written. Currently developing a framework for delivering an inclusive service to improve accessibility for vulnerable customers.
	Implement process for vulnerable customers with premature complaints			Complete - Training has rolled out with modernisation
Improve our quality	Implement knowledge strategy (covering specific areas of law and vulnerability)	Q1-4	ST	Knowledge strategy launched and implemented but to be reviewed on an ongoing basis in light of demands of BAU on ombudsman resource
	Embed improved feedback processes for quality and align with customer service principles			Service Principles aligned with quality reviews and Customer Satisfaction surveys. Language of Complaints research published and key operational documents reviewed in light of findings. SIG running on a monthly basis. Process efficiencies around use of scheme rules already embedded. Dedicated Senior Ombudsman in place to oversee quality and to identify further possible improvements as part of BAU
	Implement language of complaints research			
	Constitute Service Improvement Group (SIG) to improve customer experience			
	Consider and maximise use of scheme rules (Chapter 5)			

Objective 2: Understand the legal service and CMC environments, and feed back to improve standards

Objective	Deliverable	Timescale	Who	Status and progress
Develop stakeholder engagement strategy	Develop communications and engagement strategy and refresh annually	Each year	RM	Strategy currently under significant review as a result of new Chief Ombudsman and restructure within External Affairs team.
	Improve our engagement with Parliament and the National Assembly for Wales	Each year	RM	Awareness event at National Assembly for Wales de-scoped. New assurance process implemented for MP correspondence. Target list of MPs compiled to inform strategic engagement.
Improve complaints handling by sharing our information and insights	Use social media to share case studies, join in with national awareness campaigns to promote our service and our consumer awareness guides	Each year	RM	Continuing with monthly column in Modern Law magazine to share insights. Ongoing review of case study materials to improve quality. Attended and presented at LegalEx conference to provide feedback and share complaint handling guidance with legal professionals. 1 CMC and 1 legal professional learning course delivered in Q4.

Objective 2: Understand the legal service and CMC environments, and feed back to improve standards

Objective	Deliverable	When	Who	Status and progress
Improve the volume and value of feedback to service providers, the public and stakeholders	Review objectives and approach to publishing Ombudsman decisions, revise policy statement, consult on our approach and develop approach to verification	Q1-4	ST	Draft policy statement to be completed by Q2 '18/19 informed by joint better information research with SRA (Q1 '18-19). Documented process in place to verify monthly data, with further assurance measures to be developed as part of modernisation/CMS development. Changes will include ombudsmen confirming with the lawyer what data will be published, and amendments to CMS algorithm to automate case fee application. Responsibility for publishing decisions strategy/implementation with senior ombudsman.
	Assess impact of legal relationship management pilot. During the second half of pilot, expand number of participating service providers and produce final report	Q1-2	ST	Increased focus on progressing work in progress has meant team leaders and Level 1 Ombudsman have been unable to progress this work as yet. Discussions to take place with new Chief Ombudsman to establish whether and when this initiative will be further progressed.
	Review impact of CMC relationship management on firms and cases	Q1-4	ST	Under continual review. Feedback from CMCs has been positive and we have seen some improvements. Resource constraints mean that contact can be less frequent when workloads are high. Biannual review of companies on the programme.
	Improve the quality and assurance of our data, consider developing data strategy and build analytical capability	Q1-4	ST	Data Assurance workstream integrated into Enhance. Meeting took place with regulators in December 2017 to discuss details of data provision and share guidance on strategy. Review of data-sharing requirements ongoing with minimal change requested by regulators. Testing too place in January with full upload from regulators in Feb '18 in line with go live of new CMS. Senior ombudsman role aligned to data assurance.
	Build capacity to deliver high impact research through high quality strategic partnerships	Q1-4	ST	Language of complaints and first-tier complaints research published and promoted. Further research with SRA on transparency remedies (suggested by CMA) agreed. In response to CMA further joint research commissioned with SRA to identify information consumers need about complaints, regulatory status and protections.
	Produce new consumer guides	Q2-4	RM	Joint working group with SRA has now produced a signposting consumer guide. Digital copy to be made available in Q2 and will be distributed to Citizens Advice and other third parties.
	Pilot separate focus groups of service users and recent complainants	Q2-4	RM	Engagement ongoing with SRA around establishing a vulnerable consumers focus group to improve provision in both organisations.
	Influence professional practice through case studies, themed reports, periscope-style videos and webinar contributions	Each year	RM	Three periscope videos released on consumer tips on how to complain well, accident management complaints, and communication in dispute settings. Delivered one legal and one CMC professional learning course in Q4. Speaking engagements at Bournemouth & District Law Society conference, CLC conference, and LegalEx.

Objective 3: develop the scheme and the service we provide

Objective	Deliverable	Timescale	Who	Status and progress
Work with others to identify and explore potential opportunities to change the legislative framework and extend redress to consumers using unregulated providers	Work with the Ministry of Justice to understand and scope the potential opportunities, costs and benefits of LeO contributing to the implementation of the CMA's recommendations. If LeO extending redress to consumers using unregulated providers is agreed to be the right solution, we will play our part in developing implementation plans, which would need to cover legislation, funding (to make sure no related costs are borne by those paying the levy) and changes to scheme rules	Q1-3	RM	Complete: Issued full response to CMA report for publication in February 2018. Ongoing data sharing with MoJ as part of CMA recommendations.
	If it is deemed appropriate for LeO to offer redress for consumers using unregulated providers, we will work with stakeholders to implement the necessary legislation, funding arrangements and jurisdiction	To be determined by scoping project, but likely to be '18-19 or '19-20	RM	Board have agreed that we will not be exploring these possibilities for the foreseeable future due to absence of funding or clear commitment in the MoJ response to CMA report.
	Explore opportunities to work with the Legal Services Board to research the need, costs and benefits of options for redress for small and medium-sized enterprises (SMEs)	Q3	RM	
Consider approaches to alternative dispute resolution (i.e. mediation, adjudication) and include outcomes in scheme rules review	Options paper and researching application of alternative dispute resolution within other schemes and potential impact on performance	Q2	RM	Board have decided not to proceed and so there will be no work done on these projects until we receive Board go-ahead again.
	Produce recommendations paper on scheme rules review, run a consultation and produce recommendations paper	Q2-3	RM	
	Submit requests to the Ministry of Justice if relevant and scheme rule documentation to the Legal Services Board for approval		RM	

Objective 4: modernise LeO to deliver continuous improvement in performance – infrastructure, resources and efficiency

Objective	Deliverable	Timescale	Who	Status and Progress
Ensure our IT environment is effective, efficient and reliable	Build and implement a new case management system	Q1-2 2017-18	RP/ST	Development and testing well progressed; timetable remains challenging. Bug fixes, letter templates and regulatory data upload are key risks. Subject to active management of these risks, we continue to work towards mid-April go live with contingency plans to ensure we do not compromise quality.
	Procure a new case management managed service provider	By Q1 2018-19	NG	Complete. October Board approved one year extension, which was signed in March '18. Re-procurement starts October 2018 for April '19 transition.
	Decommission previous case management system	Q2 2018-19	NG	Not yet due – due in 2018-19; and will be timed with the business transitioning away from its use and before the new CMS contract in March 2019
	Establish a stable and secure Cloud infrastructure (including telephony)	Q1-4 2017-18	NG	Complete. Infrastructure largely complete and telephony implemented February 2018
	Commission a holistic security audit	Q2 2017-18	NG	Complete. Wide scale penetration test and security health check undertaken in March 2018. Priority actions being implemented Q1 2018/19.
	Develop new Intranet in SharePoint to support better knowledge sharing	Q1-4 2017-18	NG	Complete. Lift and shift complete. Project to exploit full functionality agreed and wiki in use for guidance.
	Establish more robust website hosting	Q1-2 2017-18	NG	Complete. New hosting being procured; and the lift and shift completed September 2017
To enhance our service by expanding the ways in which we interact with our customers	Develop a new IT strategy covering the three year strategy	Q2-4 2017-18	NG	Complete: Board approved the new strategy in December 2017.
	Explore new ways of interacting with those using our service	Q1-2 2017-18	RP/ST	Complete: Initial research and thinking went to July Board and informed IT strategy approved in December; customer assessment tool scoped.
	Gather technical options and requirements for an improved website that supports customer engagement	Q2-4 2017-18 11	NG	Having stabilised the current website hosting, this next phase will move to Q1-3 2018-19 because of the need to prioritise resources to Phase 1 of Modernising LeO.

