Meeting	OLC	Agenda Item No.	3
			89.3
Date of meeting	9 July 2018	Time required	60 minutes

Title	**Quarterly strategic update**
Sponsor	Rob Powell, Chief Executive and Rebecca Marsh, Chief Ombudsman
Status	OFFICIAL
To be communicated to:	Members and those in attendance

Executive summary

This paper provides Board with an overarching commentary on the Legal Ombudsman's progress against the strategy at the end of Q1. It covers performance against the 2018-19 business plan, operational delivery plan, strategic risks, and performance.

KPI performance in Q1, including against tolerances, is in line with our expectations, reflecting the fact that our plans are based on an improving trajectory throughout 2018-19.

Our performance in Q1 reflects good progress against business plan deliverables and our delivery plan. There are some positive early indicators in terms of operational performance, particularly the legacy team.

As expected, there were some breaches of tolerances in Q1: against 7 out of 30 sub-measures relating to five KPIs; and against two of 23 sub-measures relating to two of the 11 strategic Board indicators. Of the nine sub-measures, four relate to CMCs. The performance report accurately reflects the ongoing issues that underpin our focus on delivering sustainable long-term improvement in performance.

In a departure from previous quarterly updates to Board, key developments in the external environment are covered by a separate strategic horizon scanning paper on today's agenda.

Appendix 1 summarises the key strategic risks, progress against this year's business plan and Q1 performance against the balanced scorecard.

Appendix 2 is the more detailed quarterly operational performance paper, including a summary of progress against the 2018-19 operational delivery plan.

Recommendation/action required

Board is asked to **NOTE** the issues highlighted in the paper.

9 July 2018

Quarterly strategic update

1.   Overview

This quarter has seen delivery of the final stages of Phase 1 of Modernising LeO. The new business process and staffing model have been fully implemented, alongside the successful roll-out in April 2018 of the new Case Management System. Early snagging issues, particularly with telephony, have now been resolved.

Nevertheless, performance will continue to be impacted in Q2 and Q3 by the significant number of staff still working on the old CMS and around half of staff working on both systems. That impact will reduce as staff caseholdings move onto the new CMS.

During Q1, 40 new staff have joined our operational teams. The volume of change, and early challenges for investigators in picking up assessment work, have largely settled down. However, disappointing Pulse survey results reported to RemCo in June reflected the challenges associated with the volume of change during Q1.

The new business processes and ways of working are starting to bed down. We have exceeded delivery plan closure targets for Q1 by 10%, and as new staff become productive we expect to see increased productivity through Q2 to deliver against the annual business and delivery plans.

The key challenge for the Management Team is to achieve the right balance between short-term improvement and investment in sustainable long-term improvement providing more consistent 'flow' and higher quality of casework.

We need to build a performance culture and are investing heavily in leadership development, particularly for the new operational leadership team and Team Leaders. We are now using improved management information to drive case progression and improvement in performance. The supervision model and implementation of our workforce plan will help us support improved performance across the business.

2.   Progress against the business plan

Appendix 1 shows progress against business plan deliverables in Q1.

The new senior management structure in Operations is now beginning to provide the necessary clarity of focus on delivery, operational support and operational transformation/development of the scheme.

This is reflected by progress against the delivery plan. 71% of business plan deliverables have green status with two deliverables relating to operational learning and development under objective 1 (6%) de-scoped as they duplicated other items (the substantive transformation of operational learning and development already captured under objective

4 and the CMC performance deliverable). 24% are amber (any slippage or change of scope can be managed within a reasonable tolerance), and none has a red status.

As shown in a separate report, the scope of Phase 2 of Modernising LeO will challenge our resources. While it is more focused and lower risk than Phase 1, there are a number of significant projects which will need to be balanced and prioritised against the need to drive sustainable improvement in performance.

3. Performance

Appendix 1 sets out our performance against the new Balanced Scorecard and tolerances. The process of operationalising the new KPIs has gone well but has identified some opportunities to refine some of the framework. In this vein, we have already combined two separate measures on service complaints into a single KPI (CEQ6a).

Appendix 2 provides a full quarterly update on operational performance. We have exceeded delivery plan closure targets by 10% in Q1, significantly (49%) for legacy work. June represented the best month for closures since November 2017. Early data from four teams operating 'supervision model' pilots are positive and a full evaluation will be undertaken at the end of Q2.

The forecast profile of closures in Q1 was significantly lower than for subsequent quarters (reflecting leads times for new staff to arrive and be inducted, and transition to new ways of working).

We now need to drive significant productivity improvement through the Modernising LeO changes, supervision model, more focused scoping and casework and additional staffing. The Management Team is leading work to raise performance and address variations in performance between teams. Together, these plans aim to achieve a sustainable improvement in case progression/flow, performance and quality, which will at the same time improve our internal organisational KPIs.

We will closely monitor the number of cases being accepted for investigation in legal which is behind our delivery plan. We expect this to increase as we move beyond issues experienced in Q1 associated with the transition to investigators picking up assessment.

Combined timeliness across CMS1 and CMS2 is poor due to the age profile of the historic WIP in CMS1. Quality and customer satisfaction indicators show a mixed pattern and still reflects issues from late last year.

The performance report (**Appendix 2**) sets out those KPIs which are outside tolerance.

We are in the process of finalising a wholesale update of the forecasting model to reflect recent changes in our business processes which change the original assumptions in the model. As a result we have not included the forward performance forecast with this paper.

4. Strategic risk

We are reporting for the first time against the five new strategic risks the OLC agreed in April.

At the end of Q1, one of our strategic risks was at target (innovation, impact and external environment). The other four are off target because of the combination of current performance issues, the process of transition to new ways of working, and workforce and organisational challenges.

