

OLC Board Q4 Reporting

26 April 2023

Agenda Item No.	6	Paper No.	126.6	Time Required	15 Minutes
Title	Operational Performance Report				
Sponsor	David Peckham – Head of Operations, BI and Transformation				

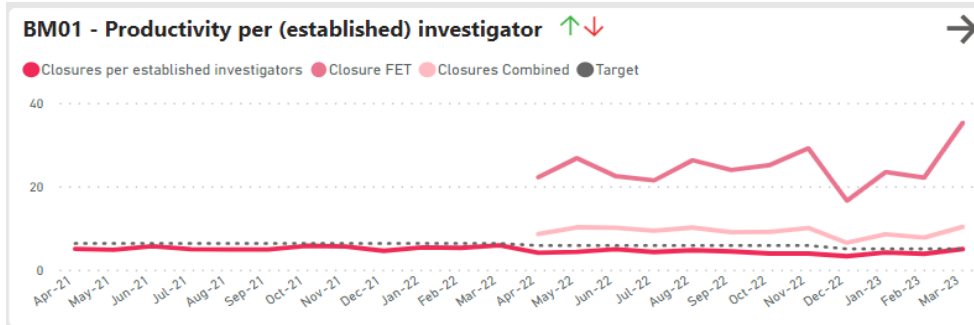
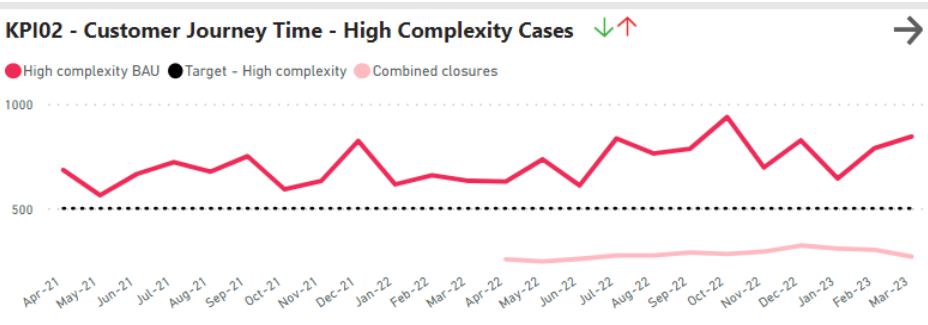
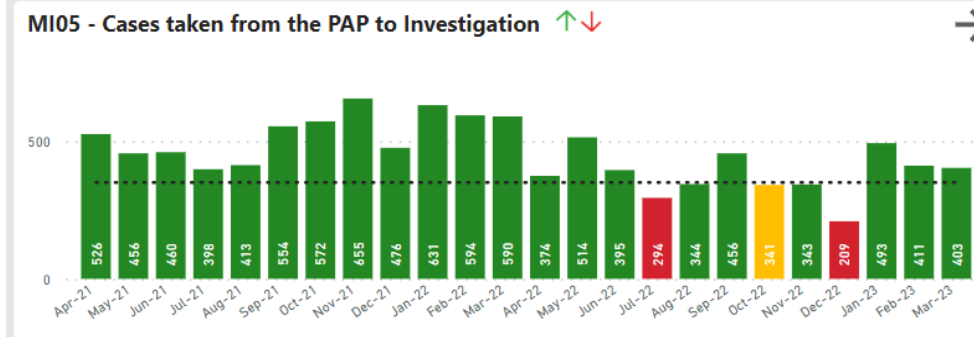
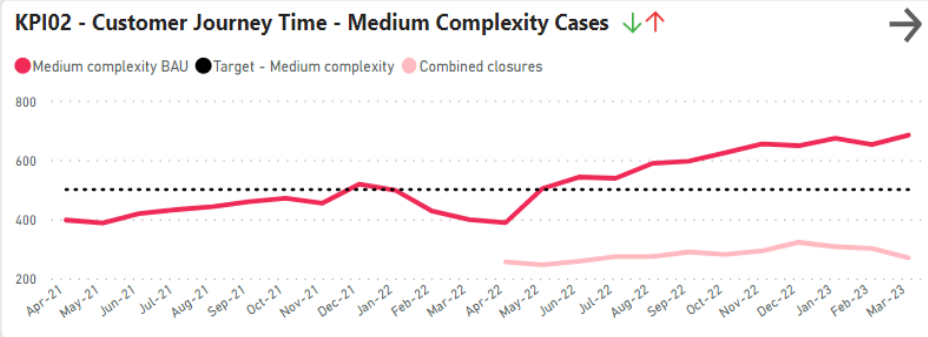
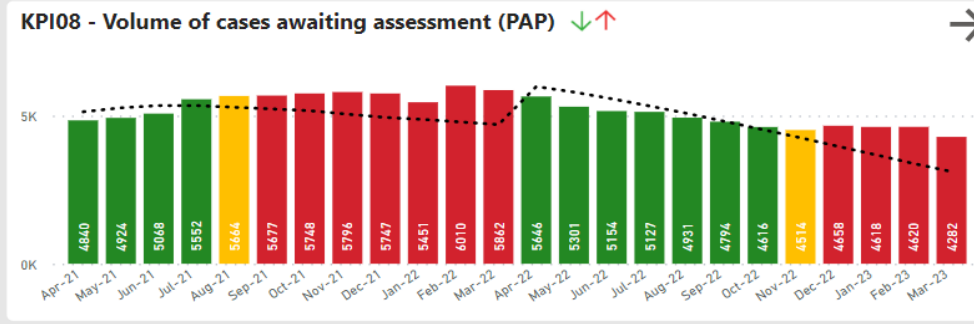
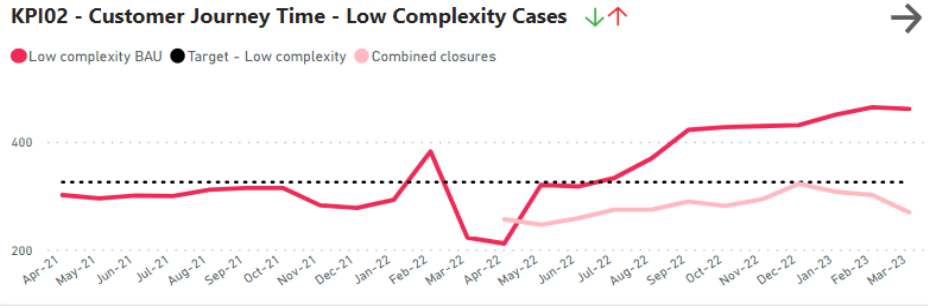
Executive Summary

