

OLC Board

15 December 2022

Q2 – Operational Performance

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|------------------------|---|------------------|-------|----------------------|------------|
| Agenda Item No. | 5 | Paper No. | 124.4 | Time Required | 45 Minutes |
| Title | Operational Performance Report | | | | |
| Sponsor | David Peckham – Head of Operations, BI and Transformation | | | | |

Executive Summary

- LeO closed **788** cases in October and 831 in November against Business Plan targets of **876 and 875**, a **92.46% delivery** against the Business Plan.
- The PAP reduced for a ninth consecutive month in November and currently sits at 4514. This is a cumulative 23% reduction year to date but does put us behind Business Plan forecast of 4251 for the first time this year. .
- The Front-End Team (FET) delivered **461 and 499** early resolution closures in October and November, significantly above Business Plan forecast every month this year.
- Customers helped by the FET experienced a 74% shorter journey time than the average for low complexity cases in October.
- LeO have closed **5482** cases against a BP forecast of **5827** which represents a **94%** achievement of the business plan target. To put this into perspective, in the same period in 21/22, LeO achieved **3536** closures with a monthly average of **80.22** FTE established investigators.
- LeO continues to face cost of living related attrition and recruitment issues. This is having a compounded effect on performance and reallocation numbers.
- We are currently projected for a likely 92.7% performance outturn.
- Operational focus is to ensure all possible mitigations are explored and utilised to ensure the best possible position is achieved

Recommendation / Action Required

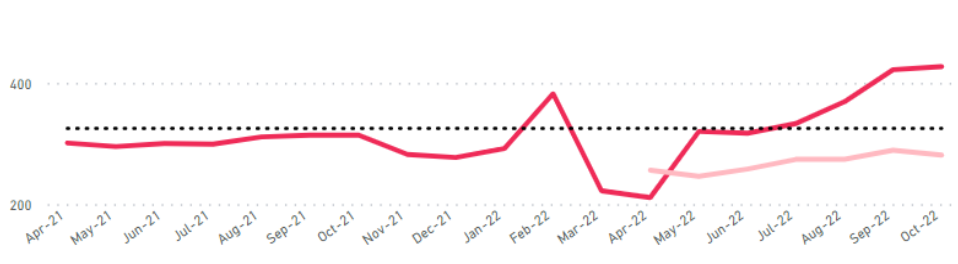
- Board to note in month and YTD performance