Objective 4: modernise LeO to deliver continuous improvement in performance – infrastructure, resources and efficiency

Objective	Deliverable	Timescale	Who	Status and Progress
Improve data quality, integrity and management information	Embed better data management and reporting in the new case management system to ensure the integrity of data produced and to better support our research activity	Q1-2	NG	The separate reporting solution has been scheduled for build in Q4, which will slip into Q1 of 2018-19 as a result of the challenges with the core CMS build (which contains operational MI/reporting). The implications of this are manageable.
	Strengthen internal Security Forum, approach to data and information security	Q1	RP	Complete. Security Forum is well-established and is overseeing GDPR implementation, with reports to Sept ARAC and October OLC. SPF compliance now embedded.
Build on recent improvements in corporate governance	Review structure, resilience and delivery models for corporate services	Q2-3	RP	Complete. We have prioritised contracting out payroll administration and collaborative approaches to facilities management with MoJ. OLC named on OJEU notice for Ofwat in-source framework. Some minor changes made to structure of HR and IT teams to improve resilience.
	Implement risk strategy and develop an assurance map for LeO	Q1-2	RP	Complete. Assurance map complete and discussed by September ARAC. Internal audit produced substantial assurance. Risk strategy has been rolled out and updated. New format risk register embedded into business as usual.
	Develop revised Balanced Scorecard to measure delivery of strategy	Q1-2 2017-18	RP	Complete: Proposals agreed at March OLC meeting. KPIs for 2018-19 now being operationalised.
Deliver efficiencies through changes in our infrastructure	Develop and implement estates strategy	Q2 2017-18	RP	Complete: Development complete - estates strategy approved at July Board. Changes which save £0.16m per annum implemented with [REDACTED] moving in during April. The changes are supported by the new flexible working policy (agreed at November RemCo) and new employee deal. Fol Exempt S. 36 (2) (c)

Objective 4: modernise LeO to deliver continuous improvement in performance – people, leadership and culture

Objective	Deliverable	Timescale	Who	Status and progress
Recruit, retain and engage the right staff	Develop a robust approach to workforce planning	Q2	RP	Complete. Workforce plan presented to September RemCo.
	Refine our Employee Value Proposition (EVP), including reward and recognition and flexible working, and use the EVP to develop a more proactive approach to recruitment	Q3	MP	Flexible working policy launched and received positively. Reward and recognition paper submitted to March 18 Board and further refinements requested. Edenred reward platform approved and project implementation started. Work will continue into Q1 and Q2 18/19.
	Develop effective communications and engagement processes to support the Modernising LeO programme	Q1-4	RP/ST	Complete. We have delivered against the programme communications plan, and have enhanced programme comms in Q3-4.
	Enhance our well-being offering and link this to more strategic approach to health and safety	Q2 - Ongoing	MP	Complete. <i>Time to Change</i> action plan approved; committed to MIND Workforce Well-Being index and well-being audit complete. Mental Health champions network formed and trained. Senior level commitment and high level of employee communication and engagement. New OH provider selected.
Effective leadership, change management and direction	Develop our leadership and managerial capability, assess and meet development needs	Ongoing	MP	The Wider Leadership Team is now established and beginning to function as an effective forum to increase management consistency and effectiveness. Coaching specialist sourced and initial phase of senior development in place for Q1 18/19
Developing our people and managing performance	Enhance our Learning and Development strategy and clear learning offer for our people	Q1-2	MP	Complete: L&D strategy and offer presented to RemCo in September. Launched in October, and completion of procurement of priority activities, then action will be closed.
Embedding our values and customer service principles	Review LeO behaviour framework against values and customer service principles	Q4	MP	Value-aligned behaviours now developed and work on our leadership statement and behaviours has progressed. Engagement planned with WLT and the next LeO Live, and will continue into 18/19.
	Promote equality and diversity both within the workforce and in our service delivery	Ongoing	ST	Regular Equality & Diversity forum established and women's network meetings. Project RACE focus group in Q2 18/19.
	Align our values and customer service principles with our performance impact framework	Q1-2 13	MP	Complete: Performance Impact Framework for 2016-17 completed in Q1, with all objectives now tied explicitly to customer service principles.

RAG status definitions

Delivery on track	Some risk to delivery to original plan	Delivery significantly off target	Complete	De-scoped
Action is on track for delivery to the original timetable	Action is not on track as originally anticipated but any slippage or change of scope can be managed within a reasonable tolerance (either within the relevant business year or within a reasonable tolerance of the stated date)	Action is significantly off target and is unlikely to be recovered within the relevant business year or a reasonable timescale for the specific action based on risk	Action has been delivered and completed	We have agreed to de-scope the action (for items in the published strategy and business plan this needs Board approval)

Balanced scorecard

Q4 2017-18

Current KPIs – Q4

Objective	KPI	Performance Q4	Trend
Effective, efficient and high quality resolution of complaints			
Improve timeliness	% legal cases resolved within 90 days and 180 days (60%, 90%)	90 days - 20% / 180 days - 65%	Declined
Deliver to approved budget	Legal expenditure against agreed budget	Q4 100% on budget, YTD 7% under	Increased underspend
	Cost per complaint legal jurisdiction (£57)	No longer available	NA
	Cost per legal investigation legal jurisdiction (£782)	£1,262 Q4, £978 YTD	Increased
Develop the scheme and service we provide			
Continued effective operation of CMC jurisdiction	CMC expenditure against budget	Q4 66% under budget, YTD 52% under	
	Cost per CMC investigation (£880)	£1,141 Q4, £1,279 YTD	
	% CMC cases resolved within 56, 90, 180 days (60%,90%,100%)	56 days - 29%, 90 days- 40%, 180 days- 85%	Declined
Understand the legal service and CMC environments, and feed back to improve standards			
Improve complaints handling system – outcomes and service quality	Overall customer satisfaction at initial contact stage (90%)	Legal – no longer available (process change); CMC - 91%	CMC - stable
	Overall customer satisfaction with investigation stage (65%)	Complainant Legal – 47%; CMC – 82% Service Provider Legal – 57%; CMC – 75%	Legal - declined CMC - declined
	Overall customer satisfaction at the end of the process (55%)	Complainant Legal – 57% Service Provider Legal – 63%	Complainant- stable Service Provider – declined
	Overall customer satisfaction irrespective of outcome (40%)	Legal - 53%	Declined
	Outcomes of internal quality reviews	Reasonable Customer Service AC 100% /RC 75%/CMC 78%/OMB 100% Reasonable Outcome AC 100% /RC 90%/CMC 93%/OMB 100%	AC Improved RC Declined CMC Declined OMB Stable
Deliver policy and research	Policy and research delivery against plan, quality budget	Business plan deliverables green or amber.	
	Provision of learning and development to profession (number of hours) 16	1 half-day courses in Q4 for the CMC and legal jurisdictions. Feedback gave average scores above 8 out of 10. Two periscope videos in Q4, with over 1,000 views in total.	