The level of risk reflects where we are as an organisation; we now need to convert additional staffing, new business processes and systems into greater productivity. This is reflected in the central risk - reputation and credibility which will only be mitigated by delivering sustainable improvement in performance, and demonstrating clear progress against our planned trajectory.

Demand risk reflects the lower level of cases converted to investigations in Q1, a reflection of the move to new business processes. Incoming demand converting to investigation is expected to increase during Q2 but if it does not this could compound the operational resource risk. We have also engaged closely with the SRA over Q1 to understand regulatory and market changes, their potential impact on demand, and to establish better advance communication to mitigate any potential risks of unintended consequences for our jurisdiction.

Demand risk impacts the operational resource risk. We face significant operational workforce and establishment control risks from the CMC transition process and absorption of legacy resources. The risks around CMC are compounded by ongoing uncertainty about the location of FOS's CMC work, which is not expected to be confirmed until Q3. We have commenced discussions with CMC staff about their options, and have implemented workforce planning measures to support transition.

Following a period of intensive change during Q1, which was reflected in Pulse survey results, the focus in Q2 will be to embed the changes we have introduced, stabilise performance and improve staff engagement. Through the second phase of Modernising LeO there is significant further work to build organisational capability, infrastructure and a high performance culture.

Appendix 1:
Q1 2018-19 business plan and performance update

LEGAL OMBUDSMAN

SUMMARY POSITION	Owner	Risk appetite	Current risk (IxL)	Target risk (IxL)	Trend	Commentary
Reputation and Credibility – OLC or Legal Ombudsman scheme lose credibility, trust and public confidence	RM/RP	Open	12 (3x4)	9 (3x3)	New risk	The risk is above target as a result of ongoing work to address current performance issues. Planned controls are to fully implement the new communications and engagement strategy by Q4 and scope a project to improve signposting and use of language. Contingency is a specific campaign to address reputational issues, recruiting part-time specialist senior communication skills and commissioning an external review to address causes of specific issues.
Impact, innovation and responding to changing expectations – failure to innovate, achieve positive impact and respond effectively to a changing strategic landscape and stakeholder expectations	RM	Open	9 (3x3)	9 (3x3)	New risk	The main focus of managing this risk is implementation of our stakeholder engagement and communications strategy. Within this, we will be developing a strategic stakeholder engagement programme as part of Board's forward agenda, developing a corporate narrative in July, implementing a stakeholder survey in Q4 and developing a tailored communications and engagement plan for Welsh stakeholders in Q4. Contingency is securing additional specialist external affairs support, specific campaign in the case of critical incident and market research to reposition should evidence suggest sharing insight is failing to achieve impact.
Demand – Trust and confidence in the Legal Ombudsman scheme is impacted negatively by significant (>10%) unplanned changes in demand	RM	Cautious	9 (3x3)	6 (3x2)	New risk	The risk is above target due to ongoing work to refine forecasting models in light of recent enhancements to process, managing CMC transition and quantification of impact of regulatory changes on demand. During 2018-19 we will enhance our operational and demand forecasting tools with a new forecasting specialist. We will refine our horizon scanning, develop career pathways, supervision, feedback, support and professional development of staff, continuously improve our business processes and refresh our workforce plan. Contingency plans if demand changes significantly include seeking OLC approval to adjust KPIs, consider budget variations, movement of resources between CMC and legal and re-prioritising business plan deliverables.
Operational resources – inability to recruit, develop and retain sufficient skilled people with the right skills, values and behaviours	RP	Open	12 (3x4)	9 (3x3)	New risk	This risk is above target because of key challenge of managing our establishment down over by April 2019 as a result of CMC transition, the absorption of the legacy team and new ways of working. We are exploring access to a wider pipeline of candidates through a range of means, introducing use your own device by December, completing leadership and line management development programmes in Q4, and implementing our celebrating success scheme in June, and reviewing and refining our workforce planning and staffing model in Q2. Contingency is use of temporary staff, expansion of the Ombudsman pool, diverting resource from corporate teams or between legal and CMC, seeking approval to change pay structures, re-prioritisation of business plan deliverables.
Organisational capability and governance – the organisation (governance, infrastructure, controls, people, process) is not capable of enabling effective delivery of the scheme	RP	Cautious	9 (3x3)	6 (2x3)	New risk	The risk is above target pending completion of ongoing changes as part of modernisation, after which it is expected to reduce. These changes include implementation of our reward and recognition scheme in June, refreshing the workforce plan and succession planning, outsourcing payroll and delivering the Business Intelligence phase of the CMS project by October. A Gateway 5 Review is scheduled for December to ensure delivery of phase 1 Modernising LeO benefits. Contingency includes specialist external support to address issues, external review of specific organisational capability or governance issues and any associated actions and redeployment of staff to address specific issues.