Q2 – Operational Performance

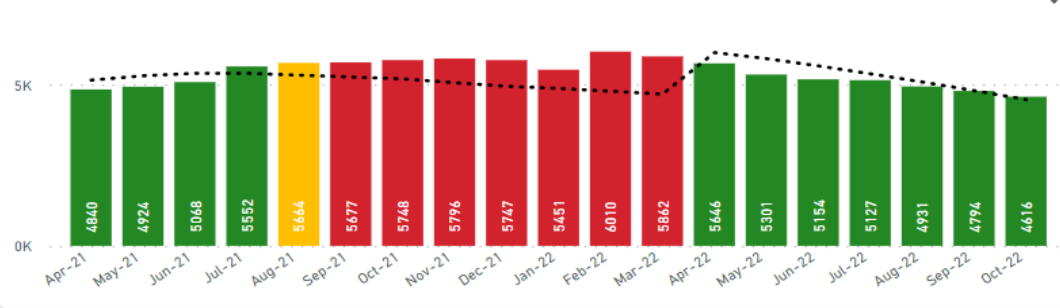
Key Performance Metrics

KPI02 - Customer Journey Time - Low Complexity Cases ↓↑

● Low complexity BAU ● Target - Low complexity ● Combined closures

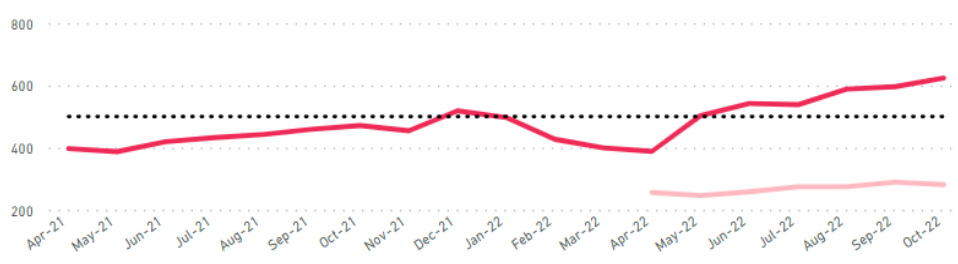


KPI08 - Volume of cases awaiting assessment (PAP) ↓↑

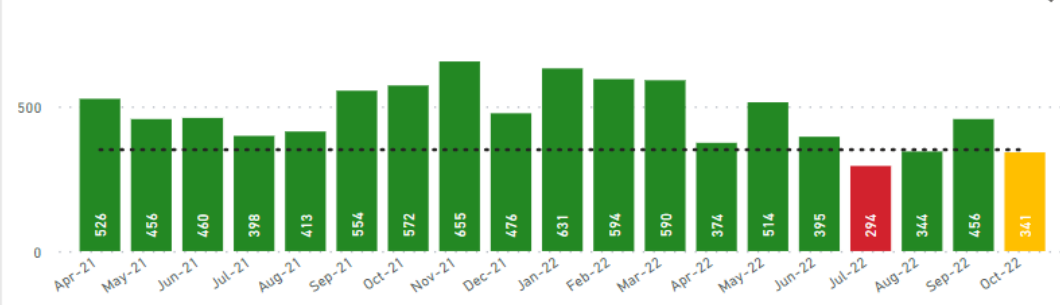


KPI02 - Customer Journey Time - Medium Complexity Cases ↓↑

● Medium complexity BAU ● Target - Medium complexity ● Combined closures

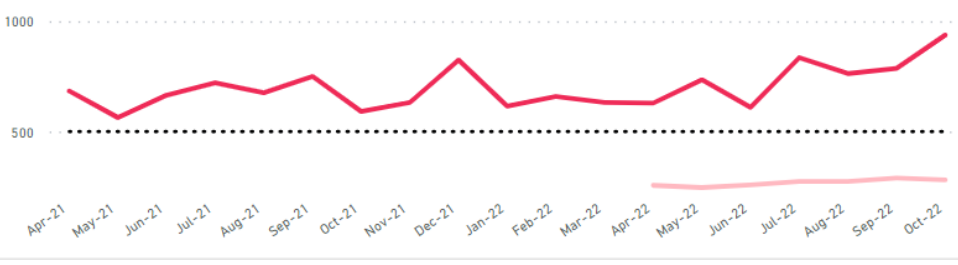


MI05 - Cases taken from the PAP to Investigation ↑↓



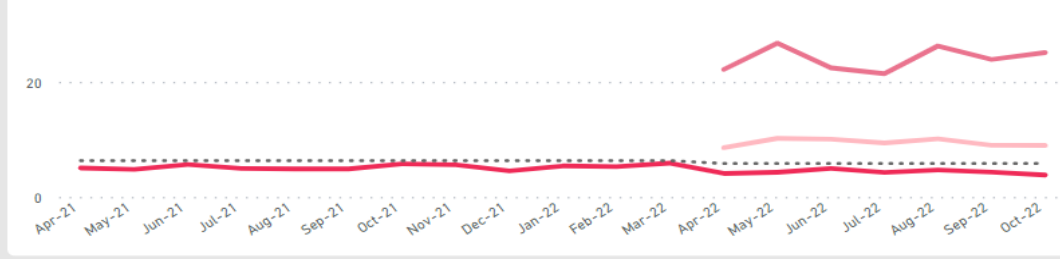
KPI02 - Customer Journey Time - High Complexity Cases ↓↑

● High complexity BAU ● Target - High complexity ● Combined closures



BM01 - Productivity per (established) investigator ↑↓

● Closures per established investigators ● Closure FET ● Closures Combined ● Target



Customer Journey Time

FET are having a positive impact on the overall customer Journey time. Customers within FET experienced a **74% shorter journey time** than the average for low complexity cases in October. For new customers helped within our FET, average customer journey time for those who didn't need a full investigation was just 111 days. We expect this to continue to drop as FET work through cases in the PAP and the balance shifts to predominantly new cases.