Shadow KPIs for future Balanced Scorecard

Objective	KPI	Q3 performance	Q4 performance
Customer experience and quality			
Ensuring there are no undue delays in progressing cases	<ul style="list-style-type: none"> % legal cases resolved within 90 days/180 days by month of closure (legal and CMC) 	Legal 90 days - 41%, 180 days - 75%, 365 days - 99% CMC: 56 days - 38%, 90 days - 54%, 180 days - 96%	Legal 90 days - 19%, 180 days - 66%, 365 days - 98% CMC: 56 days - 38%, 90 days - 54%, 180 days - 96%
	<ul style="list-style-type: none"> Current WIP legal and CMC 	Legal Only: 3,380 cases (1,097 unallocated, 1,727 active, 159 suspended, 397 awaiting decision)	Legal: 3,836 cases (1,806 unallocated, 1,408 active, 91 suspended, 531 awaiting decision) CMC: 164 unallocated, 197 active
	<ul style="list-style-type: none"> Quarterly variance between cases accepted and closed (legal/CMC) 	Legal: 38 cases (1,744 cases accepted for resolution, 1,701 cases closed) CMC: 84 cases (281 accepted for investigation, 198 resolved)	Legal: 425 cases (1,683 cases accepted for resolution, 1,258 cases closed) CMC: 84 cases (281 accepted for investigation, 198 resolved)
Embed customer service principles	<ul style="list-style-type: none"> % customer satisfaction with service mid-stream (at investigation) 	Legal: Complainants 55%; Service Providers 53% CMC Complainants 88%; Service Providers 86%	Legal: Complainants 47%; Service Providers 57% CMC Complainants 82%; Service Providers 75%
	<ul style="list-style-type: none"> % customer satisfaction with service at end of process (satisfied with outcome) 	Complainants: Legal 96%; CMC 100% Service Providers: Legal 95%; CMC 99%	Complainants: Legal 97%; CMC N/A Service Providers: Legal 92%; CMC N/A
	<ul style="list-style-type: none"> % customer satisfaction with service at end of process (dissatisfied with outcome) 	Complainants: Legal 17%; CMC 44% Service Providers: Legal 48%; CMC no data	Complainants: Legal 17%; CMC N/A Service Providers: Legal 33%; CMC N/A
	<ul style="list-style-type: none"> % cases quality reviews assess as meeting appropriate customer service principles 	AC 91% / RC 85% / CMC 91% / RCT 100% / OMBI 100%	AC 100% / RC 75% / CMC 78% / OMBI 100%
	<ul style="list-style-type: none"> % all cases assessed by quality reviews as having a fair and reasonable outcome 	AC 91% / RC 88% / CMC 94% / RCT 100% / OMBI 100%	AC 100% / RC 92% / CMC 93% / OMBI 100%
	<ul style="list-style-type: none"> Volumes and outcomes of service complaint 	54 ongoing investigations. 32 new Stage 1 in Q3, 18 complaints escalated to Stage 2, 4 complaints escalated to Stage 3) 76% of investigations found to be fully/partially justified; 13 financial remedies made in [REDACTED] FoI Exempt S. 36 (2) (c)	49 active investigations (35 Stage 1, 9 Stage 2, 5 Stage 3) 71% of investigations found to be fully/partially justified; [REDACTED] FoI Exempt S. 36 (2) (c)

Shadow KPIs for future Balanced Scorecard

Objective	KPI	Q3 performance	Q4 performance
Understand the legal service and CMC environments, and feed back to improve standards			
Improve complaints handling by sharing our information and insights	<ul style="list-style-type: none"> % planned case studies/insight publications produced 	<ul style="list-style-type: none"> Case study project starts Q4 	<ul style="list-style-type: none"> Case Study project underway – CMC studies due to be published May
Improve complaints handling by sharing our information and insights	<ul style="list-style-type: none"> % of stakeholders agreeing that opportunities to engage with LeO have been sufficient or good in annual stakeholder survey and % of stakeholders agreeing that the quality of engagement with LeO has been sufficient or good (providing value adding insight) 	<ul style="list-style-type: none"> Annual survey not in this Quarter 	<ul style="list-style-type: none"> Survey not planned in this year
Improve the volume and value of feedback to service providers, the public and stakeholders	<ul style="list-style-type: none"> % professional learning courses delivered % target delegates booked onto courses % positive feedback (score of 7+ /10) 	<ul style="list-style-type: none"> 100% - 1 legal course and 1 CMC course 100% (CMC) 100% Legal 100% (CMC) 100% (Legal) 	<ul style="list-style-type: none"> 100% - 1 Legal course and 1 CMC course 100% (CMC) 100% Legal 100% CMC, Legal – pending analysis
Improve the volume and value of feedback to service providers, the public and stakeholders	<ul style="list-style-type: none"> Klout social media score 	<ul style="list-style-type: none"> 47 (score >40 is good) 	<ul style="list-style-type: none"> 47
Modernising LeO - efficiency and resilience			
Ensure our IT environment is effective, efficient and reliable	<ul style="list-style-type: none"> % downtime (CMS and infrastructure) 	8.6% CMS (0.8% excluding P1 partial outage with workaround) 0% infrastructure, 1% telephony	1.7% CMS, 1.3% infrastructure, 1% telephony
	<ul style="list-style-type: none"> % variance against budget YTD and forecast outturn (legal/CMC) 	0% legal 47% CMC (outturn)	7% Legal/52% CMC YTD
Modernising LeO - people, leadership and culture			
Recruit and retain the right staff and maintain a culture of staff engagement	<ul style="list-style-type: none"> Rolling voluntary turnover rate % sickness absence (all) CS Survey engagement index E&D (inclusion/fair treatment score civil service survey) 	<ul style="list-style-type: none"> 17.5% (December 2017) 4.1% (2.9% long-term, 1.2% short-term) 53% (Nov 2017) 74% (October 2017) 	<ul style="list-style-type: none"> 18.3% (March 2018) 3.97% (2.2 % long-term, 1.8% short-term) 53% (Nov 2017) 74% (October 2017)

Appendix 2: Quarterly operational performance update (Q4 2017/18)

1. Introduction

- 1.1 This report provides an overview and analysis of performance in quarter four (2017/18) together with an update on initiatives. Full performance data is in the Balanced Scorecard supported by the slide pack.

2. Performance Headlines and Analysis

- 2.1. **Capacity** remains the biggest challenge through Q4, for a range of reasons:

- staff moving roles to fill vacancies internally,
- vacancies across Level 1 and investigator roles,
- on-boarding of a tranche of new staff,
- abstractions for training and testing

This has resulted in a significant impact on available productive FTE capacity over the quarter. In addition, a shortage of people in assessment, back filled by temporary staff at the end of the quarter, resulted in a “bulge” of cases going into the process.

The most significant effects were on closures, unallocated, 90 day timeliness and the level of cases going to legacy at year end.

- 2.2. **Timeliness – (slides 2 and 3)** Performance against existing 180 and 365 day timeliness KPIs has remained broadly stable. Timeliness against 90 day KPI has dropped considerably with the oldest cases in the RC Unallocated already being over 90 days old at the point of allocation. This has also impacted on timeliness against shadow KPIs.
- 2.3. **Closures - (slide 4)** Closures across the quarter have fallen significantly because of the impact of training on, and the testing of, new CMS, as well as the other matters highlighted in 2.1 above.
- 2.4. **Unallocated – (slide 4)** The capacity challenge, the assessment “bulge” and the work to bring down investigator case-holdings to agreed levels mean that the RC unallocated increased through the quarter to 1,810. In line with the approved business plan, 1,548 of the RC unallocated has been passed to the Legacy team. This was higher than the 1,400 anticipated in 2017.
- 2.5. **Reallocations** - Reallocations reduced from the Q3 high of 350 to 170.

