| Meeting | OLC Board | Item No. | 11 |
|---|---|---|---|
| | | Paper No. | **92.12** |
| **Date of meeting** | 10 December 2018 | **Time required** | 30 Minutes |

| Title | **Evaluation of supervision model** |
|---|---|
| Sponsor | Rebecca Marsh, Chief Ombudsman |
| Status | OFFICIAL |

**Executive summary**

In April 2018, the Legal Ombudsman began testing a pilot operational model known as the supervision model, with the aim of improving timeliness and quality. The model has been trialled in a number of teams across the business. In October 2018, the OLC Board asked for more information about the supervision model evaluation. The detail is included in the appendices to this paper.

The paper sets out the basis for, and the findings from, the evaluation of the model. The pilots have had positive results in all aspects, most notably for new starters and in legacy.

In line with quality being the primary focus of the 2019-20 business plan, we recommend the development of a tailored 'quality and feedback model' for use across all teams developed from this work. This would be phased in during 2019-20, based on an enhanced supervision model with elements of earned autonomy and a level of greater resource for new starters.

The major risks are capacity, capability and staff morale and engagement. A development programme for Level 1 Ombudsman is being scoped, and the implementation plan will be supported by transparent and open communication with staff about the evaluation and plans to extend and enhance the model.

As this could potentially be seen to be a significant change in organisational structure, which is a matter reserved to the OLC, we are seeking Board's approval for the proposals in this paper.

**Recommendation/action required**

Board is asked to **APPROVE** the recommended approach.

# Evaluation of the supervision model

## Background

1. The supervision model was developed in line with strategic objectives 1 and 4 to improve the quality and speed of complaints resolution and performance.

2. The supervision model overlays involvement of a supervising ombudsman throughout the case (**Appendix 2**), providing approval at key stages to ensure staff follow the correct process and their reasoning is rational. Another ombudsman makes a final decision where required, mitigating risks of challenge that we failed to provide an independent review under a two-tier process.

3. Board will be aware that there is significant variation in both quality and output. The pilot has twin objectives to improve timeliness and quality. An evaluation exercise has taken place based on trials in 2018-19 in five teams, including legacy, BAU, new starters and high complexity.

## Opportunity costs of the supervision model

4. The model operates on the basis of 2 Level 1 and 0.5 Level 2 ombudsmen per team of 12 people. There is no opportunity cost associated with the use of a Level 2 ombudsman. It is a more cost effective use of this specialist resource.

5. The key cost of the supervision model is in the Level 1 cost. The additional output required to justify this resource broadly equates to a less than 10 % performance improvement on an annual basis and when compared to the benefits for the scheme is an important investment and capable of being recouped.

6. The marginal opportunity cost should also be considered in the context of next year's resourcing, where no additional resource has been budgeted to deliver the necessary quality improvements and the step change needed would be severely constrained by the lack of resource.

## Key benefit analysis

7. We consider the initial results sufficiently compelling as a basis for a recommendation for '19-20, despite evaluation being partially limited by the short timescale and impact of new starters and teams building up pilot case holdings.

8. The most compelling of all the findings was the potential impact on quality – the model addresses the informal resolution failure rates of 10% in '17-18.

9. The key findings of the evaluation (**Appendix 1**) are that supervision has a number of specific benefits, which at this stage justify a wider extension of the model:

   - improved quality, case progression and timeliness by getting the work right first time, providing further assurance that outcomes are fair and reasonable;

   - enhanced focus on agreed outcomes and a decreased reliance on ombudsman decision, which positively impact customer satisfaction;

   - reduced send backs enables both Level 1 and Level 2 ombudsmen to spend less time reviewing, taking corrective action and rework; and

   - improved closures per investigator which address the costs of supervision.

## Risks and constraints

10. There are a number of risks in not adopting the supervision model:

    - Failing to address the performance variation, within resource constraints.

    - Failing to drive quality improvements, as not funded outside supervision for next year.

11. The key risks and constraints if supervision is extended are:

    - Capability of Level 1 ombudsman to supervise: need to up skill Level 1 cohort.