- LeO has closed **1053** cases in March against a BP target of **871** a **21% over** achievement. This also represents the highest ever closure number by LeO in its history.
- **434** were cases resolved with investigation decisions and **621** were cases resolved by our front-end team (FET) which include PAP and Early Proportionality.
- Overall LeO has closed **9467** cases which represents a **92%** achievement of the BP target and **44%** more outcomes than in 21/22.
- This takes the overall year total for FET to **5,380** resolutions and represents **57%** of all resolutions in 2022/23. These numbers cement the success of FET and the approach that LeO decided to take this year in ensuring that the right approach is used for the right customer.
- Closures by way of a full investigation also saw a year high for 2022/23 with **432** resolutions customer that had complaints that require a full investigation and taking the year-end total to **4089**, which represents **43%** of all resolutions in 2022/23.
- Productivity for established investigators resolving cases under an investigation has increased to its highest number in year to **4.96**. **This represents a 85% achievement of the BP target of 5.8 and 99% of the revised target of 5.** When factoring in the productivity of FET however, this increase the overall productivity to **10.30**
- We remain behind our expected number of Full Time Established investigators as outlined in the BP (**72.28 FTE Vs 79.76FTE**). Expected Monthly average was 65.13 vs an actual of 50.62. This represents a monthly loss of **58** closures at a productivity of 4. Over the year this comes to **696** closures. With these closures added to our reported year end position we would closed 10,165 and achieved **99%** of the BP target.
- The PAP has seen its tenth reduction for this year to 4282 cases and represents a **27%** reduction on the PAP from where the LeO finished in 21/22 and a 24% in year reduction.
- From next year LeO is changing the way it reports on the PAP and the early resolution caseload to give a more accurate view of where case are in that part of the process. This means that from April 1st, cases identified in the **early proportionality queue will no longer be reported as PAP.**
- **461** cases have been identified in March as actively being worked on. Removing these cases means the PAP would stand at **3821** which represents a **23%** variance to the business plan target of **3109**.
- As LeO looks ahead to 2023/24 on the back of a successful campaign, there is every confidence our new business plan targets will be achieved and that LeO's customers will continue to enjoy improved customer service to a level that is deemed acceptable.

Recommendation / Action Required

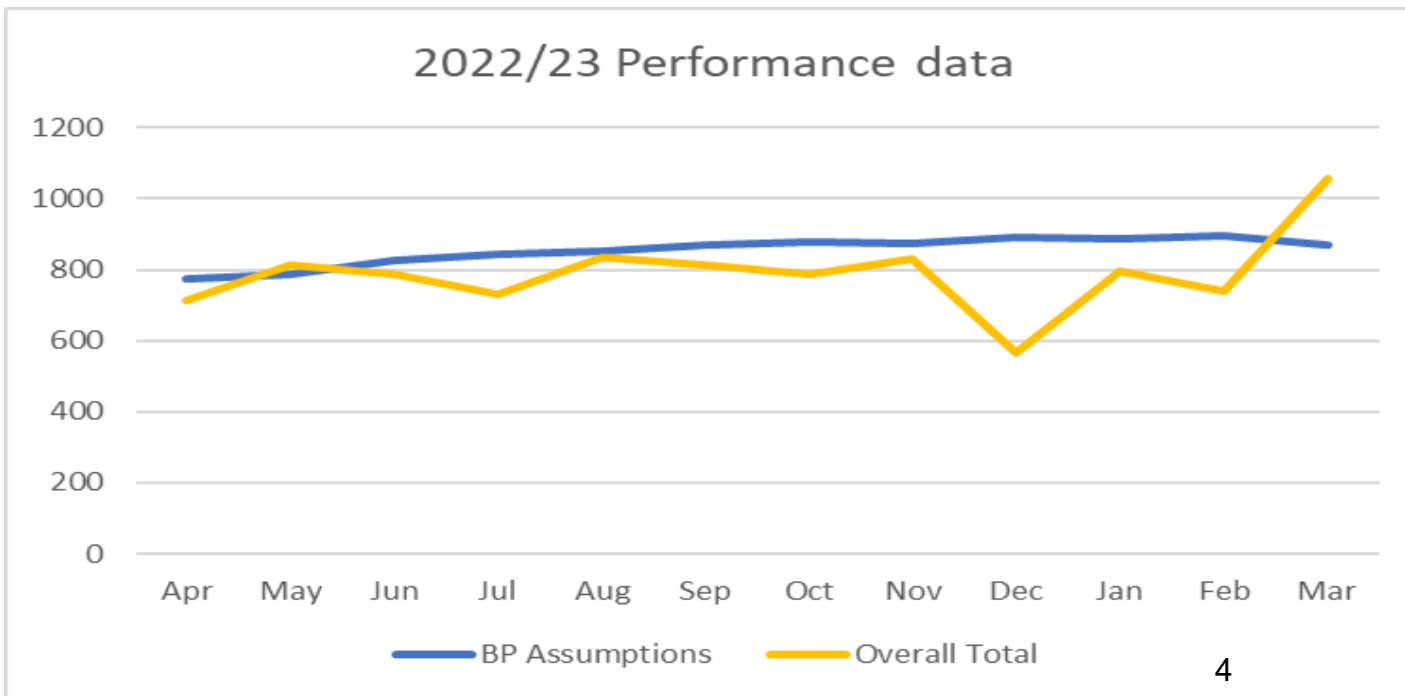
- Board to note in month and Q4 performance