For all cases resolved, including those resolved by FET, the overall customer journey time for all complexities, including Low Medium and High, decreased slightly to 281 days which is 13.5% below our low complexity CJT measure of 325 days.

The introduction of FET has enabled investigators to focus on closing the oldest cases within LeO. This approach temporarily inflates the customer journey time for cases that require a full investigation, as customer journey time is measured from the day a case enters the PAP to the time it is closed. Total time is made up of the wait time in the PAP and investigation time.

This has resulted in slight increases across all complexities for cases requiring an investigation. Low (1%) medium (5%) and high (19%).

PAP volumes

The volume of the PAP continues a downward trajectory with its ninth consecutive reduction and a 21% in year reduction from the 21/22-year-end position. Operations and Business Intelligence continue to review assumptions monthly to ensure that we continue to reduce the PAP. Cumulative performance shortfalls mean that achievement of 3109 is no longer likely and this figure is more likely to be within a range of 3600 – 4000, dependent on several factors and mitigations. Whilst this is disappointing, this is still in the context of a 35% reduction, over 2000 cases.

It is worth noting that the PAP reduction is not linear. We expect the PAP to reduce every month and continue throughout 2023/24.

Closures

In October we closed 788 cases vs 876 assumption. For context October 2021 closures were 503, with 12 more established investigators. YTD performance represents a **53.7%** increase on the equivalent period last year despite having less established investigators and more annual leave being taken in seasonal months.

November performance

November delivered 831 closures against a BP target of 875 (95%). The Pre-Assessment Pool (PAP) reduced for the ninth consecutive month in November and currently sits at 4514 vs an expectation of 4251 (94%) a 21% in year reduction from the year end position of 21/22. This continues to be affected by higher attrition than expected and a shortfall in operations November recruitment. Higher than planned attrition is a result of several internal promotions that will enable increased future performance.

Operations Gradbay Review

Background

Gradbay went live in 2021 and reached its first birthday in October 2021. A comprehensive review took place early November which included engagement with the Investigators, Team Leaders, those who support the function and a review of the KPI to see if historical expectations of a new Investigator were achievable against a year of positive business change during 2022

A number of positive changes were adopted as a result of feedback and analysis. The improvements have been implemented and will positively affect those in March and July cohorts who remain on probation and those who joined LeO in November;

Action taken

- Move experienced LeO Investigators into Gradbay teams to support process queries in addition to the support received from TL and L1 Ombudsman (goes live 1 December)
- Outputs have been realigned to actual outputs from those on probation in the first 4 months after they come out of training. Historically these outputs were 25% higher due to there being easier closures achievable in the early weeks after induction. The arrival of the FET team and the success Operations have had in improving the volume of customer outcomes means slower closure profile for these cohorts. There is however a strong focus on the behaviours required to enable case build up and progression to support both PAP reduction and timely closures.
- To ensure consistency a 121 tool has been developed in Power BI for both Team Leaders and Investigators to access that captures side by side information (progression support) and 1:1 documentation. This has been streamlined to include the key behaviours LeO seeks and the outputs taken from CMS that demonstrate if those behaviours are being met. This meets two purposes removes time taken on data mining for Team Leaders who can then concentrate efforts on support, consistency across teams and embed good behaviours required by linking them to business priorities at Team and Investigator level. It is envisaged this will link to the PDR process currently in development by the HR Team.
- A QAF review is scheduled to take place as we end QTR3 to ensure its as lean as can be to balance good customer progression as well as providing essential technical support.
- 10 Level 1 Ombudsman recruited in QTR3 join those on secondment to ensure resilience for the November group start to be supported with technical checks after go live in January and reduce impact on customer wait times
- There will be targeted training sessions whilst the caseholding is being built up for the November cohort. Refresher sessions including real examples the group have experienced will form the basis of action learning sets that aim to embed the knowledge and improve the skills as they undertake each key part of the business process
- Workload planning sessions will take place as the caseholding is built to again embed good planning skills early on
- There will be a risk-based approach taken to sign off for basic communications and more Team Leader time spent on ensuring progression of cases
- All of the above interventions to support our non-established people will extend to both March and July cohorts still on probation if required