    - Maintaining sufficient additional support for new starters: New starters require a greater level of input from supervising ombudsmen and without additional resource for new starters could impact successful delivery.

    - Staff development needs, morale and engagement: the model provides greater insight into development needs and quality, but could be viewed negatively as micro-management, particularly due to name in pilot.

    - Impact on high complexity investigations: Balancing Level 1 ombudsman resource for high complexity cases to ensure output meets demand.

    - Staged roll out: risks of continuing to run two models for a period of '19-20.

## Options

12. Management has considered a number of options:

    **Option 1: Terminate the pilot and return to BAU across all teams**. This would free up resource, but risks losing the benefits of increased output, quality and timeliness.

    **Option 2: Roll out supervision fully across all teams as is**. This provides consistency across LeO, but we do not have sufficient Level 1 capacity and capability to do so effectively.

    **Option 3: Develop a tailored 'quality and feedback' model.** Develop an enhanced version of the model, where earned autonomy reduces the number of checks, with greater support for new starters. This would deliver the benefits of the pilot, while reducing staffing requirements.

## Recommended approach and next steps

13. We recommend the OLC Board approve our preferred Option 3, which achieves the best balance of resources and is achievable within the indicative 2019-20 budget. It provides positive incentives for staff to achieve high quality, while targeting additional resource at new starters and investigators' development.

14. The proposed plan for implementation would be as follows:

    a) Share the results of the evaluation with staff, along with communications explaining our intention to develop the quality and feedback model.

    b) Further evaluation of supervision in new starter teams, with in-depth analysis of areas for development.

    c) A fully mapped out process for the quality and feedback model will be developed in consultation with staff; this will include a robust quality assurance framework, integration of the model with CMS2, and guidance for supervisors on the application of the quality and feedback model.

    d) Development of existing Level 1 ombudsmen to deliver supervisory roles.
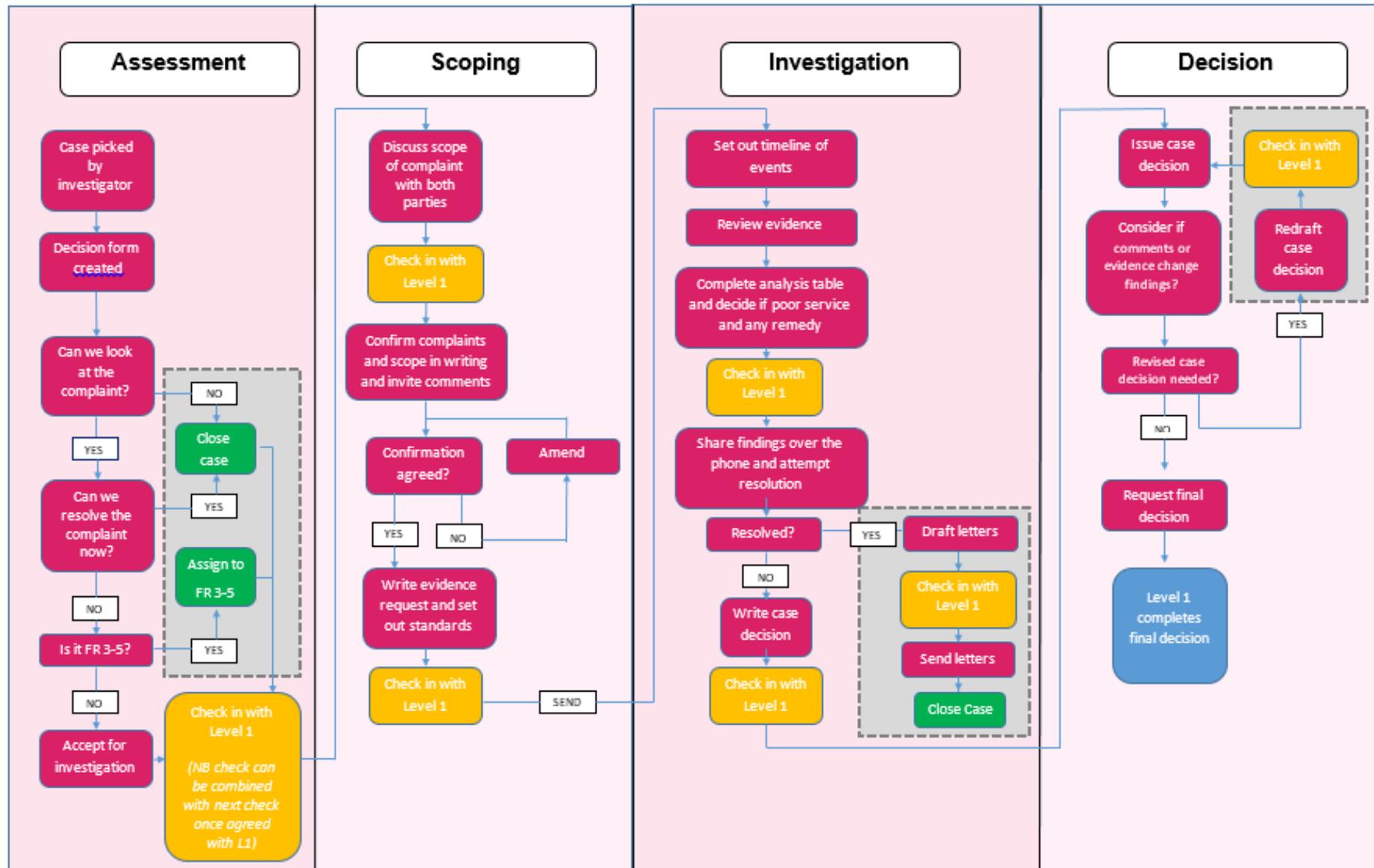
# Appendix 1 – evaluation findings