- 2.6. **Demand – (slide 4)** There was a slight reduction in the number of new cases started in Q4 with 1,683 cases progressing to investigation (1,744 in Q3). Across the year, in line with projections, over 7,500 new cases progressed to investigation. The split of cases according to area of law **(slide 5)** remained broadly consistent across the year.
- 2.7. **Average case-holding** – Average investigator case-holdings reduced from over 25 at the start of Q3 to 17 at the end of Q4 in preparation for Go-Live. We envisage that this reduction in case-holdings, along with other initiatives will have a positive impact across the business.
- 2.8. **Work in Progress (WIP)** – In the resolution centre the total WIP is 3,836 compared to 3,380 at the end of Q3.
- 2.9. **Ombudsman decisions – (slide 6)** Decision output decreased significantly in Q4 (down from 601 to 382 final decisions in the quarter). This is attributable to unplanned long term leave due to sickness and other commitments, promotion and the commitment given to training and testing of the new CMS. The proportion of decisions sent back for further work remains broadly consistent.
- 2.10. **Quality – (slide 7)** In Legal, the results of service reviews have dropped from 85% to 75% meeting an appropriate standard, and in CMC have remained broadly static. Outcome reviews in the RC have seen a slight improvement and CMC remain similar.
- 2.11. **Customer Satisfaction –(slide 8)** Performance against existing KPI remains broadly consistent at 53%. Customer satisfaction during the investigation process continues to be below KPI with key issues being delay and a lack of updates. Customer satisfaction at the end of the process where satisfied with the outcome has remained stable. However satisfaction for service providers who were not happy with the outcome has dropped. The small number of responses to our customer satisfaction surveys makes the data volatile.
- 2.12. **Service Complaints – (slide 9)** Total active service complaints reduced in Q4 from 54 to 49. [REDACTED]
- Fol Exempt S.36 (2) (c)**
- 2.13. **CMC timeliness – (slide 10)** Timeliness in CMC has seen a slight recovery against 90 and 180 KPIs.
- 2.14. Two of the performance initiatives introduced in Q3, Reasonable Offer Made (Rule 5.7 c) and Endorsing Preliminary Decisions became part of business as usual in Q4. We continue to track the impact of these initiatives on performance and customer satisfaction.

3. Future Performance

- 3.1. **Modernising Leo:** The new business process was launched at the end of Q4 with the assessment work now becoming the responsibility of investigators. Of the 750 cases that had been awaiting assessment, over 400 have been passed to investigators for assessment in the first two weeks since go live. A transition plan is in place to cover the management and throughput of this assessment work and to avoid backlogs being created in the new CMS.
- 3.2. The new CMS is on schedule to be launched in April and we remain confident that the process efficiencies that have been built into that system (when combined with other initiatives such as legacy and supervision) will improve performance, quality and customer satisfaction.
- 3.3. The Operational Management Team will increase their oversight of demand, resource and case-holdings at assessment, investigation and decision stages so as to track WIP and avoid backlogs being created.
- 3.4. **Supervision model:** Following the arrival of the new Chief Ombudsman, significant work has been undertaken to introduce a supervision model which will be rolled out to all new starters from April 2018 onwards and to the Legacy Team. This model will provide for significant ombudsman oversight of investigations by way of milestones and review points. This will ensure case progression and go towards addressing enduring quality issues and reducing service complaints.
- 3.5. **Legacy:** At the end of Q4 we successfully launched a legacy team whose focus is to work through the unallocated cases in the old CMS. This stand-alone team is being tasked with clearing through their existing case-holdings and the historic RC unallocated work within 9-12 months. The team's output will allow investigators not in Legacy to maximise the benefits of the new CMS. The age of the work being investigated still in old CMS over the coming year will have an adverse impact on timeliness and is likely to continue to do so until the latter part of 2018.
- 3.6. **Operational forecasting:** The forecasting model has been used to forecast demand, productivity and resource for both BAU and work completed under Legacy. The model has already been used to inform new KPIs and to provide assurance around resilience from a demand and resource perspective. We are actively recruiting a forecasting / modelling expert to refine and fully exploit the outputs from the model and use them to inform capacity and structures over the coming months.
- 3.7. **Horizon Scanning:** We continue to work with the External Affairs team in respect of horizon scanning to identify early any changes within the political / legal landscape that have the potential to impact on demand.

- 3.8. **External Pool Ombudsmen:** Some of the external pool ombudsman have now been signed off to issue decisions and we expect to see increased outputs from that team going forward. . With Level 1 and Level 2 ombudsmen being aligned to projects like Legacy, the contribution of the pool ombudsman will help maintain/ reduce the ombudsman work in progress.
- 3.9. **Ongoing recruitment:** We successfully recruited 14 new investigators and 9 new Level 1 ombudsmen to join the business in April. We will be looking to over-recruit investigators and Level one ombudsmen against establishment throughout 2018/19 so as to provide resilience. We are also assessing the merits of offering roles to the other candidates who passed the recruitment process to provide yet further resilience.
- 3.10. **Overtime:** This was offered to all operational staff through Q4 to improve operational performance and progress key business objectives. Budget permitting further overtime will be offered in Q1 and beyond.
- 3.11. **Quality:** Considerable work has already been, and will continue to be, undertaken by the Service Improvement Group to address trends identified through service complaints, quality reviews, surveys and ombudsman feedback. This will combine with the increased oversight provided by the supervision model to increase quality and reduce failure demand through 2018/19.

Performance Summary (Q4 2017/18)

Headline Figures-Legal

Legal	Jan	Feb	March	Q4	Q3 vs Q4 Change	
Cases Started	610	420	653	1683	↓	-61
Cases Concluded	490	397	371	1258	↓	-443
Unallocated						
o AC Unallocated	632	766	586		↑	221
o RC Unallocated	1143	1496	1810		↑	713
o Ombi Unallocated	430	490	517		↑	120
Timeliness *						
o Within 90 days	35.51%	15.51%	8.63%	19.88%	↓	-18.62%
o Within 180 days	69.12%	63.09%	63.49%	65.23%	↓	-0.09%
o Within 365 days	95.14%	93.89%	92.56%	93.86%	↓	-0.20%
Ombi Decisions	166	158	118	442	↓	-250
o Final Decisions	145	137	100	382	↓	-219
o Provisional Decisions	21	21	18	60	↓	-31
Send Backs	26	23	13	62	↓	-37

Data sourced from LeO's internal system & updated for March as of 03/04/2018

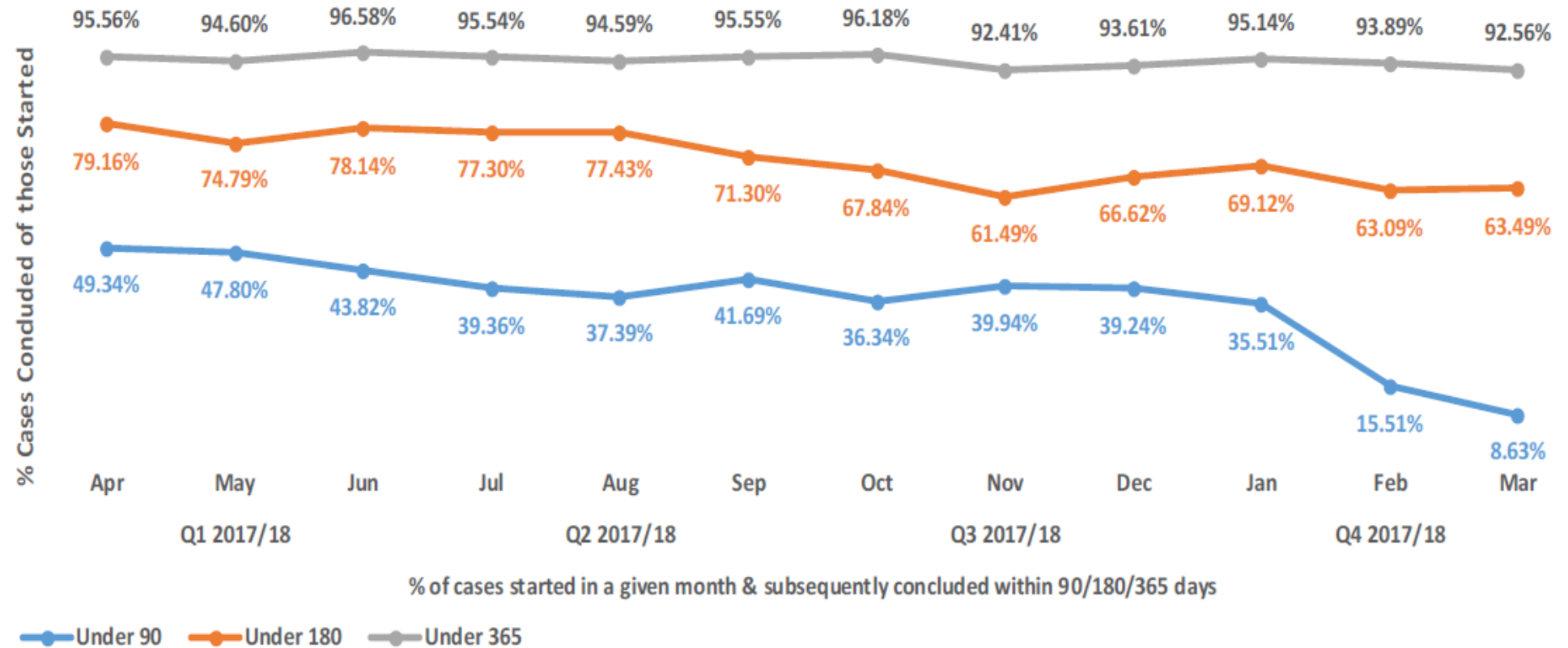
Q4 Figures are : Total (for cases started, cases concluded, ombi decisions & send backs) & Average (for timeliness)