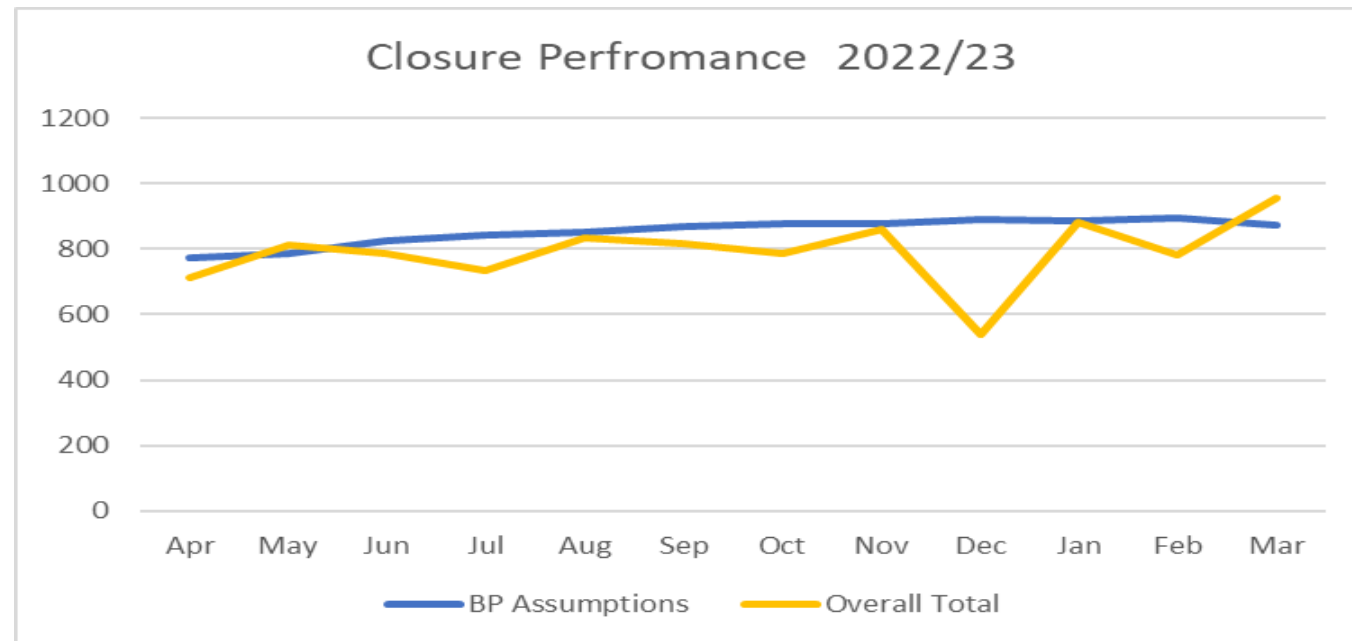
Key Performance Metrics - Emerging Issues, Trends, Issues, Exceptions

- With the inclusion of all workstreams, overall productivity for October was 8.94 closures per investigator. This continues to exceed maximum pre modernisation expectations of 7.3 per FTE
- Productivity per BAU investigator continues to improve but remains lower than expected at 3.81 vs an assumption of 5.8.
- As FET continues to effect BAU performance, operations now have more data to be able to adjust the trajectory split between FET and BAU
- 23/24 Trajectories have been recalculated to better reflect the known performances and seasonality of results; the range is now 4.5 - 5.1 per FTE.
- This is coupled with increased performance management. This has been aided with the embedding of new performance policies across established individuals and improved probation processes with newer staff. We currently have 11 Investigators on informal support plans from 51 established. This is as a result of performance variation focus.
- The split of established vs non established staff is now 52% established vs 48% Non-established. We expected a shift back to a higher percentage of non -established investigators as the new December cohort joins the business.
- We have successfully recruited 9.69 L1 Ombudsman and 2 seconded TL's to add resilience to delivering this support
- Trajectories continue to be affected by high attrition and a challenging recruitment market, in which it is becoming increasingly clear LeO is not competitive for the highly skilled staff required to deliver on complex investigations.