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

Objective	Deliverable	Timescale	Who	Status and Progress
Deliver and implement a learning and feedback model across our operations	Implement a new operational learning and development programme	Q1-4	MH	This is covered by the Grow our People project in Modernising LeO Phase 2 and is reported on under objective 4 – this should therefore be de-scoped and will not be reported on separately.
	Establish operational hub to manage operational business risk, co-ordinate operational delivery, identify policy issues & ensure an effective control framework	Q1-4	CD	Operations support team established, and policies and procedures being designed and implemented
	Strengthen framework to learn from service complaints and feedback from complainants and service providers	Q1-4	CD	Service complaints transferred to Operations support team, new framework in place to track and capture key themes, attendance at team meetings to feedback on key trends from last quarter.
	Update quality improvement framework	Q1-4	CD	Initial review of quality framework to take account of changed approach due to supervision under way.
	Enhanced forecasting and capacity model informed by data on productivity and use of time	Q1-4	CD	Model assumptions have been reviewed and are being updated to reflect significant changes in ways of working.
Deliver an improved customer service experience in the legal jurisdiction in line with our customer service principles	Accept up to 7,900 cases and close up to 8,425 cases	Quarterly in line with delivery plan	SP	Performance in terms of closures is on track with delivery plan. Cases accepted are behind profile in the delivery plan due to impact of Q1 change of process.
	Achieve timeliness, quality and customer satisfaction KPIs	Q4	SP	Plans in place to ensure progression of case; improving timeliness. Quality and customer satisfaction are being monitored by Operations Support team to identify trends and action improvements but likely to remain amber in Q2.
Maintain quality of service during transition of the CMC jurisdiction to the Financial Ombudsman Service	Accept and close 1,750 CMC cases	Quarterly in line with delivery plan	SP	Closures and new cases for CMC are behind delivery plan as a result of falling volumes, This may reflect changes in the market, transition and lack of bulk incidents.
	Deliver in line with timeliness targets: • We will close 60% of cases within 90 days • We will close 90% of cases with 180 days • We will close 100% of cases within 365 days	Quarterly in line with plan	SP	This duplicates the deliverable in the line below and so we propose to de-scope
	Achieve timeliness, quality and customer satisfaction KPIs	Quarterly in line with plan	SP	Performance against KPIs is generally in line with expectations / projection, other than 90 day timeliness.

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

Objective	Deliverable	Timescale	Who	Status and progress
Use our data and intelligence to support and facilitate improvements in the legal and CMC sectors	Develop refreshed communications and engagement strategy including strategic direction for feeding back to the profession	October 2018	MH	Communications and Engagement Strategy submitted to Management Team 21 May, submitted to Board 4 June. Further comments taken on board.
	Use our data and intelligence to support and facilitate sector improvement: • Improve quality of case studies, themed reports and consumer awareness guides • Deliver a minimum of six periscope-style videos • Pilot webinars/eLearning • Develop and deliver a minimum of four professional feedback courses per year	Each year	MH	'Better Information' joint consumer research with SRA released in June. Schedule of guidance and thematic reports for the year has been developed. 1 x periscope delivered in June, schedule developed for delivery of at least 7 more. Complaints handling course for barristers delivered 27 June. Complaints handling course for Society for British Bangladeshi Solicitors scheduled 12 July Distance learning being trialled with internal staff with a view to piloting this externally.
Support the legal and CMC sectors to be more effective in complaints resolution	Improve the value and impact of sharing our information, research and insights from the scheme (speaking events, exploiting our new web presence and social media)	Ongoing	MH	Stakeholder segmentation and mapping complete. Presented workshop on the Language of Complaints research at Ombudsman Association conference. Presentation by Senior Ombudsman to LegalEx/LegalNetwork in Wales scheduled for October. Discussions with Chartered Institute of Trademark Attorneys on our approach to determining whether service was reasonable will inform their new guidance for the profession. Chief Ombudsman interview with CILEX Regulation published online. Ongoing liaison and meetings with the Law Society to discuss/improve feedback channels.
	Project to improve two-way data sharing with regulators: • Entity data received from regulators uploaded into case management system • LeO regulator data reports documented and operational	April 2018 and ongoing	MH	Original data upload completed.Further data reports to come from the Operational Support hub Data sharing review with Solicitors Regulation Authority to start in Q2 regarding waivers in the unregulated sector, and misconduct referral data.

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 improve access to justice	Work with the Ministry of Justice and provide data available from our current business process to improve understanding of the unregulated sector	Q1-4	MH	Data collected by Operational Support hub to be provided to the MoJ on an annual basis.
	Work with regulators to develop a single register of regulatory data and overhaul the Legal Choices website	2018-19 to 2019-20	MH	LeO to participate and engage in steering group for Legal Choices. Meetings re: single digital register will commence 2019
Consider approaches to alternative dispute resolution (i.e. mediation, adjudication) and include outcomes in scheme rules review	• Conduct review of legislative framework, Scheme Rules and business process to maximise effectiveness and value for money, including the impact of case fees, especially on equality and diversity • Implement findings of review • Consult on proposed new framework for publishing decisions • Review the scope to use additional mechanisms for resolving complaints	Initial review Q1, final output Q2, implement findings Q4, consult Q1 and review scope Q3	MH	Slight delay in starting Scheme Rules Review and Business Process review - created as projects within Phase 2 of Modernising LeO, with project briefs, timeline and scope to be presented at June Programme Board. Publishing decisions – initial internal review of options informed by findings of Better Information research planned for July, to be reported to September OLC Board. Ongoing discussions with Legal Services Consumer Panel regarding presentation of complaints data/consumer access to Alternative Disputes Resolution/3rd party complaints
Deliver project work to support transition to CMC jurisdiction to the Financial Ombudsman Service	Understand the impact on demand for LeO's services of CMCs becoming Alternative Business Structures and therefore being regulated by legal service regulators	3	SP	Discussions ongoing with key stakeholders about the likelihood of CMCs transferring to SRA regulation post April 2019.
	Produce transfer scheme to inform drafting of statutory instrument and agree the approach to dealing with open cases after April 2019	Dependent on activities required from FOS and HM Treasury	SP	Ongoing discussions with FOS around transfer and handling of cases post April 2019. Heads of agreement in place, but amber status reflects significant concern that further progress is contingent on discussions with FOS, MoJ and HMT to achieve clarity about funding transition costs, timescales and data transfer.
	Manage staff vacancies to maximise opportunities for staff	Q1 onwards	SP	Meetings arranged for Q2 and onwards to outline organisational staffing position with CMC staff, and to promote transfers to legal jurisdiction.