Key Performance Metrics



Closures 2022/23 Year end

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	92.00%
Cases closed after	299	352	341	325	357	357	327	332	261	358	346	432	4087	
Early Closures (FET)	415	459	447	407	477	458	461	499	306	436	394	621	5380	
Overall Total	714	811	788	732	834	815	788	831	567	794	740	1053	9467	



- Overall LeO has closed **9467** cases which represents a **92%** achievement of the BP target and **44%** more outcomes than in 21/22
- Year total for FET to **5,380** resolutions and represents **57%** of all resolutions in 2022/23.
- Complaints that require a full investigation taking the year-end total to **4087**, which represents **43%** of all resolutions in 2022/23.
- Expected Monthly average was 65.13 vs an actual of 50.62. This represents a loss over the year to **696** closures. With these closures added to our reported year end position we would closed 10,165 and achieved **99%** of the BP target.

2023/24 - Looking Ahead

23/24 Total closures numbers

23/24	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
23/24 BP Assumptions	636 - 597	677 - 632	781 - 726	696 - 665	800 - 762	736 - 688	691 - 649	676 - 628	540 - 511	627 - 545	651 - 608	617 - 543	8128 - 7555
Cases closed after investigation	296	337	441	371	475	411	381	366	230	332	356	322	4318
Early Closures (FET)	300	300	300	285	285	285	270	270	270	255	255	255	3330
Nudge closures	40	40	40	40	40	40	40	40	40	40	40	40	480
Overall Total	636	677	781	696	800	736	691	676	540	627	651	617	8128

Productivity

22/23 Now reduced to 4
 23/24 - linear average of 4.08 per month based on 22/23 actuals
 New Cohorts - New ramp up numbers based on most recent performance
 Increase of loss in closures as have increased the amount of investigators in the FET team

Nov 22 Recruitment

19.57 FTE - Productive in Jan 23

Apr 23 Recruitment

31 FTE - Productive May 23
 This gives us a total Investigator Monthly average of 131.36 FTE per month

Scheme rules

22/23 - Increase in fore demand to 800 to accomadate FET closures oppurtunities
 23/24 - 5% Loss in core demand from Q2 10% in Q3 and 15% in Q4.
 April 23 begins with a New Baseline of 624 and no scheme rules impact

Attriton

22/23 - Q4 Increased above worst case scenario at 3 FTE per month
 23/24 Likley case based on 22/23 actuals with a 20% Q4 ramp up -
 Monthly average of 4 per month

All sick leave - 23/24

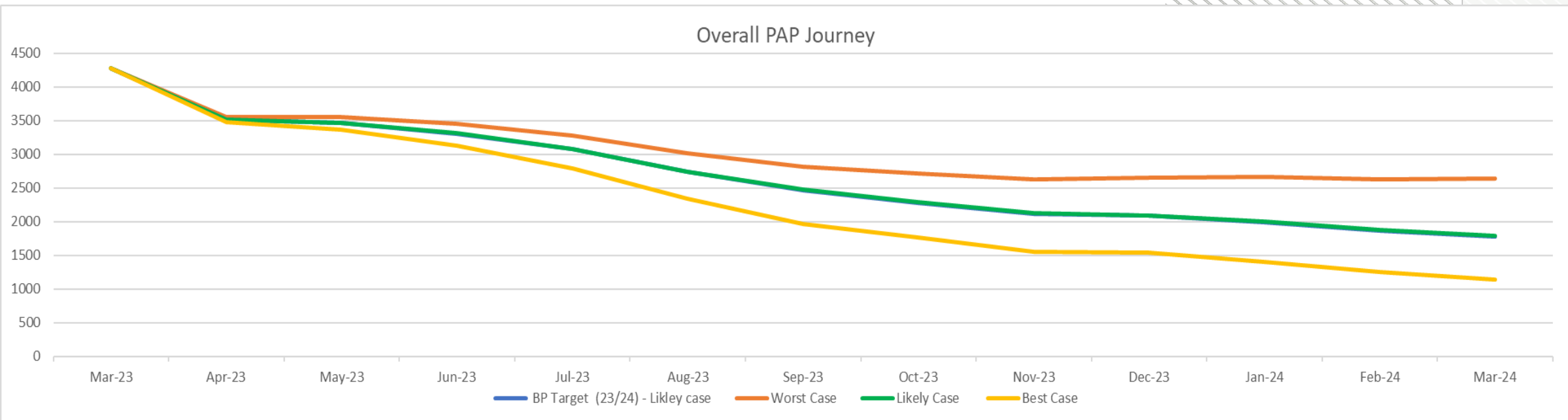
8 FTE Per month average Based on 22/23 Actuals with no reduction

MAT Leave

based on 22/23 performace

Contingency

4% reduction on closures which includes development time, outages and travel for non birmingham based staff



- PAP has seen a **27%** reduction since March 2022 and a 24% in year reduction. With the current business plan trajectories, LeO is on course to reduce the PAP by **58%** by year end 2023/24 in comparison to March 2023. By March 2024 the expectation is that the PAP will be 60 day wait time on average before it is taken for investigation.