| Evaluation criteria | Key findings |
|---|---|
| **Quality:** send backs & unreasonable outcomes in quality reviews (see **Appendix 4**) | Send backs at final decision in RC10 reduced from 11% to 4%, compared with a historic level of 9% across BAU (currently of 7%). In 2017/2018 10% of BAU informal resolutions were deemed to have closed unreasonably; in supervision, no case can close without review and approval. |
| **Output:** legacy vs BAU (Q1-Q2 '17-18 vs Q1-2 '18-19)<br><br>See **Appendix 5** | <ul><li>Supervision teams as a whole average 106% of their monthly target, compared with 68% across BAU;</li><li>RC10 average 91% of their monthly closure target, compared with 67% across BAU teams; and</li><li>RC10 saw a 24% increase in average cases closed per investigator per month from 6.3 to 7.8 (average monthly closures in Q1-2 per productive FTE in BAU was 4.9).</li></ul> |
| **Output:** new starters | On average RC6 & RC11 closed 5.4 cases per investigator in month 4, compared with 2.4 in previous new starter groups. |
| **Timeliness:** time taken to reach milestones<br><br>See **Appendix 2** | In RC10, timeliness has significantly improved for an already high performing group. Compared with BAU teams, we have seen:<ul><li>a 6 day improvement in overall average closure age;</li><li>a 9 day improvement in time to dismiss; and</li><li>a 9 day improvement in time to reach agreed outcome.</li></ul> |
| **Efficiency of outcome:** legacy vs BAU closure profile See **Appendix 3** | Reliance on ombudsman decision down from 48% to 23%; rate of agreed outcomes being reached increased from 23% to 35%; and cases dismissed increased from 7% to 10%. |
| **Legal challenge:** number of legal challenges received | Number of challenges has remained stable; only 8% of all challenges received were on cases under supervision, none of which exposed any cause for concern with the model. |
| **Staff feedback:** positive feedback | Team Leaders and supervising ombudsmen supportive in principle due to more streamlined investigations with a better grip of the issues, a reduced reliance on final decisions and reduced time taken to write final decisions (more 'endorsement' style decisions are possible). Some investigators value the additional support. Level 1 feedback in RC4 has been mixed - some staff derive value from the checkpoints (most notably the scoping and findings checks). |
| **Staff feedback:** negative feedback | The name 'supervision' is a shorthand label that has stuck. It has consistently been seen as having negative connotations about monitoring, control and loss of autonomy. BAU staff, and some in supervision, have raised concerns that the model is a form of micro-management.  We have identified some further issues with running and application of the model by the supervisors, rather than the model itself. |
| **Opportunity Cost:** Level 1 and Level 2 costs in cases | The model operates on the basis of 2 Level 1 and 0.5 Level 2 ombudsmen per team of 12 people. The supervising ombudsmen do not have an active case holding and do not therefore actively contribute to high complexity investigations. |