9

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

Objective	Deliverable	Timescale	Who	Status and progress
Enhance service and deliver efficiencies through digital developments	Enhance the functionality of our new case management system	September 2018	NG	In early stages of planning; mid April delivery of go live and additional post-go live actions requiring key resources means that this is likely to slip to Dec 2018.
	Refresh our external website: • Improve accessibility of the website and stakeholder engagement mechanisms • Design, develop and deliver customer assessment tool (complaint form) • Strengthen our approach to cyber security to enable self-service functions	March 2019	NG	Initial discussions have started and the website improvement (including customer assessment tool) project is being scoped jointly by IT and the business. Work on cyber security and the website not due to start until mid-Q2, and will run in parallel as the longer term thinking for the website emerges from the website project.
Reduce our information footprint and improve cyber security	Decommission previous case management system	December 2018-March 2019	MH	Specific project within Modernisation Phase 2. Project brief submitted to Programme Board 28 June. Currently identifying priorities for transferring cases out of CMS1
	Enhance SharePoint Online to improve internal communications and knowledge sharing	September 2018	MH	Essential guidance uploaded to Wiki in time for Go Live on new CMS. Remaining guidance is being uploaded June/July. Specific knowledge owners for guidance pages to be determined in July, and 'virtual white boards' for comments and suggestions active as of 22 June.
Improve the quality, analysis, use and assurance of our data	Develop better data quality and assurance to support our research and feedback to the professions	September 2018	CD	New reporting framework and assurance process designed and will be tested using Q1 data, lessons learned exercise to then take place.
	Implement processes to improve information and records management	March 2019	NG	Project due to commence in Q4 following arrival of permanent Data Protection and Information Compliance Officer. This is likely to be a multi-year project.
	Ask the Information Commissioner's Office to undertake a voluntary data protection audit to assess GDPR compliance	March 2019	NG	ICO audit scheduled for February 2019.
	Develop dashboards for improved strategic MI: • Implement revised budget management reports • Refine, enhance and exploit new operational forecasting and capacity model • Implement new operational performance dashboards • Develop management information about business plan implementation/performance against balanced scorecard • Exploit new reporting functionality in CMS/BI tool	October 2018	CD	Review of dashboards underway to confirm that data provided is fit for purpose, and assess whether new dashboards are needed.

10

Objective 4: modernise LeO to deliver continuous improvement in performance – people and ways of working

Objective	Deliverable	Timescale	Who	Status and Progress
Attract and retain great people	Fully exploit new employee value proposition to achieve a stronger position in the recruitment market, maximising the benefits of our new flexible working policy and developing IT to support it; and meet our commitments on workplace well-being as set out in our *Time to Change* action plan	December 2018	MP	Good progress has been made embedding both Flexible Working at LeO and the launch of Celebrating Success. Feedback from the recent recruitment campaigns is very positive about our offer. Workplace wellbeing continues to be a high priority with the network of wellbeing champions now trained. The extent and scale of recent changes in the organisation, and the ongoing focus on improving performance and productivity, mean there are challenges around well-being, resilience/change and workload.
	Develop partnerships with local academic institutions to improve pipeline of staff	July 2018	MP	Relationship with Birmingham City University progressing well and we are currently working on our first joint sandwich student campaign. The proposal for an MoU between the organisations has been tabled.
Grow our own people	Design and develop effective career pathways, supervision, feedback, support and professional development for our staff: • Design and develop a model supporting effective professional progression options and succession planning • Design and deliver professional learning and development • Review and align competency and appraisal frameworks in light of the development framework	March 2019	MH	Specific project within Modernisation Phase 2. Project brief submitted to Programme Board 28 June – scope and timelines to be approved in light of Programme Board feedback. Supervision pilot currently underway and running in 5 teams. Initial indicators are positive – full review to be undertaken at the end of Q2, which will feed into the project. LeO have attended initial case worker competency working group with the Ombudsman Association, further attendance scheduled for 17 July.
Build our programme and project management capability	Establish Portfolio Management Office	June 2018	EI	PMO intranet site created, templates and exemplars available. PPM methodology designed awaiting approval by Programme Board. New project management resources briefed on expectations. Mechanism for reporting KPIs, business plan and risks in place.
	Undertake lessons learned review of Modernising LeO phase 1 and apply lessons to phase 2	July 2018	EI	Lessons learned review carried out, action plan drafted, initial findings built into structure and governance of phase 2. Publication ready version of report to be reviewed by Programme Board in July.
	Undertake Gateway Review 5 to ensure Phase 1 benefits are being achieved	December 2018	EI	Review to be scoped for approval by Programme Board in September.

11

LEGAL OMBUDSMAN

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)

KPI performance Q1 2018-19

LEGAL
OMBUDSMAN

Quarterly KPI and tolerance report

External KPIs

Measure	KPI	Tolerance	April	May	June	Tolerance exception report/additional info
% LEGAL cases concluded in new CMS [CEQ2a]						
90 days (legal – low)	60%	10% off		100%	100%	Not applicable
90 days (legal – med)	30%	target for		100%	100%	
90 days (legal – high)	0%	more than 2		0%	0%	
180 days (legal – low)	85%	consecutive		100%	100%	
180 days (legal – med)	80%	months or 2		100%	100%	
180 days (legal – high)	30%	months out of		0%	0%	
365 days (legal – low)	99%	4, in any		100%	100%	
365 days (legal – med)	90%	category		100%	100%	
365 days (legal – high)	85%			0%	0%	
% LEGAL cases (all complexity) concluded [CEQ2a]						
Within 90 days	26%	10% off target for more than 2 consecutive months or 2 out of 4	10.66%	18.60%	19.72%	Not applicable
Within 180 days	72%		45.77%	45.41%	34.06%	**Outside tolerance:** This is outside tolerance as a result of the age of the legacy caseload, much of which was over 90 days old when picked up. We are mitigating through the work of the legacy team in progressing cases, and investment in scoping, progression and quality through the supervision model to ensure cases in the new CMS progress appropriately within KPI. Realistically, it will take the 2018-19 financial year to achieve sustainable improvement in performance.
Within 365 days	90%		95.61%	90.58%	92.23%	Not applicable
% CMC cases (all complexity) concluded [CEQ2a]						
Within 90 days	60%	10% off target for more than 2 consecutive months or 2 out of 4	26.76%	20%	24.39%	**Outside tolerance:** Historical resourcing issues led to a CMC unallocated of around 160 in the old Case Management System. The team is working through that and have already reduced it to around 50. However, this has led to delays in allocating out work of up to 90 days which has impacted 90 day timeliness. The unallocated in will be cleared within a month after which we anticipate 90 day performance improving in Q3.
Within 180 days	90%		87.5%	80%	95.12%	Not applicable
Within 365 days	100%		100%	100%	100%	Not applicable