Gradbay Overview

25 January 2023

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
- Changes have now been in place for 4 months and have benefited not only our November Cohort but also our Cardiff team

Performance

- The Cardiff cohort who joined in July 2022 helped 27 customers in their first three months in role. Operational led change followed in December 2022. In comparison the November 2022 cohort helped 47 customers in their first three months in role
- The Cardiff cohort were also beneficiaries of the change and have helped 89 customers in the period December 2022 to March 2023 seeing a huge improvement on their first 3 months in role

*the data is taken from a team of 12 in Cardiff and 11 in November who are active in the business

Probation Sign off

- The March 2022 cohort had 33% of team members passed probation
- In comparison 75% of November 2022 cohort are expected to pass probation
- In addition all remaining Cardiff cohort have now passed probation

Attrition

As expected with all new intakes attrition has taken place with both our Cardiff and November cohorts since the changes

- 3 Investigators from Cardiff have resigned 2 going to improved pay roles at The Housing Ombudsman
- 6 investigators from November have left LeO;

There are a number of reasons for this with no overall theme, they range from health, performance, conduct through to not liking desktop investigations

Gradbay Team Feedback

“Having experienced Investigators on the team is really supportive”

“Dedicated Level 1 Ombudsman whilst on probation is really helpful”

“ The Team Leader support for managing progression of cases is really very good”

New Scheme Rules in Operation

25 January 2023

- ✓ System process implemented that clearly identifies cases that are In/Out of Time on both New and Old Scheme Rules.
- ✓ Currently One dedicated team within General Enquiries that are proactively seeking information from the Complainant related to reasons to apply discretion.
- ✓ EDI information is requested by Day 3 of the process.
- ✓ Discretion reasoning statement, provided by Team Leader, is issued to Service Provider and Complainant via notification letter.

- ✓ Training and moderation is currently underway for Ombudsmen on the application of SR 5.19(c) – Ombudsman determination of if a Final Decision is required.
- ✓ Testing of resource implications of 5.19(c), this will determine resource implications into QTR 3 and 4.
- ✓ FET L2 Ombudsmen continue to identify opportunities for Early Resolution across all SR changes.
- ✓ Scheme Rules communication and refresher focus strategy in place for Resolution Centre and Ombudsmen, staged at appropriate key points, throughout 23/24.
- ✓ Continuous review process of outputs of Scheme Rules changes

A number of initiatives have been developed, in conjunction with Quality Manager, to deliver within a structured competency framework;

- ✓ 4 x New Scheme Rules dedicated L1 Ombudsman recruited, supported to competency by L2 Ombudsman.
- ✓ 5 x Team Leaders undertaking validation of competency in discretion application, supported by 2 Operations Managers.
- ✓ All GET Advisors working towards competency in;
 - Out of Jurisdiction notifications
 - Discretion requests
 - Discretion fact finding calls

Agenda Item No.	7	Paper No.	126.5	Time Required	15 Minutes
Title	Quality assurance update				
Sponsor	Steve Pearson – Deputy Chief Ombudsman				

Executive Summary

Q4 saw us able to revert to completing a comprehensive suite of quality reviews the results of which were broadly stable compared to previous quarters. Performance in relation to customer satisfaction metrics was stable and, due to a fully resourced team, we have been able to make good progress in handling new and existing service complaints.

Quality

- The areas for intervention on the back of quality reviews remain as stated in previous quarters
 - From a customer service perspective, in BAU casework we need to focus our efforts on standards of correspondence, frequency of communication and addressing delays in our casework. For FET cases we need to ensure that customers are able to make fully informed decisions around the outcome of their cases
 - From an outcome perspective, whilst performance levels for BAU cases have been particularly impacted by our failure to adequately explain to service providers around the application of case fees in situations where a complaint is resolved by way of agreed outcome, we have found no instances where closures / decisions needed to be reopened to address an issue. The standard of decision making within our Ombudsman cohort has returned to historic high levels.
- Two significant areas of focus over the last quarter have been around ensuring that we are in a position to track and provide assurance on the ways our casework is handled from 1 April under the new Scheme Rules and preparing for the review of the organisation's quality framework (which will start in Q1).

Customer Satisfaction

- End of Process Customer satisfaction reviews were extended in this quarter to capture feedback on cases resolved by way of ombudsman dismissal (which with the advent of FET has become a much more prevalent closure route). This means that we now have a comprehensive baseline for assessment of levels of customer satisfaction moving forwards. The feedback still shows that, across both BAU investigations and FET initiatives, outcome remains the significant driver for satisfaction. Levels of dissatisfaction are understandably higher for those customers whose cases are dismissed after a lengthy investigation or significant wait time in the PAP whereas those who are advised of the outcome earlier do appear to appreciate finding out as soon as possible if LeO is not able to assist with their complaints.
- As the focus of dismissals in FET turns to Early Proportionality cases which have not been waiting in the PAP, we expect to see that reflected positively in levels of customer satisfaction
- Levels of customer satisfaction for cases handled by BAU or FET initiatives remain broadly comparable and consistent.

Service Complaints:

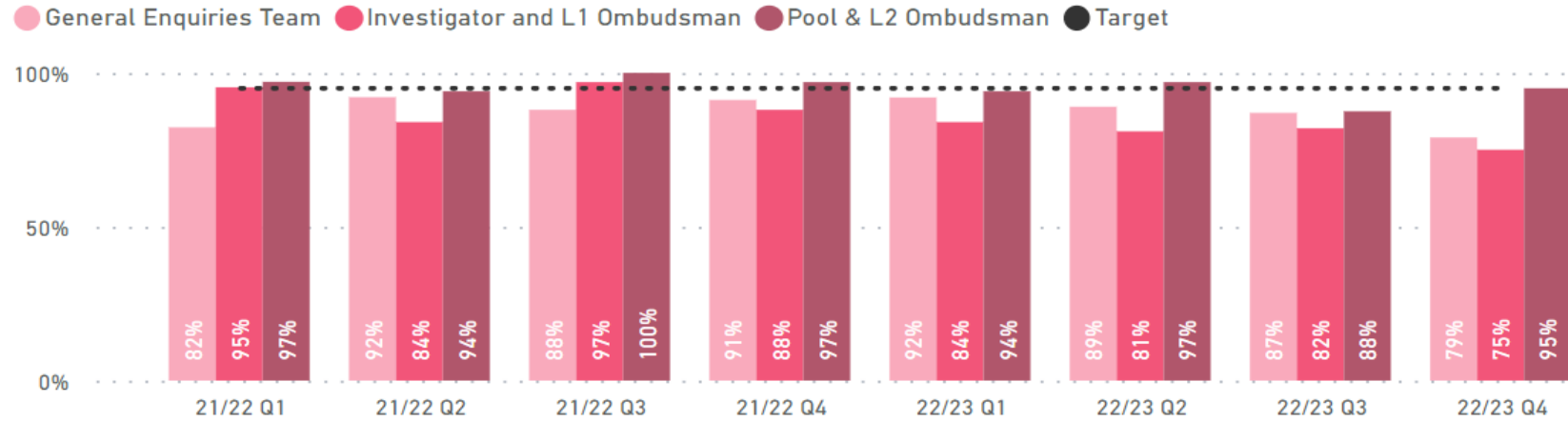
- In Q4 we continued to see high levels of new service complaints being accepted and high levels of complaints being resolved – as noted in Q3 this is attributable to the service complaints team being fully resourced and now in a position to progress queued service complaints and resolve them at the earliest opportunity. Feedback from upheld complaints continues to be fed back to staff at all levels and to the organisation as a whole where part of a wider trend.
- Q4 saw the completion of the Internal Audit on service complaints which returned with a moderate assurance and with the recommendations all being tracked as low priority.