* Timeliness figures are for existing KPI

Performance Summary (Q4 2017/18)

Timeliness Trend (Existing KPI)

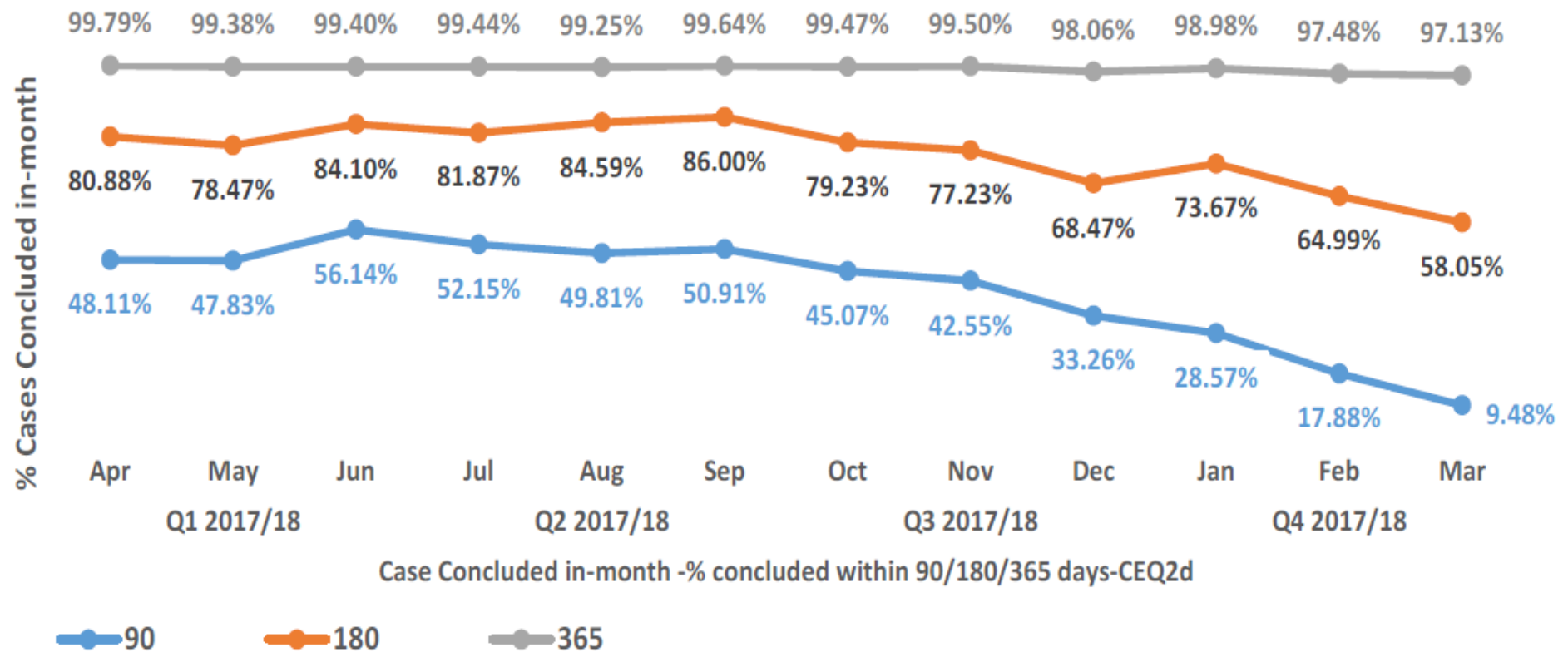
Existing Timeliness-Legal



Performance Summary (Q4 2017/18)

Timeliness Trend (Shadow KPI)