Measure	KPI	Tolerance	April	May	June	Tolerance exception report/additional info
				Q1		
Customer satisfaction – LEGAL [CEQ1a and CEQ1b]						
% customer satisfaction with service at the end of the process (satisfied with outcome)	85%	-5% in one reporting period	Service Provider – 92% Complainant – 94% (Q4)			Not applicable
% customer satisfaction with service at the end of the process (those dissatisfied with outcome)	15%	-5% in one reporting period	Service Provider – 17% Complainant – 13% (Q4)			Not applicable
Customer satisfaction – CMC [CEQ1a and CEQ1b]						
% customer satisfaction with service at the end of the process (those satisfied with outcome)	85%	-5% in one reporting period	Service Provider – 93% Complainant – 84% (17/18 annual figure)			Not applicable
% customer satisfaction with service at the end of the process (those dissatisfied with outcome)	15%	-5% in one reporting period	Service Provider – 7% Complainant – 15% (17/18 annual figure)			Complainant within tolerance. Service provider **outside tolerance** reflecting very low volumes and survey response rates: progressing unallocated CMC work is expected to bring this back within tolerance.

Quality – Service Complaints [CEQ6a]

Measure	KPI	Tolerance	Data			Tolerance exception report/additional info
% of service complaints upheld at final stage of process	Trend	No tolerance	**Stage** / **#** / **%**			(see tables below)

Stage	#	%
1	21	40
2	23	48
3	7	70

Type	Received	Closed stage 1	Closed stage 2	Closed stage 3	Open
Approach of staff	17%	2%	5%	0%	10%
Timeliness	28%	6%	12%	0%	10%
Communications	25%	5%	10%	3%	7%
Discrimination	0%	0%	0%	0%	0%
Failure to follow process	16%	2%	4%	3%	8%
Decision/advice	10%	3%	1%	0%	7%
Other	3%	0%	2%	0%	1%

Q1 remedy value - £50

Reputation and raising professional standards [RPS1]

Measure	KPI	Tolerance	April	May	June	Tolerance exception report/additional info
% of stakeholders agreeing that LeO provides value-adding insight	Trend	No tolerance	Not available until survey undertaken in Q4			Not applicable

Measure	KPI	Tolerance	April	May	June	Tolerance exception report/additional info
				Q1		
Advocacy – LEGAL [CEQ7a and 7b]						
% of complainants satisfied with their outcome who would speak highly of LeO	80%	-5% in one reporting period	2017/18 Legal Complainant = 78%			Not applicable
% of complainants dissatisfied with their outcome who would speak highly of LeO	10%	-5% in one reporting period	2017/18 Legal Complainant = 5%			Not applicable
Advocacy – CMC [CEQ7a and 7b]						
% of complainants satisfied with their outcome who would speak highly of LeO	80%	-5% in one reporting period	2017/18 CMC Complainant = 95%			Not applicable
% of complainants dissatisfied with their outcome who would speak highly of LeO	10%	-5% in one reporting period	2017/18 CMC Complainant = 9%			Not applicable
Unit cost per case [IRE8]						
LEGAL all complexities – *net of estates income and gross costs*	Target £1,505	> £100 over target - 3 month rolling average	Quarterly actual £2,097 - £592 variance			**Outside tolerance:** Delivery plan closure profile was lower in Q1, which is why the unit cost is, as expected, outside tolerance despite a budget underspend. The delivery plan profile takes account of this issue. In addition, we will: • use capacity from new staff to close cases in line with delivery plan to reduce unit cost in subsequent quarters; and • review incoming demand and budget during Q2 to ensure the profile remains accurate.
CMC Legal all complexities – *net of estates income and gross costs*	Target £1,219	> £100 over target - 3 month rolling average	Quarterly actual £1,496 - £216 variance			**Outside tolerance:** This relates to lower volumes than expected. We will mitigate by holding vacancies in CMC and will move staff to legal as we are able, but cannot fully mitigate if volumes remain low due to need for critical mass of staff to handle calls and existing caseload.