| Evaluation criteria | Key findings |
|---|---|
| | Teams under supervision do not require duty advice, and do not contribute to the queue of BAU ombudsman decisions, as the Level 1 ombudsmen make the necessary decisions for the team. There is therefore no opportunity cost associated with the use of a Level 2 ombudsman. The current ratio of Level 2 ombudsmen to BAU investigators is roughly 1:12, compared with 1:24 in supervision, a more cost effective use of this more specialist resource.<br>The key cost of the supervision model is support provided by Level 1 ombudsmen without their own active case holding. The additional output required to justify this resource broadly equates to 4.4 closures per investigator per annum, and 2.4 high investigations per investigator. |

**Teams and start dates**

- April 2018 - RC10 (Legacy) – experienced staff progressing legacy cases CMS 1;

- May 2018 - RC6 – new starters (investigators) CMS 2;

- May 2018 - RC4 – new starters (Level 1 ombudsman), handling complex cases (supervised by Level 2 ombudsman) CMS 1 and 2;

- June 2018 – RC11 - new starters (investigators) CMS 2; and

- July 2018 - RC1 – BAU investigator team converted to supervision with mixed case holding.

# Appendix 2 – the supervision process and checks

## Assessment

- Case picked by investigator
- Decision form created
- Can we look at the complaint?
  - NO → Close case
  - YES
- Can we resolve the complaint now?
  - YES → Close case
  - NO
- Is it FR 3-5?
  - YES → Assign to FR 3-5
  - NO
- Accept for investigation
- Check in with Level 1 (NB check can be combined with next check once agreed with L1)

## Scoping

- Discuss scope of complaint with both parties
- Check in with Level 1
- Confirm complaints and scope in writing and invite comments
- Confirmation agreed?
  - YES
  - NO → Amend
- Write evidence request and set out standards
- Check in with Level 1
- SEND

## Investigation

- Set out timeline of events
- Review evidence
- Complete analysis table and decide if poor service and any remedy
- Check in with Level 1
- Share findings over the phone and attempt resolution
- Resolved?
  - YES → Draft letters
    - Check in with Level 1
    - Send letters
    - Close Case
  - NO → Write case decision
    - Check in with Level 1

## Decision

- Issue case decision
- Check in with Level 1
- Redraft case decision
- Consider if comments or evidence change findings?
- Revised case decision needed?
  - YES
  - NO
- Request final decision
- Level 1 completes final decision

## Appendix 3

**TIMELINESS ANALYSIS**

This table shows the average case age at closure, broken down by system, by area of the business, and by closure type.

| | Closures Q1 and Q2 2018/2019 | | | | | | |
| | CMS1 | | CMS2 | | | Combined | |
| | LEGACY (RC10) * | BAU CMS1 * | CMS2 total | CMS2 - RC 6 and RC11 only | BAU CMS2 | Supervision total | BAU total |
|---|---|---|---|---|---|---|---|
| Average handling days to closure | 44 | 277 | 51 | 48 | 50 | 46 | 164 |
| - resolved without investigation | 14 | 32 | 19 | 19 | 19 | 17 | 26 |
| - withdrawn | 26 | 131 | 32 | 31 | 30 | 29 | 81 |
| - Omb decision to dismiss | 46 | 125 | 53 | 39 | 55 | 43 | 90 |
| - Informal resolution by agreement | 37 | 121 | 48 | 48 | 46 | 43 | 84 |
| - resolved by 5.20 | 75 | 179 | 82 | 88 | 72 | 82 | 126 |
| - ombudsman final decision | 77 | 229 | 79 | 81 | 78 | 79 | 154 |

\* Calculated on handling days due to age at allocation

RC6 and RC11 did not have any existing WIP at beginning of pilot. Their timeliness can be considered but cannot be directly compared due to their relative inexperience

BAU CMS1 cases have been adjusted for handling age. However these cases tend to be more complex cases as all quick wins have closed. The best like for like comparison is therefore Legacy (RC10) closures under supervision model, and BAU closures in CMS2 as this represents best case optimum closure times for BAU.