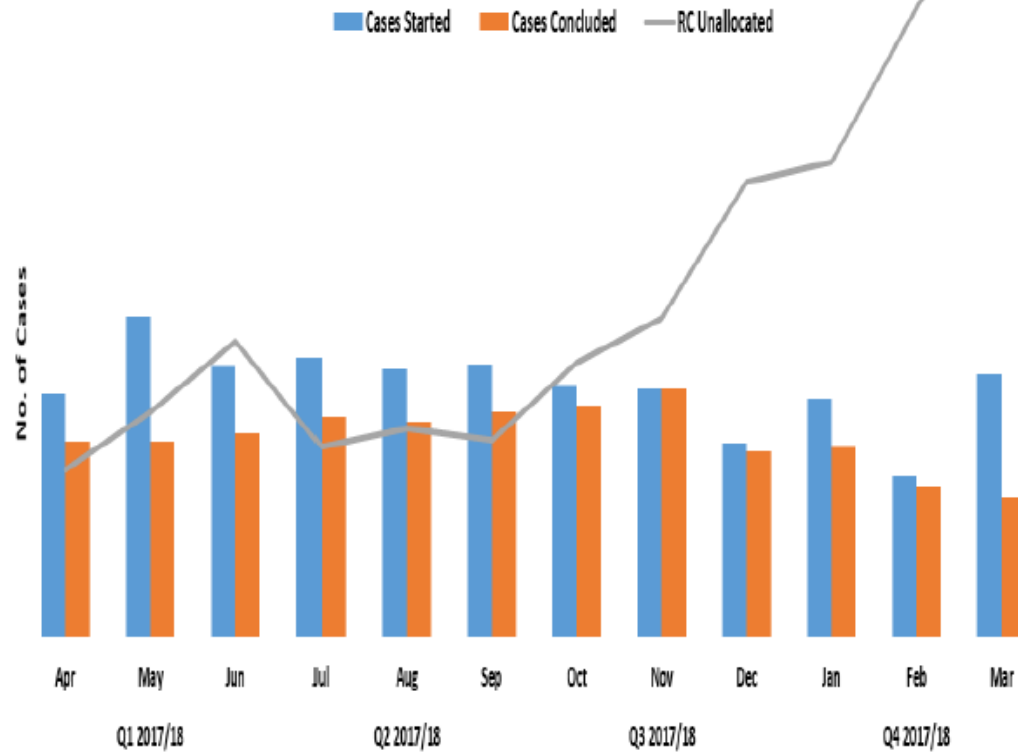
Shadow Timeliness-Legal



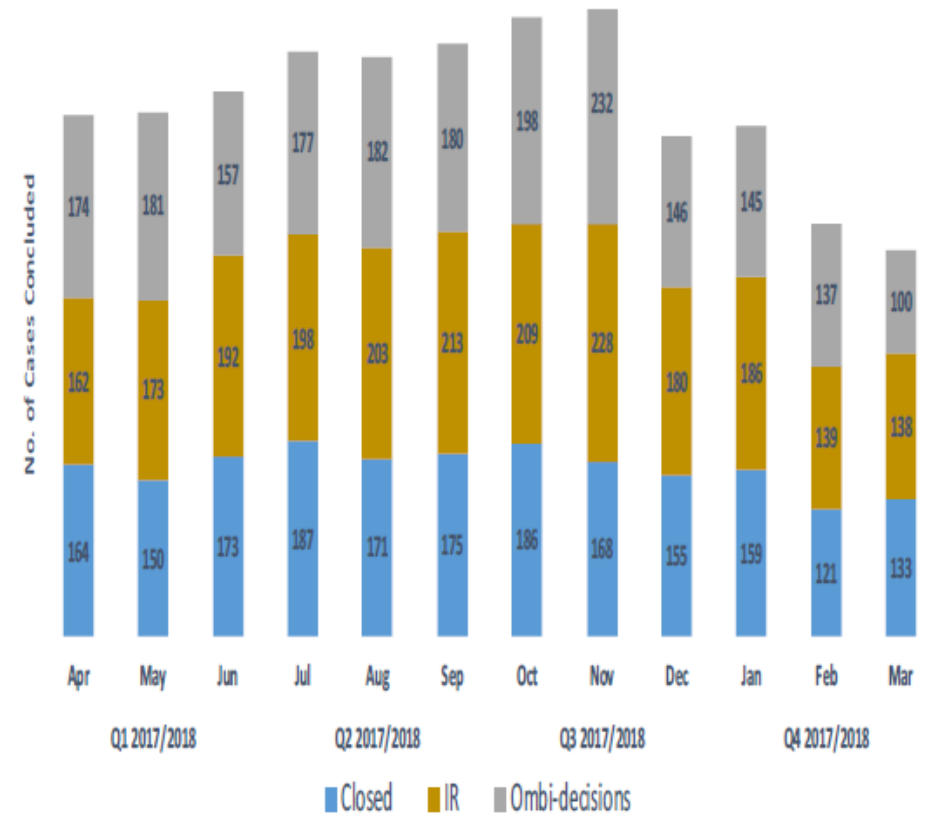
Performance Summary (Q4 2017/18)

Total Cases Concluded, Cases Started & RC Unallocated

Trend of Cases Started Vs Concluded

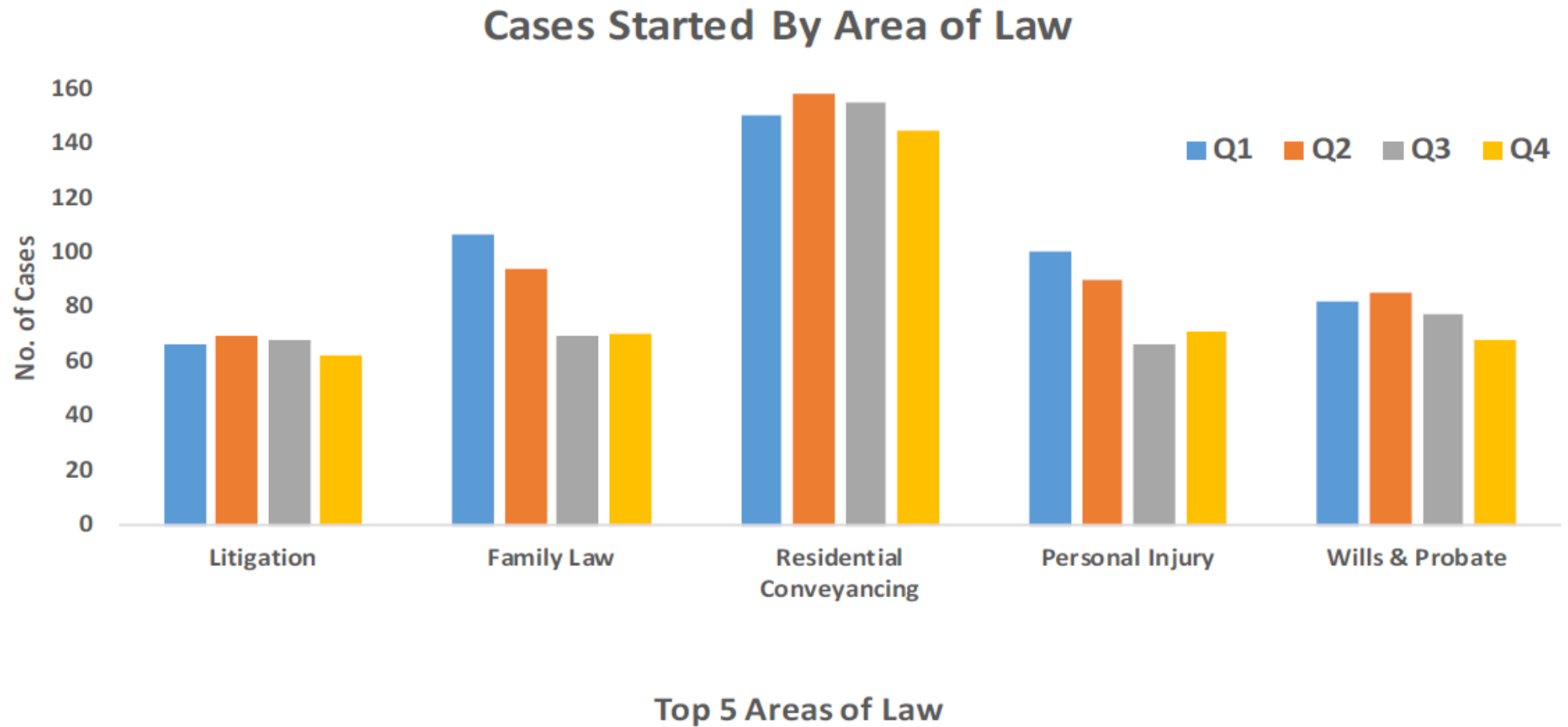


Cases Concluded by Closure Types



Performance Summary (Q4 2017/18)