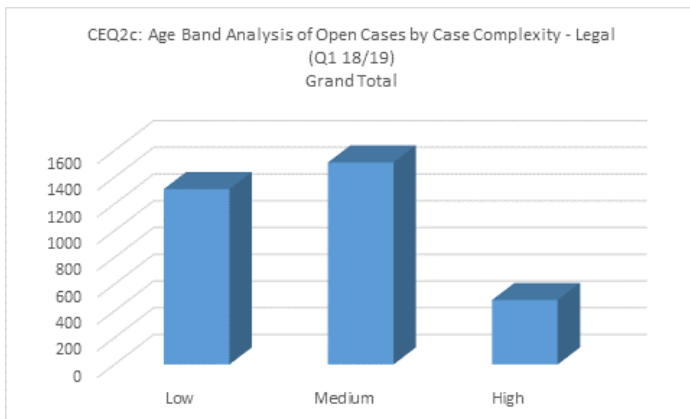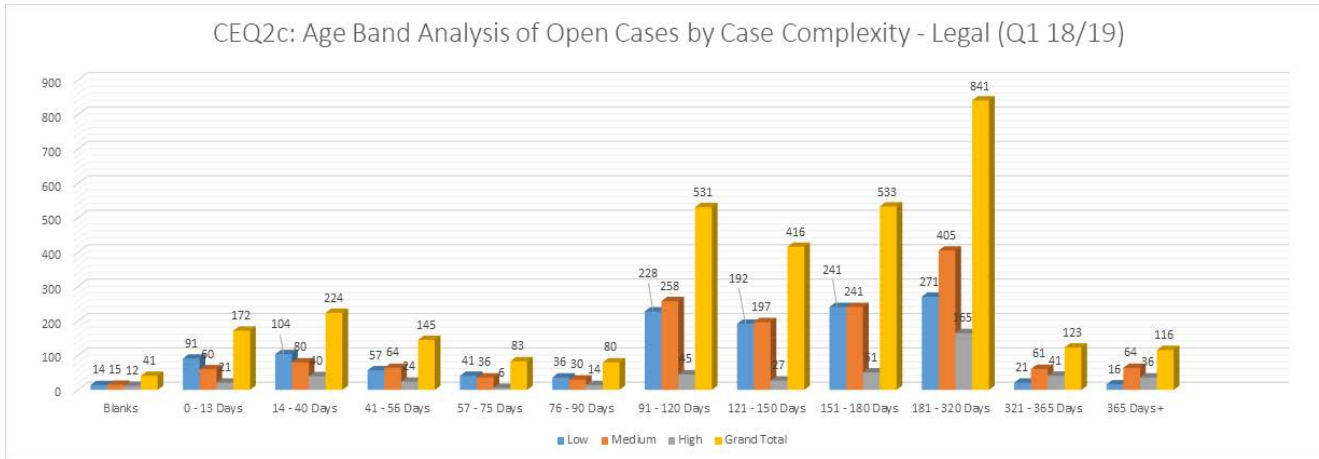| Measure	KPI	Tolerance	April	May	June	Tolerance exception report/additional info
				Q1		
Turnover [PLC2a/b]						
Quarterly rolling annual turnover rate	Rolling annual turnover <12%	>3% above rolling annual target for two consecutive quarters	18.6%	17.6%	21.0%	We will monitor this indicator carefully but the rolling average is likely to be above tolerance in Q2. Board should note that the volume of new staff, the focus on raising performance and the impact of CMC transition means turnover is likely.
Sickness [PLC3a/b]						
Average days per employee lost to sickness (all)	Below CIPD public sector averages (8.5 days per FTE)	>10 days per FTE	10.5 employee days			**Outside tolerance:** Driven by a number of long-term sickness cases and a change in the KPI metric which is now measured by FTE not headcount. This has increased the days per employee even through the % of days is stable. We will monitor all sickness cases in line with our policy working closely with Occupational Health providers. All long term cases are kept under close review with line managers, the HR team and oversight by the CEO and Chief Ombudsman.
Engagement [PLC1a/b]						
Civil service and Pulse engagement index	>60%	<50% in any quarter	49.4% in Q1 Pulse Survey			**Outside tolerance:** Timing of survey at point of maximum change means the impact of snagging issues and the changes on staff was at its height. We will: • Continue to implement new employee value proposition and business plan actions to develop the organisation, its leaders and our culture. • Engaging our line managers about what they can do on a day-to-day basis with individuals and teams to provide the right leadership during a period of intensive change to support delivery.

Strategic Board performance measures

Measure	Tolerance	Q1			Tolerance exception report/additional info
Median time to resolution – [CEQ2b]					
Median time to conclude a case (by case complexity)	No tolerance	Not available.			Until sufficient case volumes are in the new CMS we will be unable to provide assured data on median time by complexity.
Age band of open cases – [CEQ2c]					
Age band analysis of open cases by case complexity – LEGAL	No tolerance	See Annex 1			Not applicable
Age band analysis of open cases by case complexity – CMC	No tolerance	See Annex 1			Not applicable
Work in progress					

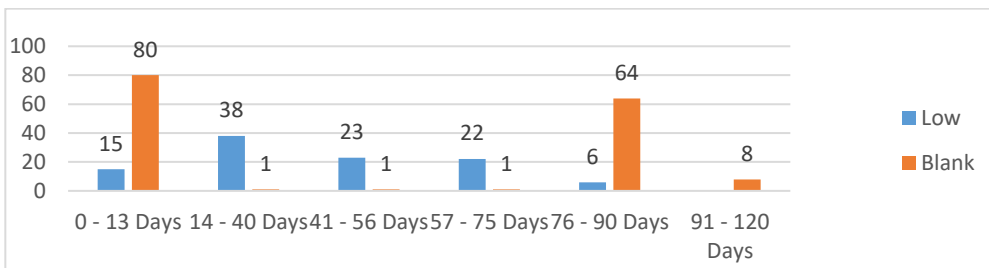| Measure	Tolerance	April	May	June	
Legacy team remaining work in progress - within 10% of plan – [CEQ2e]	>10% off plan for more than 2 consecutive months	1,760 (ahead of plan)	1,616 (ahead of plan)	1,468 (ahead of plan)	We are proposing to refine the KPI definition for legacy to focus on closures and unallocated against delivery plan. Remaining legacy WIP is in ahead of delivery plan so we are within tolerance.
Current work in progress - LEGAL by case complexity – within 10% of plan (tolerance> 20% variation to plan for more than 2 consecutive months) – [CEQ2f]	> 20% variation to plan for more than 2 consecutive months	1,164	1,689	1,635	A detailed breakdown by case complexity appears in Annex 2. Total legal non-legacy WIP is within 10% of plan. We are proposing to refine the KPI definition for WIP in Q2.
Current work in progress – CMC – [CEQ2f]		535	474	386	**Outside tolerance**: A detailed breakdown by case complexity appears in Annex 2. More than 20% outside plan due to a reduction in incoming cases and other work being cleared. We are working towards transition of CMC to FOS, and caseloads will be volatile and reducing as a result.
Monthly/quarterly variance between legal cases accepted and closed, by complexity <5% (tolerance >10% variance for more than 2 consecutive months) – [IRE5]	High	-44.44%	-11.76%	-25%	The negative variance percentages reflect the fact that we have closed more cases than we have opened and so are well within tolerance.
	Medium	-79.31%	-74.51%	-79.35%	
	Low	-21.62%	-100%	-126.92%	

