

<b>Meeting</b>	OLC Board	<b>Agenda Item No. Paper No.</b>	5 109.4
<b>Date of meeting</b>	26 October 2020	<b>Time required</b>	15 minutes

<b>Title</b>	<b>Executive report</b>
<b>Sponsor</b>	Mariette Hughes, Interim Chief Ombudsman
<b>Status</b>	OFFICIAL

<b>Executive summary</b>
<p>This paper provides an update to Board on key areas of progress and risk. An update on senior recruitment appears elsewhere on this agenda in the Chair's report.</p> <p>As previously reported, the Executive Team are focused on regaining grip across the business. Significant positive progress has been achieved in this regard, and it is vital that the team are able to maintain this grip throughout the interim period.</p> <p>The primary focus of the Executive over the last month has been on delivering the recovery plan for 20/21 alongside the development of proposals for the 2021/22 budget and business plan consultation. This focus is reflected in the suite of Board papers for this meeting, which cover the positive progress made to date, along with future planning. Key discussions around the deliverables for future business planning have taken place with both the OLC Board and LSB, following a number of meetings with external stakeholders. The content of the budget and business plan appears elsewhere on the agenda for discussion and agreement by Board.</p> <p>Another key area of focus has been on establishing interim arrangements ahead of the departure of the Head of Governance and Strategy. Appropriate interim arrangements have been agreed with the Chair, noting that the new Chief Ombudsman will wish to be involved in the recruitment of a permanent replacement.</p> <p>Performance in September showed signs of recovery, and followed the anticipated trajectory as discussed and agreed in the previous OLC Board meeting. The Board may therefore take assurance from the work of the Performance &amp; Quality Task and Finish group in setting appropriate performance planning assumptions.</p> <p>It is anticipated that, by the 26 October OLC Board meeting, the request for an in-year variation to this year's budget will have been submitted to the LSB in order to mitigate the unforeseen cost of senior recruitment and to provide resilience to the senior structure and support performance improvements.</p> <p>The Executive Team continues to work together well, and are focused on supporting the organisation through the next stage of performance improvement, ahead of the arrival of the new CO and COO.</p>
<b>Recommendation/action required</b>
Board is asked to <b>NOTE</b> the paper.

## Executive report

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### 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 newly defined Executive Team have focused in these areas as we navigate the interim period before new permanent senior leaders are established in post.

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

#### Delivery, including performance and people

Performance in September showed signs of recovery, and followed the anticipated trajectory as discussed and agreed in the previous OLC Board meeting. A full update on performance appears elsewhere on this agenda.

The focus for performance recovery remains on supporting staff to optimise outputs, and significant work has taken place to launch the new approach to managing by behaviours, supported by senior HR resource. Work remains underway to phase delivery of the People Plan, and a further update is appended to the performance paper.

The first iteration of the agreed data set has been published for the OLC Board, along with the LSB and MOJ. This represents a significant milestone in the journey towards an improved working relationship, along with clear and transparent data that all parties are able to scrutinise.

The Staff Survey has now been launched, with a real drive to maximise response levels to better understand progress being made. At the time of writing, response rates have already exceeded last year's results, with two weeks still remaining on the survey.

#### Governance and Risk management capability

Significant inroads have been made into implementing improved reporting and business planning, and the budget and business plan consultation process is being appropriately managed with full engagement from Board.

The Head of Governance & Strategy will leave the organisation in a few weeks, and work has therefore been carried out to understand how this risk can be mitigated. Consideration has been given to an external interim appointment, taking into account budget implications and the significant time investment required from all of the Executive to get them up to speed.

Following a comprehensive review of options it has been agreed that the Business Performance Manager will take on priority work from this role, such as the process for the budget and business plan submission, along with supporting the effective running of Audit & Risk Committee, supporting delivery of the organisation's risk assurance framework, and supporting effective running of the internal audit program. The risk inherent in the interim solution will be mitigated by having the Deputy Chief Ombudsman providing line management and support to the Business Performance Manager.

This is intended to be a short-term measure between November and January, when the new Chief Ombudsman and Chief Operating Officer join the Legal Ombudsman and will wish to make their own decisions about the structure of the Executive Team, including the Head of Governance & Strategy role.

#### *Finance and financial control*

A full update will be provided later on in the agenda, however the key focus for the finance team has been finalising the request for an in-year budget variation along with costing the various proposals for inclusion in the 2021/22 budget and business plan consultation.

The Head of Finance will be preparing a formal response letter to our external auditors, in response to the management letter received which highlights the issues and errors experienced in last year's annual report and accounts. They continue to provide a much-increased level of assurance through their grip and understanding of financial matters within the organisation, and a full update on the improvements to be made to the end of year accounts process appears elsewhere on this agenda.

#### *Reputation and confidence of key stakeholders*

The Legal Ombudsman continues to engage with key stakeholders, and in particular has delivered a large number of courses and speaking engagements with the profession. This has included the design and provision of more tailored courses based on service providers needs and requested by regulators. Significant effort has been put into refreshing the tone and content of the courses, and this has been reflected positively in the feedback received.

In order to improve the Legal Ombudsman's reputation and gain/maintain the confidence of key stakeholders, maintaining a positive performance trajectory will be more important than ever. The OLC Chair continues to speak to key external stakeholders, most recently engaging in a very positive meeting with the Legal Services Consumer Panel.

### Succession and senior leadership skills and capacity

The Executive Team continue to work well together during this interim period, and are aligned in a common goal of setting us on the path to recovery. The team are committed to mitigating the risks posed by the imminent departure of the Head of Governance & Strategy, and are looking forward to welcoming the new Chief Ombudsman and Chief Operating Officer.