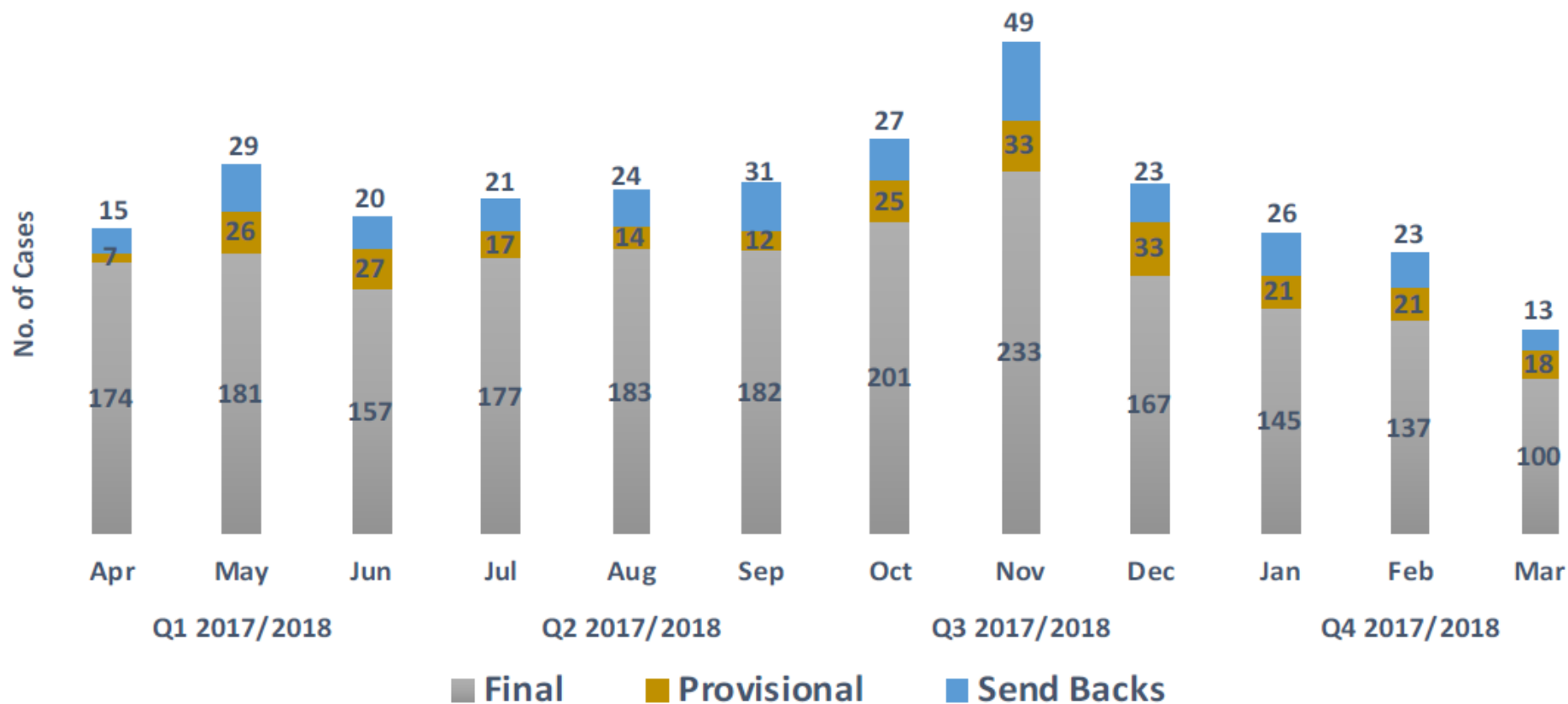
Cases Started By Top 5 Areas Of Law



Performance Summary (Q4 2017/18)

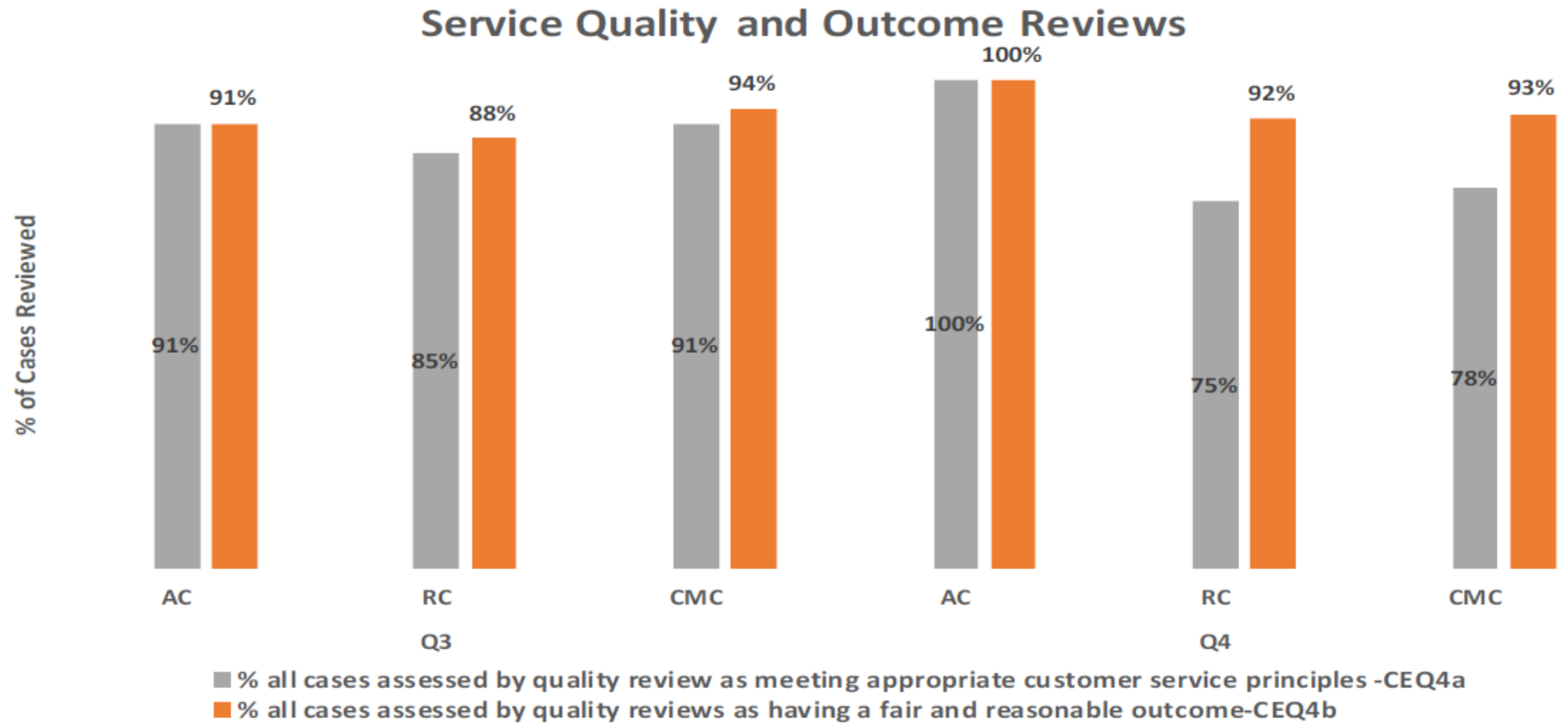
Ombudsman's Decisions and Send Backs

Ombudsman's Decisions and Send Backs



Performance Summary (Q4 2017/18)