Measure	KPI	Tolerance	April	May	June	Tolerance exception report/additional info
				Q1		
Customer satisfaction at investigation						
% satisfaction (customer/service provider) at investigation stage – LEGAL [CEQ1c]	65%	>5% below target for two consecutive reporting periods	Customer (Legal) - 54% Service Provider (Legal) - 42%			Not applicable but will be carefully monitored as the KPI will be outside tolerance if this does not improve in Q2.
% satisfaction (customer/service provider) at investigation stage – CMC [CEQ1c]	65%	>5% below target for two consecutive reporting periods	Customer – 50% Service Provider – 100%			Not applicable but will be carefully monitored as the KPI will be outside tolerance if this does not improve in Q2.
Quality						
% all cases assessed as meeting appropriate customer service principles – LEGAL [CEQ4a]	90%	>5% below target for two consecutive reporting periods	General Enquiries Team: 80% Investigator & Level 1 Ombudsman: 75%			Not applicable but will be carefully monitored as the KPI will be outside tolerance if this does not improve in Q2.
% all cases assessed as meeting appropriate customer service principles – CMC [CEQ4a]	90%	>5% below target for two consecutive reporting periods	100%			Not applicable.
% all cases assessed as having a fair and reasonable outcome – LEGAL [CEQ4b]	95%	>5% below target for two consecutive reporting periods	Investigator & Level 1 Ombudsman: 87%			Not applicable but will be carefully monitored as the KPI will be outside tolerance if this does not improve in Q2.

Measure	KPI	Tolerance	April	May	June	Tolerance exception report/additional info
Quality				Q1		
% all cases assessed as having a fair and reasonable outcome – CMC [CEQ4b]	95%	>5% below target (2 consecutive periods)		100%		Not applicable.
% of tasks and decisions sent back by Ombudsmen LEGAL [IRE7]	<10%	>10% above target		5.2%		Not applicable.
% of tasks and decisions sent back by Ombudsmen CMC [IRE7]	<10%	>10% above target		1.4%		Not applicable.
Reputation and raising professional standards				Q1		
% professional feedback plan delivered, % target attendees and % positive feedback [RPS2]	Green status (>70%)	No tolerance		Green		100% delivery legal and CMC; % target delegate attendance 71%; 97.5% positive delegate feedback
Klout social media [RPS4]	>40	No tolerance		47		Not applicable.
% using legal services in last 2 years who had heard of LeO [RPS7]	Trend analysis	No tolerance		64% (2017-18)		Not applicable.
IT downtime						
% unplanned downtime (CMS, telephony and infrastructure) – [IRE1]	<1%	>2%		0.81% *(CMS: 1.3%, Telephony: 1.1%, Infrastructure: 0%)*		Not applicable.
Budget variance						
% variance against budget YTD and forecast outturn – [IRE9]	<1%	Variance >2%	Legal 11% CMC 16%			**Outside tolerance:** The budget profile has moved due to timing of staff starting and the impact of Modernising LeO in Q1. A detailed reforecast exercise took place at the end of period 2 which will be closely monitored alongside unit cost (IRE8). CMC vacancies will be held subject to critical mass.
People. Leadership and culture						
MIND workplace well-being index [PLC13]	Bronze status	No tolerance		Available in Q4		Not applicable.

Annex 1 - Age Band of Open Cases CEQ2c – Legal (CMS1 and CMS2 combined)

CEQ2c: Age Band Analysis of Open Cases by Case Complexity - Legal (Q1 18/19)

CEQ2c: Age Band Analysis of Open Cases by Case Complexity - Legal (Q1 18/19) Grand Total

Age Band of Open Cases CEQ2c – CMC (CMS1 and CMS2 combined)

Note - blanks relate to cases in CMS1 where the file rating was not captured as part of the process before April 2018.

Annex 2 – CEQ2e and CEQ2f – work in progress

	Legacy	BAU	
		CMS1	**CMS2**
Assessment with investigators- all		190	965
Unallocated investigation	1,175	165 (file rating 3-5)	89 (file rating 3-5)
Investigation – total work in progress comprising….	**293**	**689**	**570**
Low			259
Medium			194
High			68
No File Rating			49
Total suspended comprising….	**29**	**60**	**19**
Low			10
Medium			9
High			0
No File Rating			0

	CMS1	**CMS2**
Total decisions WIP and unallocated comprising…..	**436**	**13**

Appendix 2: Operational Performance Report (Q1 2018/19)

1. Introduction

1.1. This paper provides a review and analysis of performance in quarter one (2018/19) as outlined in the balanced scorecard.

2. Performance Headlines and Analysis

2.1. Case progression and closures on CMS1 are in line with expectations and tolerances set out in the delivery plan and initiatives are in place to sustain the performance that is needed to achieve Q2 targets.

2.2. The legacy team performance is ahead of expectations for closures (50% above projection) and workload management (10% above projection).

2.3. The number of cases being accepted for investigation in Legal on CMS2 has fallen behind the delivery plan. This is due to
   - Investigators learning about and managing assessment work.
   - The flow of returning assessment work.
   - Investigator time spent on call overflow rota and escalation.
   - Progressing assessment work in Q4 for transition purposes

2.4. With the aid of the supervision model, cases in CMS2 are progressing in line with projections. Closure levels in CMS2 are behind plan largely due to the low numbers of cases being accepted for investigation.