Points for Board to note / further updates

- Communication and correspondence issues will be focussed on through training in 23/24 to drive improvements on service standards..
- Feedback from quality assurance, Customer satisfaction and upheld service complaints continues to be used to drive performance improvement through LeO's quality committee

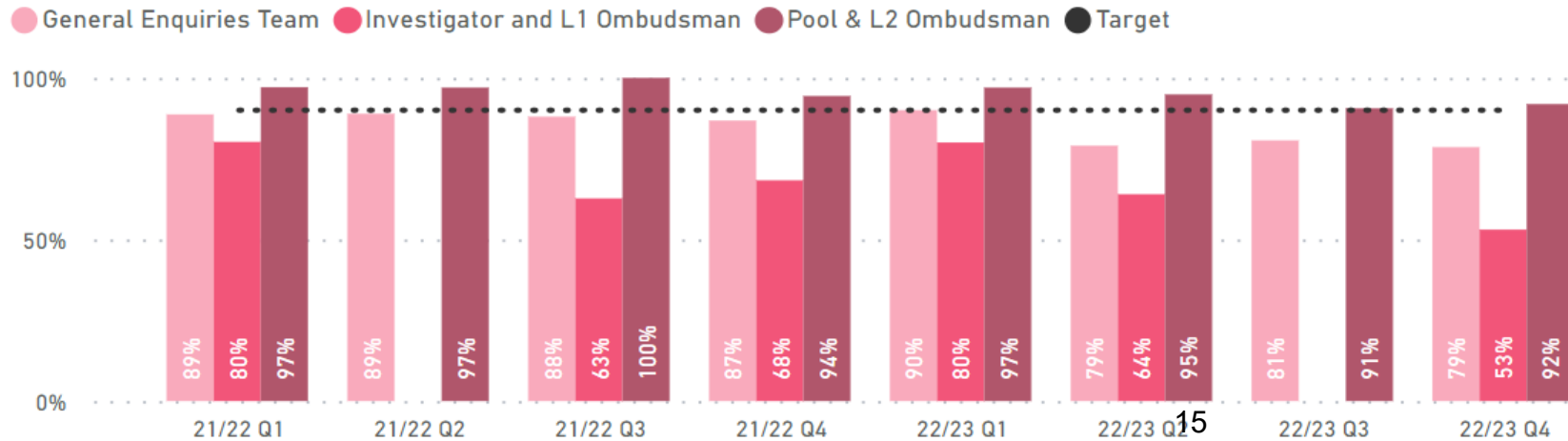
Quality Assurance - ADS

KPI01 - Quality - Reasonable Outcome ↑ ↓



	21/22 Q1	21/22 Q2	21/22 Q3	21/22 Q4	22/23 Q1	22/23 Q2	22/23 Q3	22/23 Q4
General Enquiries Team	82%	92%	88%	91%	92%	89%	87%	79%
Investigator and L1 Ombudsman	95%	84%	97%	88%	84%	81%	82%	75%
Pool & L2 Ombudsman	97%	94%	100%	97%	94%	97%	88%	95%
Target	95%	95%	95%	95%	95%	95%	95%	95%

PI08 - Quality - Reasonable Service ↑ ↓



	21/22 Q1	21/22 Q2	21/22 Q3	21/22 Q4	22/23 Q1	22/23 Q2	22/23 Q3	22/23 Q4
General Enquiries Team	89%	89%	88%	87%	90%	79%	81%	79%
Investigator and L1 Ombudsman	80%	0%	63%	68%	80%	64%	0%	53%
Pool & L2 Ombudsman	97%	97%	100%	94%	97%	95%	91%	92%
Target	90%	90%	90%	90%	90%	90%	90%	90%

Quality Reviews – Q4

This table evidences performance against Quality metrics across the various individual areas of the business RAG rated against target and with direction of travel indicated.

	Service					Outcome				
	Target	Q2	Q3	Q4		Target	Q2	Q3	Q4	
GET	90	79	81	79	↓	95	89	87	79	↓
GET overall	90	79	81	79	↓	95	89	87	79	↓
FET Inv	90	77	94	82	↓	95	71	83	94	↑
BAU Inv	90	58		53	↓	95	87	82	75	↓
RC Overall	90	64		57	↓	95	81	82	77	↓
FET Omb	90	71	100	100	→	95	100	95	100	↑
BAU Omb	90	100	91	92	↑	95	97	88	95	↑
All Omb Overall	90	95	94	95	↑	95	97	90	97	↑

BAU reviews

Q3 saw a drop in the levels of service and outcome achieved in all areas of the BAU side of the process excepting the Ombudsman cohort.