**Appendix 4**

**CLOSURE TYPE ANALYSIS**

This table shows the closure profile for each area of the business, expressed as a percentage of their total closures

| | Closures Q1 and Q2 2018/2019 | | | | | | | | | | | | | | 2017/2018 | |
| | CMS 1 | | | | CMS 2 | | | | | | Combined | | | | | |
| | LEGACY | | BAU CMS1 | | CMS2 total | | CMS2 - RC 6 and RC11 | | BAU CMS2 | | Supervision combined | | BAU combined | | CMS1 | |
| | Count | % | Count | % | Count | % | Count | % | Count | % | Count | % | Count | % | Count | % |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Resolved without investigation | 18 | 5% | 16 | 1% | 30 | 6% | 15 | 10% | 15 | 4% | 33 | 6% | 31 | 2% | 193 | 3% |
| Withdrawn | 25 | 7% | 78 | 5% | 32 | 7% | 8 | 5% | 24 | 7% | 33 | 6% | 102 | 5% | 348 | 6% |
| Omb decision to dismiss | 35 | 10% | 113 | 7% | 42 | 9% | 15 | 10% | 27 | 8% | 50 | 10% | 140 | 7% | 418 | 7% |
| Informal resolution by agreement | 129 | 35% | 259 | 16% | 251 | 52% | 78 | 53% | 173 | 52% | 207 | 40% | 432 | 23% | 1736 | 29% |
| Resolved by 5.20 | 32 | 9% | 148 | 9% | 9 | 2% | 5 | 3% | 4 | 1% | 37 | 7% | 152 | 8% | 700 | 12% |
| Ombudsman final decision | 86 | 23% | 855 | 54% | 85 | 18% | 20 | 14% | 65 | 19% | 106 | 21% | 920 | 48% | 2030 | 33% |
| Unable to proceed | 23 | 6% | 77 | 5% | 0 | 0% | 0 | 0% | 0 | 0% | 23 | 4% | 77 | 4% | 422 | 7% |
| OOT/OOJ | 10 | 3% | 28 | 2% | 14 | 3% | 3 | 2% | 11 | 3% | 13 | 3% | 39 | 2% | 126 | 2% |
| Premature | 9 | 2% | 6 | 0% | 18 | 4% | 3 | 2% | 15 | 4% | 12 | 2% | 21 | 1% | 88 | 1% |
| Total | 367 | | 1580 | | 481 | | 147 | | 334 | | 514 | | 1914 | | 6061 | |

RC6 and RC11 did not have any existing WIP at beginning of pilot. Their closure profile can be considered but is not representative of a full case holding over two quarters, as some cases taken during this period will not have closed.

Both RC10 and BAU as a whole had full case holdings at the beginning of Q1.
The best like for like comparison is therefore Legacy (RC10) closures and BAU closures combined over both systems

### SEND BACKS FROM FINAL DECISION

This table shows the number of ombudsman decisions requested for each area of the business, and the percentage which were sent back