Closures 2022/23 YTD & Forecast

22/23 Total closures numbers

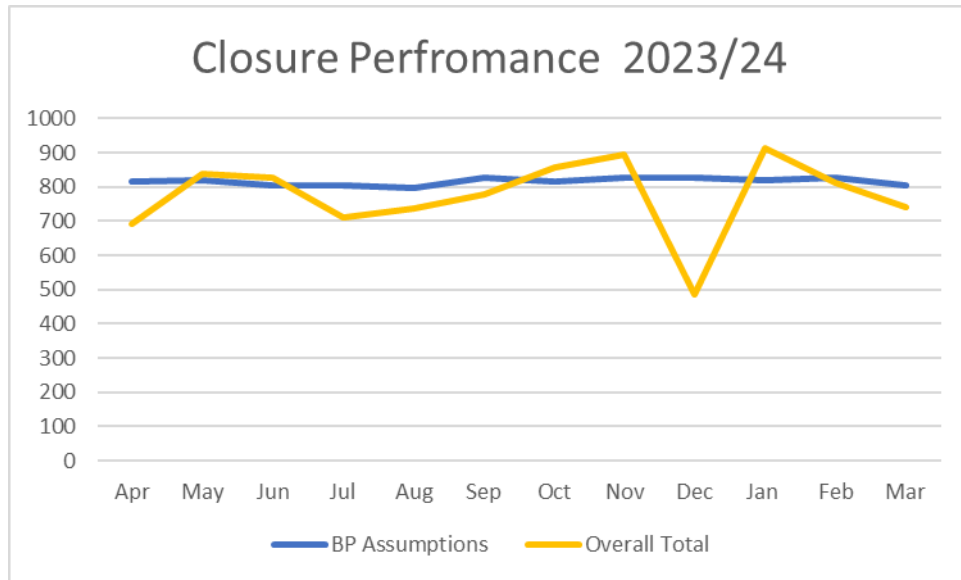
| 22/23 | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Total | Percentage Achievement |
|----------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|------------------------|
| BP Assumptions | 772 | 788 | 825 | 844 | 853 | 869 | 876 | 875 | 892 | 885 | 894 | 871 | 10244 | 92.72% |
| Cases closed after | 299 | 352 | 341 | 325 | 357 | 357 | 327 | 568 | 247 | 590 | 492 | 665 | 4920 | |
| Early Closures (FET) | 415 | 459 | 447 | 407 | 477 | 458 | 461 | 291 | 291 | 291 | 291 | 291 | 4579 | |
| Overall Total | 714 | 811 | 788 | 732 | 834 | 815 | 788 | 859 | 538 | 881 | 783 | 956 | 9499 | |



- In Month performance on new initiatives saw the third best performance from FET with 461
- Year to date position puts closures at 5482 against a BP assumption of 5827. This represents a 94% achievement of the Business Plan.
- Latest review of assumptions puts LeO’s forecasted year end position at nearly 93% of BP target