	Service					Outcome				
	Target	Q2	Q3	Q4		Target	Q2	Q3	Q4	
GET	90	79	81	79	↓	95	89	87	79	↓
BAU Inv	90	58		53	↓	95	87	82	75	↓
BAU Omb	90	100	91	92	↑	95	97	88	95	↑

From a customer service perspective, across all areas of the business, we continue to see issues relating to:

- Lack of attention to detail when setting up new cases (recording information incorrectly on the CMS)
- Lack of progression and a lack of updates (with evidence of cases not being progressed for several weeks without any update)
- The overall quality of written communication (lack of adherence to LeO Style Guide, typographical errors etc)

Work is planned for Q1 onwards in conjunction with the operations team to start addressing the issues around communication and the provision of case updates which, we are confident will help reduce the instances of poor quality in this area.

In terms of the reasonableness of our case outcomes we saw evidence of:

- Failure to clarify the position for service providers in relation to the payment of case fees
- Not explaining that agreed outcomes were not in “full and final settlement” of claims
- Inadequate or poorly explained reasoning behind dismissal decisions

We will be working with operations colleagues to ensure that we are clear with service providers around the implications of increased offers once an investigation has commenced.

FET reviews

FET initiatives continue to deliver a considerable proportion of LeO’s overall closure numbers on a quarterly basis. As a result, although FET now represents part of the standard business process we are continuing to focus on the service provided and outcomes achieved in a cross-section of FET cases to provide assurance that even though these cases are being closed quickly, quality standards are being maintained.

Performance against quality standards in the FET initiatives continues to match / exceed those seen in cases handled under established LeO processes.

Q4 did show a slight decline in standards of service provided to customers by our FET “investigators” although standards of outcome improved.

	Service					Outcome				
	Target	Q2	Q3	Q4		Target	Q2	Q3	Q4	
FET Inv	90	77	94	82	↓	95	71	83	94	↑
FET Omb	90	71	100	100	→	95	100	95	100	↑

The themes identified in previous quarters

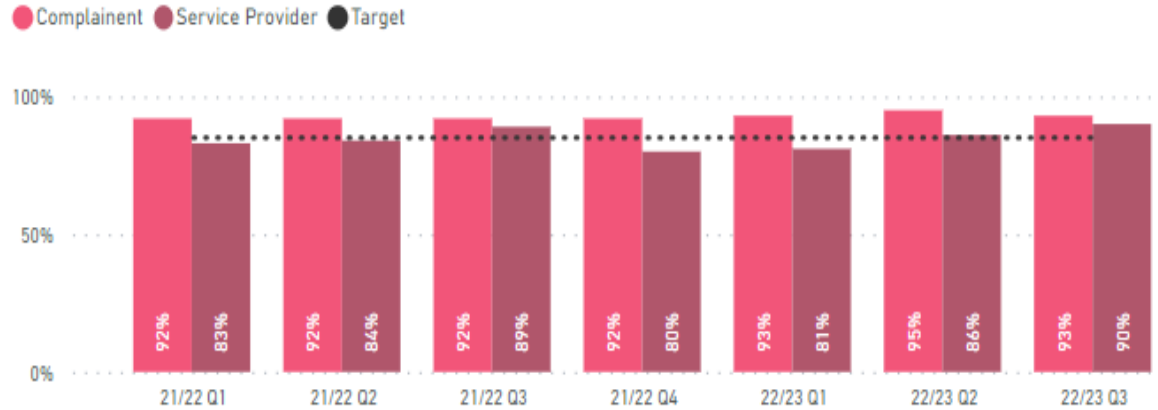
- Ensuring that our communication remains customer focussed and empathetic
- Ensuring that customers are made aware of the range of options that are available to them
- Ensuring that customers able to make a fully informed decision on how to / if to progress with their complaint.

were still evident in this quarter and we will continue to take steps to address those issues as part of the iterative growth of FET.

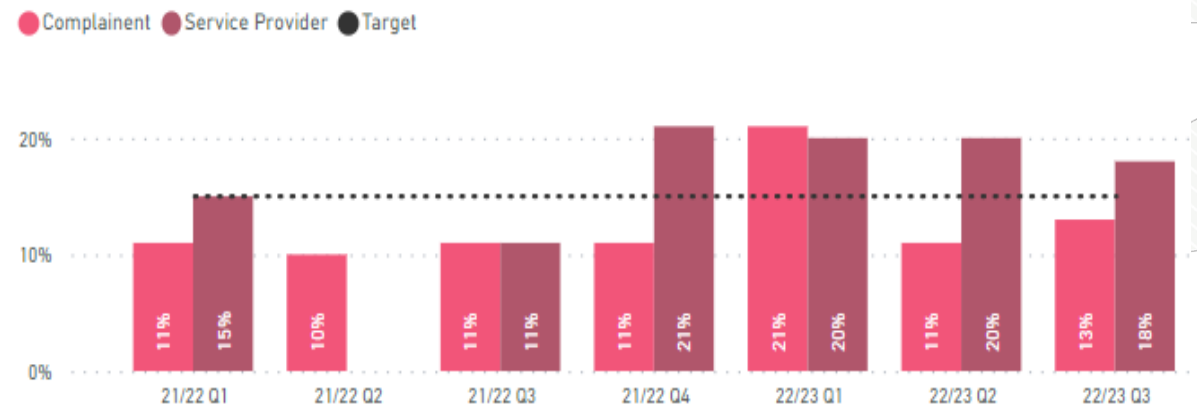
Within the Ombudsman cohort standards of service and reasonableness of outcome were both at 100% which provides an assurance that where outcomes cannot be reached consensually we are still achieving fair and reasonable outcomes for our customers.

Customer Satisfaction - ADS

KPI03 - Customer Satisfaction - Satisfied with Outcome ↑↓



KPI03 - Customer Satisfaction - Dissatisfied with Outcome ↓↑



End of Process Customer Satisfaction surveys undertaken in Q4 reflect cases closed in Q3 and record the combined levels of satisfaction seen in cases handled under our BAU process and those handled under FET initiatives.