2.5. Timeliness for work being run out of the CMS2 is in line with the KPIs with all cases that have been closed to date coming in under 90 days. The focus on enhanced scoping of the complaint, the application of Chapter 5 dismissals and supervision have already had positive effects on the age profile of closed cases and we envisage this continuing to drive improved performance against timeliness KPIs.

2.6. Combined timeliness across CMS1 and CMS2 is poor due to the age profile of the historic WIP in CMS1. The significant wait time before an investigations commenced has meant that the 90, and in some cases 180, day KPIs had passed. The work of the legacy team and an increased focus on progression of cases is helping maximise performance against the 365 day KPI.

2.7.   Through work done in previous quarters, the proportion of Ombudsman decisions or dismissals sent for rework has reduced considerably in Q1.

2.8.   Satisfaction levels for complainants at investigation stage in both the Legal and CMC are below KPI and will be outside tolerance if this continues into Q2. As in previous quarters, the main drivers for dissatisfaction continue to be delay and lack of updates. The recently introduced regular case progression reviews will improve performance in this area over coming quarters. Although satisfaction for service providers in Legal is below KPI, in CMC it is 100%, but this is based on only 2 responses. This is broadly consistent with Q4 performance.

2.9.   End of process survey results are in line with expected trends and figures reported in Q4 with satisfaction of 94% for complainants satisfied with outcome and 13% for customers not satisfied with outcome.

2.10.   Internal reviews on service and outcome show that GET's service was reasonable in 80% of reviews, and for the RC service was reasonable in 75% of reviews. Where failings were seen it was in respect of delays and updates. Again, our drive on regular case progression reviews will address this issue. In terms of outcome for the RC it reduced by 5% from last quarter to 87%. CMC outcomes and service reviews were 100%.

2.11.   CMC performance in terms of cases being accepted for investigation has reduced below projection which is due in part to the changes to the rules around up-front fee work. CMC closures are down as a result of an influx of new starters into the team. CMC continues to work towards full transition to FOS at the end of 2018/19.

2.12.   During Q1, in an effort to maximise performance we:
    • Recruited temporary and permanent operational staff above agreed headcount and offered overtime to progress cases.
    • Minimised, where possible, the number of operational staff using two case management systems.
    • Pursued initiatives around scoping and overall case progression.

2.13.   Looking forwards into Q2 and beyond:
    • Recent starters' productivity levels are increasing to full capacity which will increase output expected from those cohorts.
    • Our second tranche of external pool ombudsmen will go live and help reduce the Ombudsman WIP and drive closures.
    • Recruitment of a further tranche of external pool ombudsmen and fixed term Level 2 Ombudsman resource is ongoing.
    • We will continue to drive team leader reviews of case progression through fortnightly 121 meetings and performance plans
    • Discussions with colleagues in our CMC jurisdiction about moving to Legal in the lead up to the transfer of CMC to FOS.
    • Review resource levels and processes in GET team to free up investigator resource and mitigate possible delay at assessment.

Delivery Plan – Legal

Plan	Month	brought fwd	Q1	Q2	Q3	Q4	Total
	Received	n/a	1150	2100	2140	2110	7500
	Resolutions	n/a	1156	2214	2308	2329	8007

Actual	Month	brought fwd	Q1	Q2	Q3	Q4	Total
	Received	n/a	853				853
	Resolutions	n/a	1264				1264

Plan	CMS 1	brought fwd	Q1	Q2	Q3	Q4
	In Progress	1338	470	86	0	0
	Decision WIP	417	502	310	143	0
	Closures	0	783	576	223	143
	WIP	1755	972	396	143	0

Actual	CMS 1	brought fwd	Q1	Q2	Q3	Q4
	In Progress	n/a	730			
	Decision WIP	n/a	335			
	Closures	n/a	825			
	WIP	n/a	1065			

Plan	CMS 2	brought fwd	Q1	Q2	Q3	Q4
	New Cases	0	880	700	680	720
	Closures	0	116	1118	1575	1706
	WIP	0	1064	1746	2311	2715

Actual	CMS 2	brought fwd	Q1	Q2	Q3	Q4
	New Cases	n/a	620			
	Closures	n/a	50			
	WIP		860			

Plan	Legacy	brought fwd	Q1	Q2	Q3	Q4
	Unallocated	1532	1108	588	98	0
	In Progress	442	609	609	589	207
	Closures	0	257	520	510	480
	WIP	1974	1717	1197	687	207

Actual	Legacy	brought fwd	Q1	Q2	Q3	Q4
	Unallocated	n/a	1175			
	In Progress	n/a	293			
	Closures	n/a	390			
	WIP	n/a	1468			

Delivery Plan – CMC

Plan

Month	Q1	Q2	Q3	Q4	Total
Received	431	437	444	438	1750
Resolutions	304	562	445	439	1750

Actuals

Month	Q1	Q2	Q3	Q4	Total
Received	210				210
Resolutions	273				273

CMS1

Plan

CMS 1	Q1	Q2	Q3	Q4
Unallocated	140	0	0	0
In Progress	143	48	0	0
Suspended	149	149	0	0
Closures	125	347	48	0
WIP	347	48	0	0

Actuals

CMS 1	Q1	Q2	Q3	Q4
Unallocated	49			
In Progress	151			
Suspended	149			
Closures	83			
WIP	283			

CMS2

Plan

CMS 2	Q1	Q2	Q3	Q4
New Cases	261	437	444	438
Unallocated	161	220	187	186
In Progress	117	277	309	309
Closures	46	218	445	439
WIP	278	497	496	495

Actuals

CMS 2	Q1	Q2	Q3	Q4
New Cases	61			
Unallocated	20			
In Progress	92			
Closures	21			
WIP	103			