

Meeting	OLC Board	Agenda Item No. Paper No.	4 111.3
Date of meeting	28 January 2021	Time required	15 minutes

Title	Executive report
Sponsor	Paul McFadden, Chief Ombudsman
Status	OFFICIAL

Executive summary
<p>This paper provides an update to Board on key areas of progress and risk, and is the first Executive report from the new Chief Ombudsman since he and the new Chief Operating Officer joined LeO in early January.</p> <p>Both new members of the Executive Team have quickly been brought up to speed on operational issues and the budget and business planning process and have prioritised staff engagement in their initial few weeks. The Executive are currently considering the appropriate senior structure for the Legal Ombudsman given the recent departure of the Head of Governance and Strategy, and the impending departure of the Head of Impact, Service Policy and External Affairs.</p> <p>The primary focus of the Executive over the last month and since the last Board meeting has been on developing the 2021/22 budget and business plan. This has been undertaken with full involvement of the Chief Ombudsman and Chief Operating Officer and their input has helped guide development of the Executive's approach to the budget and business plan in response to consultation feedback. Progress against the budget and business plan appears elsewhere on the agenda for discussion by the Board and the Board will note this further developed position and the implications of the business planning and budget process.</p> <p>The key ongoing issue affecting the organisation remains the Covid-19 pandemic, with stricter national restrictions and lockdowns introduced since the last OLC Board meeting. Command Team continue to keep the situation under review.</p> <p>Performance in November showed further signs of recovery, however progress was slower than desired in December. An update on the work of the Performance & Quality Task and Finish group in reviewing and testing the performance improvement assumptions, particularly in the light of emerging Covid-19 scenarios appears elsewhere on the agenda.</p>
Recommendation/action required
Board is asked to NOTE the paper.

Executive report

Risks and issues

The key risks for the business on a day to day basis have previously been identified as follows:

- Delivery, including performance and people
- Governance and Risk management capability
- Finance and financial control
- Reputation and confidence of key stakeholders, and
- Succession and senior leadership skills and capacity.

As such, the activities of the Executive Team have focused in these areas as in the interim period before new permanent senior leaders were established in post.

The key focus recently has been on the development of proposals for the 2021/22 budget and business plan.

Delivery, including performance and people

Performance in November showed further signs of recovery, however progress was slower than desired in December. A full update on performance is provided separately for consideration later in the agenda. The new COO has made quick progress in understanding the operational issues and addressing immediate concerns and priorities through handover with Mariette Hughes who has stepped down from her interim role.

The focus for performance recovery remains on supporting staff to optimise outputs, however progress to date is likely to be impacted by the new national lockdown as staff are once again trying to balance work with caring responsibilities in the face of blanket school closures. The ongoing impact on performance of Covid-19 is being monitored by the Executive Team with key Covid-related actions or decisions considered through regular Command Team meetings. Consistent with previous performance reports, indications are that the long-term effects of working from home are having a further and previously unpredicted effect on productivity.

The Executive have also engaged with the Performance & Quality Task & Finish Group to review and test the assumptions for performance going forward, particularly in light of recent Covid-19 developments. Further information on Covid related impacts is provided separately in the performance paper. A Covid-19 plan also appears elsewhere on the agenda, covering the approach taken and decisions made to date, alongside future long-term considerations. Furthermore, detailed consideration has been given to how the situation may develop over the coming months, and how this will affect performance assumptions.

The Staff Survey results have been received and demonstrate improvement across all areas of LeO, which is extremely encouraging. The key results have been communicated to all staff, and will be discussed elsewhere on this agenda.

Governance and Risk management capability

In December, ARAC were provided with an interim update on LeO's approach to the management of strategic risk. The paper explained how the review and assessment of strategic risk are now embedded within the business and also highlighted the plans that are in place for the further improvement of our risk management provision, through the plans to recruit a dedicated risk manager in Q4 and the development of a formal risk management assurance policy in Q1. The Chair of ARAC felt that this provided confidence and demonstrated progress was being made in our approach to risk reporting.

With the departure of the Head of Governance and Strategy in Q3, the Business Performance Manager has stepped up on a temporary basis to cover the management of risk and governance with support from the Deputy Chief Ombudsman. The long term position on the responsibility for management of risk and governance will be considered in due course along with other decisions around the structure of the Executive Team.

Finance and financial control

Budget preparation for 2021/22 is progressing through a collaborative approach with the Executive Team to ensure collective understanding and close working between finance and business intelligence colleagues to ensure consistency in calculations and assumptions used. Executive and Management team checks have provided additional reassurance and separation of the checking process. This is in contrast to the prior year's budget where the preparation and checking was all done by the finance team.

The budget request for 2021/22 is evolving as part of the business planning process and in response to stakeholder feedback. Further detailed updates on this are provided later in the agenda.

Capital spend has been delayed this year largely due to IT project resourcing. Continued focus is being provided by the capital project group to drive spend forward, and significant progress is expected in the next few weeks.

Work is currently being undertaken to prepare for the interim audit, and full year audit. This will be managed as a project to ensure clarity over requirements and timelines, and ensure that we are fully prepared for the audit. The monthly balance sheet reviews are enabling this, as the main items on the balance sheet are reviewed and challenged, and have appropriate working papers.

Reputation and confidence of key stakeholders

The Legal Ombudsman continues to engage with key stakeholders, and ran a number of well attended sessions during the business plan consultation to obtain feedback.

The consultation closed on 15 January 2021 and stakeholder feedback is being considered in the context of the Business Plan and Budget discussions. Fifteen written submissions were received covering all key stakeholder groups.

Overall, whilst stakeholders were in agreement with the direction of the business plan, many have questioned the extent and timing of the budget increase and whether we should be seeking to do more within existing resources to reach a position of performance stability, including clearer targeting of the backlog. There was a recognition that innovation could be key to reducing waiting times and improving performance, though there was a desire for more information about this work and the potential impact on performance. There was also a request for a greater level of detail, and a need for more clarity on interdependencies between the priorities. A number of stakeholders indicated a willingness to work with LeO either through an advisory role or sharing research and experience.

The Executive Team have been developing the 2021/22 budget and business on the basis of the stakeholder feedback with the Chief Ombudsman and Chief Operating Officer guiding development of the Executive's approach and position. Key proposed changes include a reduction in the requested additional ask; a reduction in recruitment of some planned operational and non-operational roles; renewed focus placed on developing the workforce; and seeking efficiencies and performance improvements within existing business process. Stakeholder feedback and progress with the budget and business plan will be discussed fully with the Board later in the agenda and the Board will be keen to consider the further developed position and the implications of the business planning and budget process.

A vacancy arising from the recent resignation of the Level 2 Ombudsman Ops Transformation & Impact (secondment) will, when combined with the departure of the Head of Impact, Service Policy and External Affairs, bring a level of risk in relation to the management of ongoing relationships and provision of feedback to the sector. This is being considered by the Executive Team alongside wider discussions on business planning and the Executive Team structure.

Succession and senior leadership skills and capacity

The Executive Team has been strengthened by the arrival of the Chief Ombudsman and Chief Operating Officer. Consideration is being given to the appropriate LeO senior structure, given the recent departure of the Head of Governance and Strategy, and the impending departure of the Head of Impact, Service Policy and External Affairs.