Across all areas of the business it is clear that levels of satisfaction with LeO’s service is intrinsically linked to the outcome of the complaint.

In Q4 we expanded our surveys to seek feedback on cases closed by way of Ombudsman dismissal. This now ensures that our understanding of Customer Satisfaction is comprehensive and provides us with a baseline to assess satisfaction against going forwards. Understandably service provider satisfaction with dismissal decisions is high whereas consumer satisfaction is lower. We can see that the longer customers have to wait for an outcome (either in BAU or FET) the less satisfied they are with the service, and that is particularly so if the outcome is a case dismissal.

As wait times in the PAP reduce, as cases are reviewed by FET team sooner, we expect to see levels of complainant satisfaction with this aspect of our service increase as customers will feel the benefit of understanding as soon as possible whether LeO can assist them.

Customer Satisfaction

Performance against the high level metrics can be broken down as follows:

BAU	Target	Q2	Q3		FET	Target	Q2	Q3
C.Sat - BAU complainant happy with outcome	85%	94%	91%		C.Sat - FET complainant happy with outcome	85%	91%	98%
C.Sat - BAU complainant unhappy with outcome	15%	10%	9%		C.Sat - FET complainant unhappy with outcome	15%	24%	31%
C.Sat - BAU Service Provider happy with outcome	85%	89%	97%		C.Sat - FET Service Provider happy with outcome	85%	92%	90%
C.Sat - BAU Service Provider unhappy with outcome	15%	18%	7%		C.Sat - FET Service Provider unhappy with outcome	15%	n/a	n/a

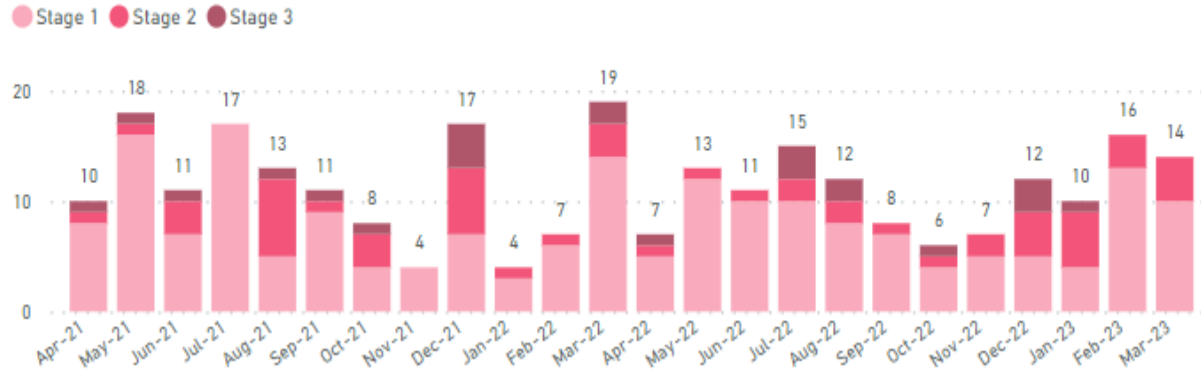
- Levels of satisfaction for cases closed by FET initiative continue to compare favourably with those cases closed by way of BAU process.

NOTE:

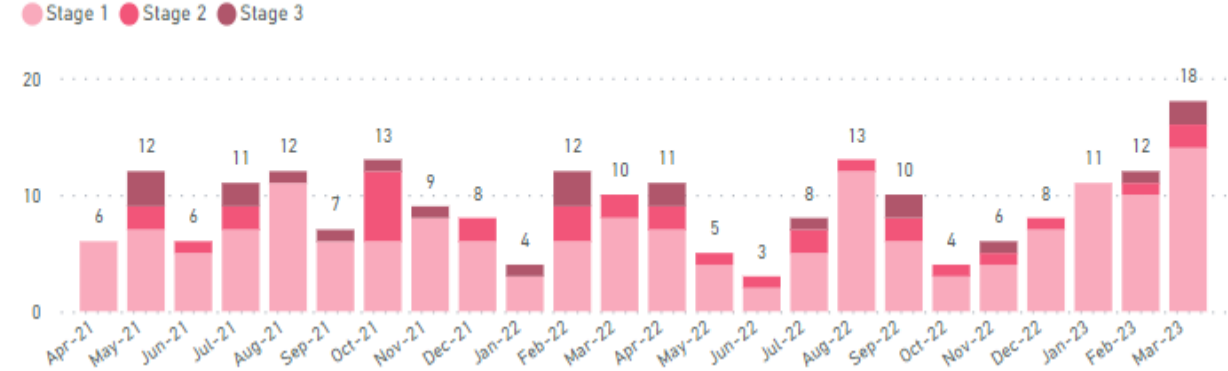
- We continue to exercise caution in drawing definitive conclusions from FET survey responses as the numbers still remain low compared to BAU with only have two quarters' worth of data to analyse and draw conclusions from.
- Complainants particularly continue to see real value in early resolution of cases, the guided negotiation initiative provides complainants with an improved outcome without having to go through a complex investigation.
- Service providers particularly see the benefit of early resolution where it upholds the outcomes of their first tier complaint handling process and where cases are dismissed through lack of prospects of success.

Service Complaints - ADS

PI05 - Service Complaints - volume received at each stage ↓↑



PI06 - Service Complaints - volume resolved at each stage ↑↓



The increase in numbers of new complaints being received and resolved is reflective of the increase in resource within the service complaints team which, as a result is now able to process more complaints on a monthly basis than of late. The themes from service complaints remain consistent with previous quarters:

- Delay, before an investigation commences, during an investigation and as a result of reallocation.
- Poor and inaccurate communication.
- Failure to understand the complaint.
- Failure to accommodate reasonable adjustments.