| | Cases sent for decision Q1/Q2 2018/19 | | | | | | | | | | | | | | Q3/Q4 2017/18 | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| | CMS1 | | | | CMS2 | | | | | | Combined | | | | CMS1 | | | |
| | Legacy | | BAU CMS1 | | CMS2 total | | CMS2 - RC 6 and RC11 | | BAU CMS2 | | Supervision combined | | BAU combined | | CMS1 total | | Legacy | |
| | Count | % | Count | % | Count | % | Count | % | Count | % | Count | % | Count | % | Count | % | Count | % |
| Final decisions made | 208 | 88% | 456 | 89% | 112 | 86% | 23 | 77% | 89 | 89% | 231 | 87% | 545 | 89% | 1255 | 83% | 194 | 78% |
| Provisional | 19 | 8% | 22 | 4% | 6 | 5% | 3 | 10% | 3 | 3% | 22 | 8% | 25 | 4% | 122 | 8% | 28 | 11% |
| Sent back | 10 | 4% | 34 | 7% | 12 | 9% | 4 | 13% | 8 | 8% | 14 | 5% | 42 | 7% | 130 | 9% | 28 | 11% |
| Total requested | 237 | | 512 | | 130 | | 30 | | 100 | | 267 | | 612 | | 1507 | | 250 | |

RC6 and RC11 send backs look disproportionately high. These have been investigated and relate for the most part to staff not having followed the process correctly, rather than issues with the investigation

### OUTCOME REVIEWS 2017/2018 TOTAL

This table shows the number of quality reviews conducted on agreed outcomes across the business in 2017/2018, and the number and percentage which were determined to have been closed unreasonably.

| | Total reviewed | Reasonable outcome | Unreasonable outcome | % Unreasonable outcome |
| --- | --- | --- | --- | --- |
| Q1 2017/18 | 182 | 171 | 11 | 6% |
| Q2 2017/18 | 196 | 172 | 24 | 12% |
| Q3 2017/18 | 197 | 173 | 24 | 12% |
| Q4 2017/18 | 213 | 196 | 17 | 8% |

| Average % unreasonable outcome | 10% |
| --- | --- |

**% OF MONTHLY TARGET ACHIEVED**

This table shows the percentage of the monthly target set by OMT achieved by each team. This data is somewhat limited in value, as unexpected absences
after targets are set can have a disproportionate effect on a team's ability to achieve targets (particularly in smaller teams).

| | June | July | August | September | October | Average |
|---|---|---|---|---|---|---|
| RC1 | 81 | 74 | 87 | 38 | 63 | 69 |
| RC2 | 76 | 62 | 92 | 70 | 90 | 78 |
| RC3 | 61 | 55 | 79 | 42 | 68 | 61 |
| RC4 | 100 | 97 | 162 | 50 | 66 | 95 |
| RC5 | 73 | 73 | 82 | 63 | 68 | 72 |
| RC6 | 87 | 147 | 197 | 79 | 96 | 121 |
| RC7 | 45 | 70 | 78 | 51 | 52 | 59 |
| RC8 | 63 | 61 | 80 | 68 | 62 | 67 |
| RC9 | 67 | 60 | 87 | 61 | 62 | 67 |
| RC10 * | 122 | 92 | 82 | 79 | 82 | 91 |
| RC11 | 0 | 350 | 120 | 94 | 124 | 137 |

- Targets vary per team on a monthly basis, and are adjusted according to numbers of staff on leave/long term sickness etc
- RC4, RC6 and RC11 had lower initial targets due to being new starters

* RC10 (Legacy) do not have a variable target - their target is based on an optimum performance of 2.5 closures per investigator per week, without exception or variance.
This therefore makes their achievement of targeted performance all the more significant as the expectations we set for them are higher than in BAU.
achievement of targeted performance all the more significant as the expectations we set for them are higher than in BAU

**CLOSURES PER FTE (EXCLUDING RC10)**

This table shows the monthly closures for all teams excluding RC10, and expresses this as an average number of closures per productive FTE.

| | Apr-18 | May-18 | Jun-18 | Jul-18 | Aug-18 | Sep-18 |
|---|---|---|---|---|---|---|
| Cases resolved | 227 | 269 | 362 | 388 | 471 | 374 |
| Productive FTE | 48.72 | 68.18 | 69.84 | 80.98 | 81.40 | 76.33 |
| Closures per productive FTE | 4.7 | 3.9 | 5.2 | 4.8 | 5.8 | 4.9 |

| Average monthly closure per productive FTE: | 4.9 |
|---|---|

The productive FTE used in this analysis has been calculated using the number of staff in post and their starting FTE, and adjusting this based on various factors
to represent their actual productive capacity.