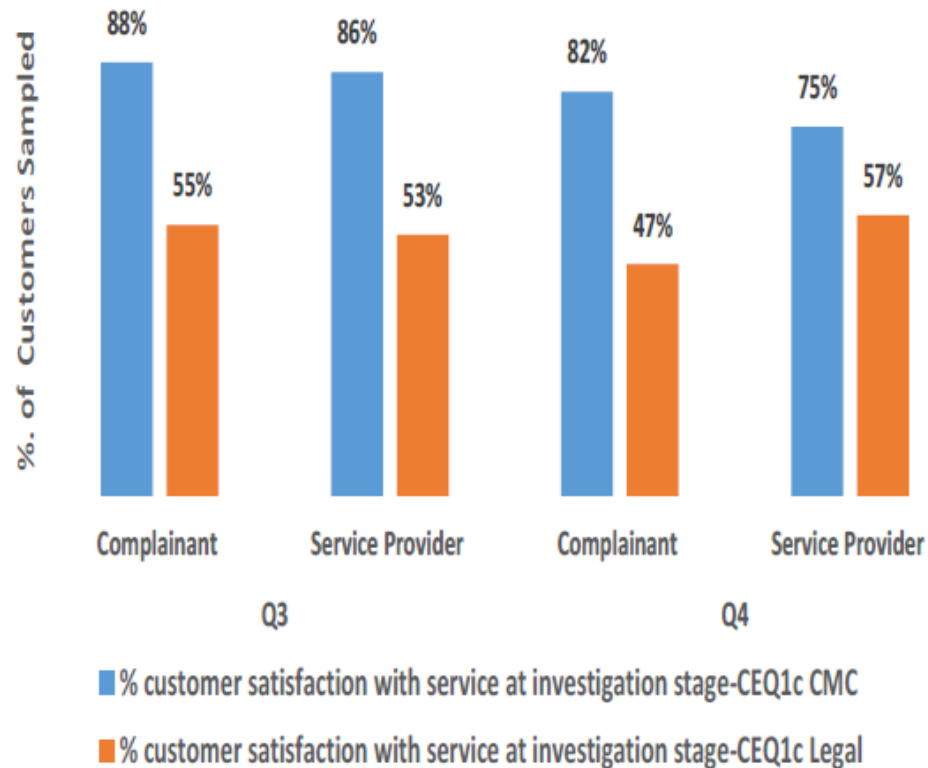
Service Quality & Outcome Reviews



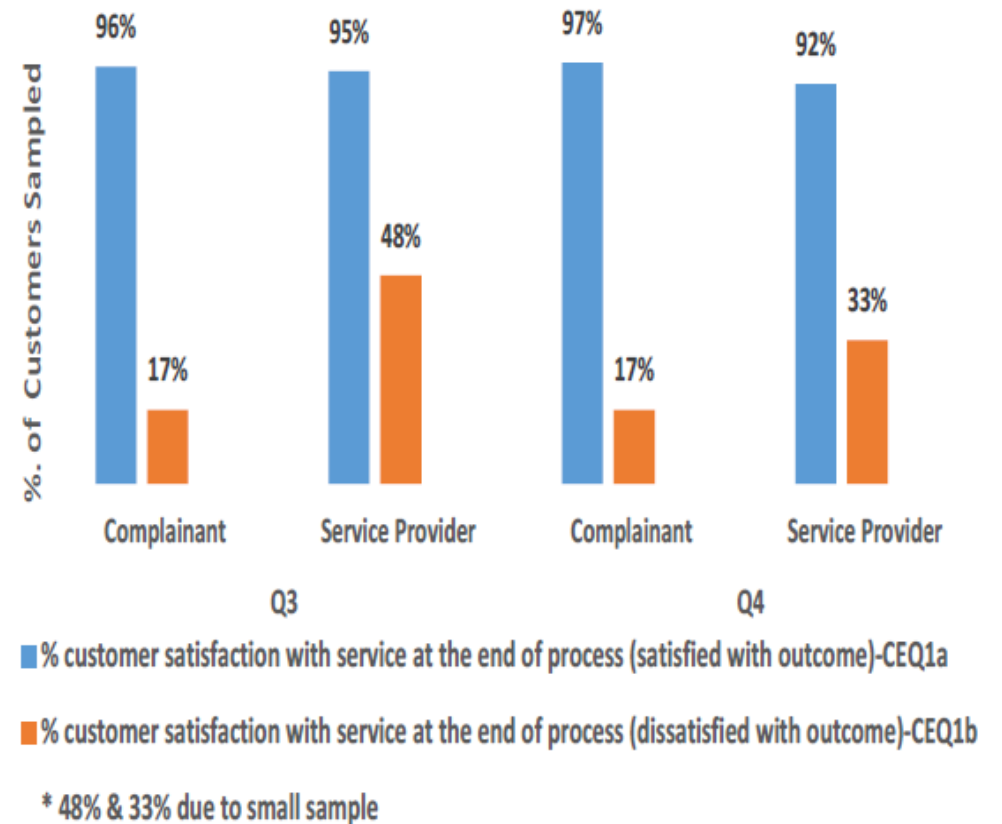
Performance Summary (Q4 2017/18)

Customer Satisfaction (Complainants & Service Providers)

Customer Satisfaction at Investigation



Customer Satisfaction End of Process-Legal

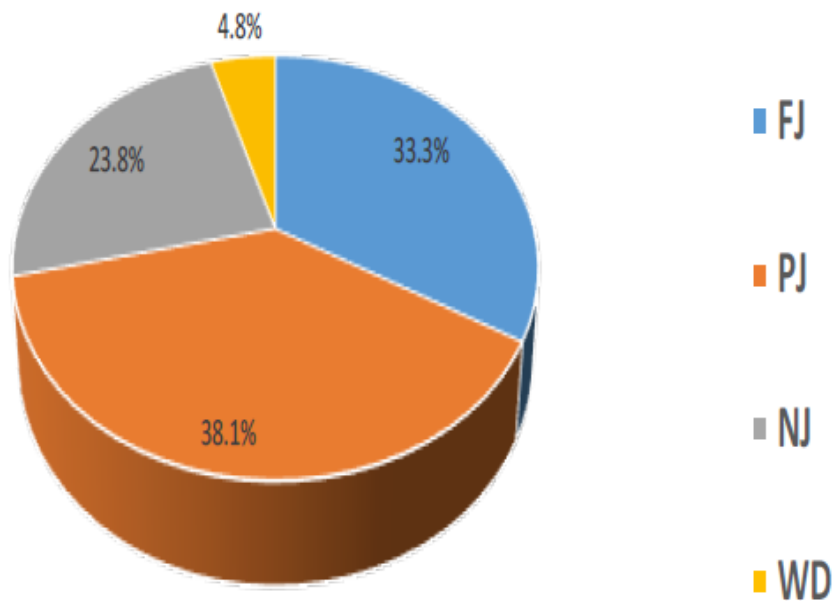


Performance Summary (Q4 2017/18)

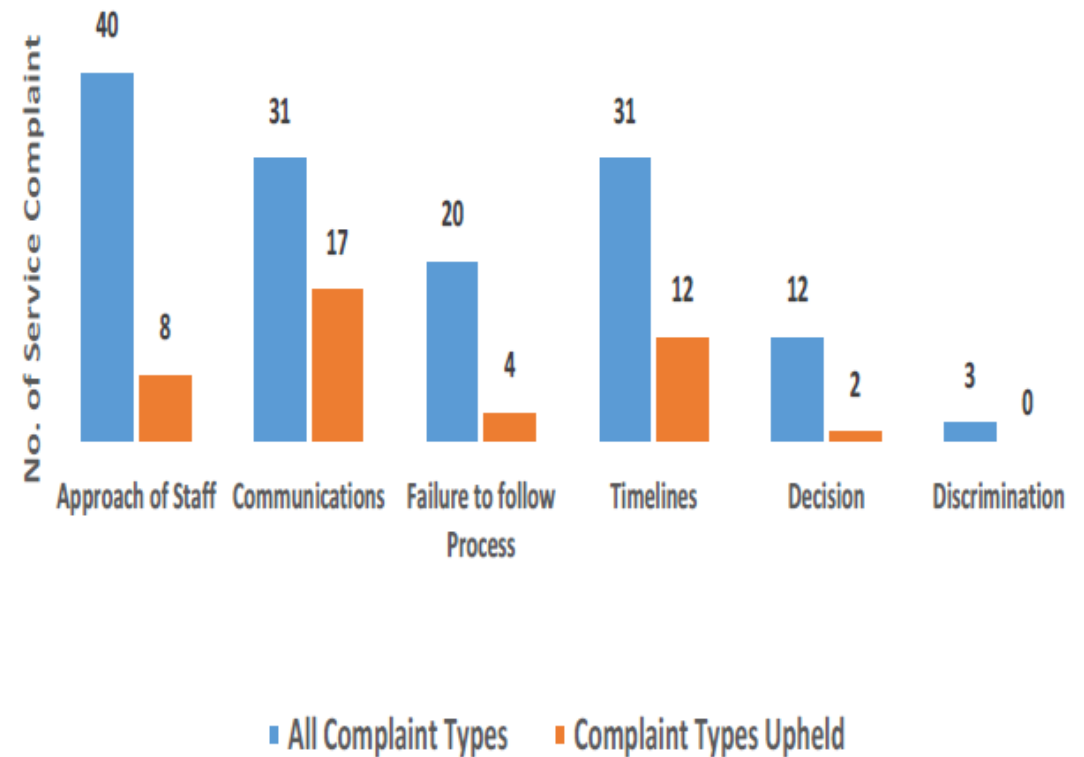
Service Complaints

Outcome of Service Complaints

Volumes & Outcomes of Service Complaints-CEQ6



All Complaint Types Vs Upheld Complaints (All Stages)



Key: FJ (Fully justified), PJ (Partially justified), NJ (Not justified) & WD (Withdrawn)

Performance Summary (Q4 2017/18)

Timeliness Trend (Existing KPI)

Existing Timeliness-CMC