2023/24 - Looking Ahead

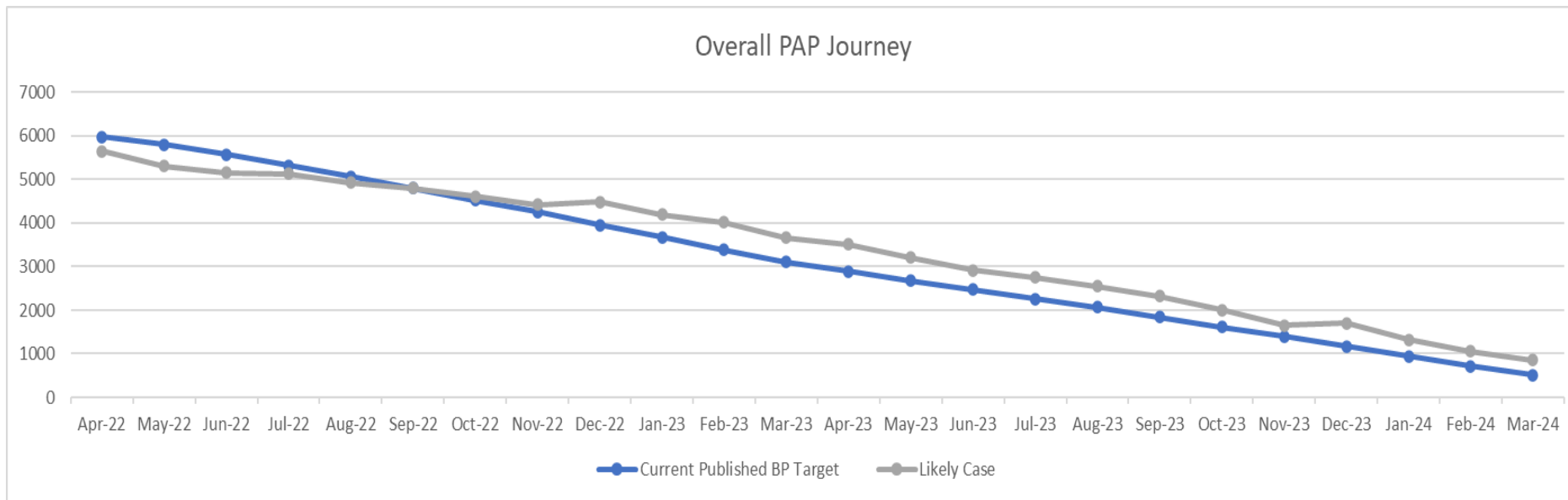
| 23/24 | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Total |
|-----------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------|
| BP Assumptions | 816 | 820 | 805 | 806 | 797 | 829 | 817 | 827 | 827 | 818 | 827 | 804 | 9793 |
| Cases closed after | 436 | 581 | 571 | 453 | 480 | 520 | 599 | 638 | 228 | 657 | 557 | 485 | 6205 |
| Early Closures (FET) | 257 | 257 | 257 | 257 | 257 | 257 | 257 | 257 | 257 | 257 | 257 | 257 | 3084 |
| Overall Total | 693 | 838 | 828 | 710 | 737 | 777 | 856 | 895 | 485 | 914 | 814 | 742 | 9289 |



- Amendment to BAU Productivity BAU @ 5.1 4.5 4.8 5.1 across the quarters
- FET producing 65% of 22/23 average monthly closure which will be all Early Proportionality also factoring in a 10% loss from scheme rules
- Operation teams will begin 23/24 with a full quota of staff thanks to flexible and planned recruitment models.
- Operational teams will continue to drive the reduction of the PAP, increase closures and productivity. Early resolution by way of 'reasonable offer made' and 'guided negotiation' will be supported by a continued commitment to proportionality in the front end.
- Other factors that will support the achievement of Business plan targets are higher than anticipated early proportionality opportunities and the impact of the changes to scheme rules

What this means for the PAP

| Year | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar |
|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 22/23 BP Assumption | 5981 | 5793 | 5568 | 5324 | 5071 | 4802 | 4526 | 4251 | 3959 | 3674 | 3380 | 3109 |
| 21/22 - Final | 4840 | 4924 | 5068 | 5552 | 5664 | 5677 | 5748 | 5796 | 5747 | 5451 | 6010 | 5862 |
| 22/23 | 5646 | 5301 | 5154 | 5127 | 4931 | 4794 | 4616 | 4417 | 4479 | 4198 | 4015 | 3659 |
| 23/24 | 3506 | 3208 | 2920 | 2750 | 2553 | 2316 | 2000 | 1645 | 1700 | 1326 | 1052 | 850 |



Potential reduction in core demand by 10% which would support further reduction in the PAP. This is still to be quantified in time for the new Business plan