The learning from upheld service complaints continues to be fed back to the member of staff concerned and their line manager to avoid replication of action / behaviour. The findings, themes and trends identified from service complaints are raised quarterly at Quality Committee to ensure that learnings are identified and shared.

Agenda Item No.	8	Paper No.	126.5	Time Required	10 Minutes
Title	Finance Report				
Sponsor	Michael Letters				

Executive Summary

This paper shows the Full year actuals against budget, along with key financial reporting for assurance.

Actual Expenditure

The final expenditure is only £27k below the budget following significant efforts in Q3 and Q4 to divert underspend coming from staff vacancies to appropriate activities such as overtime and HR advice and support. This is a welcome end point for LeO given that the challenges around underspend throughout the year were made significantly more challenging because of emerging unforeseen underspend factors outside of our control - increased interest rates (adding £84k to the underspend); reduction in National Insurance rates from November (reducing costs by £32k); and successful recovery of historic legal fees by the Legal Team (adding a further £42k of underspend).

The mitigating actions are fully detailed – there is £149k of additional non staff spending which the underspend allowed, along with significant expenditure on recruitment support – without which staff vacancies would have been even higher, and case closures lower.

The overtime allowed us to cover work which was impacted by staff vacancies in corporate roles, including HR, and made a significant impact on the record levels of closures delivered by the operations teams. It also allowed us to resource adequately for the significant effort required across the business around scheme rules implementation.

A summary showing the movements between the Q3 forecast and the final outturn is provided for assurance.

Capital Expenditure

Capital budget was fully utilised this year, with the detail of the expenditure provided.

Financial Reporting

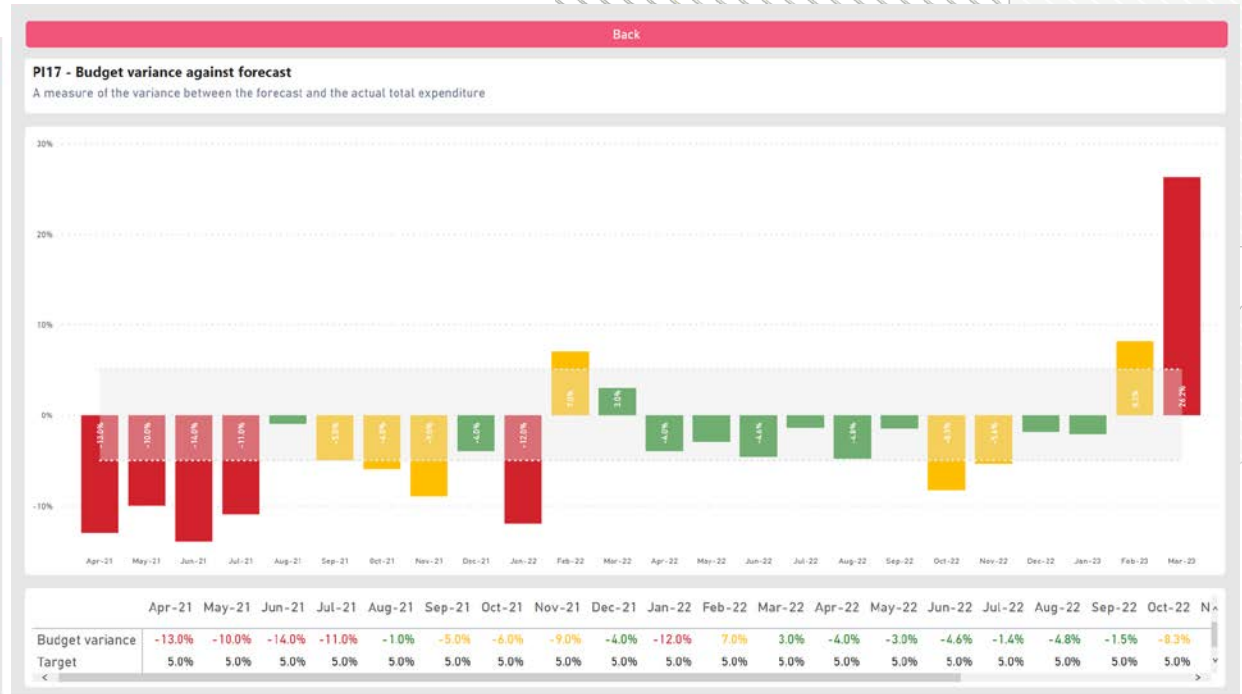
The Income and Expenditure and Balance Sheets are provided for assurance. Board members should note the following:

- Aged Debts (over 60 days) are currently £63k. This has increased in recent months due to less capacity to chase due to staff sickness, but the level is currently stable.
- Payment of Creditors - Average payment days are 26 days for Q4 and 28% for the year.

Recommendation / Action Required

- This paper is for information and assurance.

Key Performance Metrics



- Unit cost in March was lower than the annual average driven by the high level of closures, but mitigated by increased expenditure as a result of year end reconciliations, and additional expenditure on overtime, recruitment, legal advice and other activities.
- Budget variance has been driven by activities to utilise the underspend including expenditure on overtime, recruitment, legal advice and other activities, and also year end reconciliation of expenditure such as on IT licences

Income

Case Fee income was £9k over budget in month, driven by higher closures. Overall this is £377k lower than budget reflecting the fact that the increased closures achieved have largely come from Front End Team early resolution initiatives which do not attract a case fee.

Staff Cost

Staff costs are underspent by **£179k** year to date.

Vacancies in Corporate roles (net of overtime) accounted for a **£234k** underspend.

Operations underspend as a result of vacancies (again net of overtime / increased pool ombudsman usage) was **£251k**.

The above underspends include a reduction in NI which resulted in a £32k reduction in Employer's NI contribution following government removal of 1.25% increase. These underspends would have been higher without expenditure on overtime (£62k in Q4) which benefited productivity.

In order to recruit additional staff, and also minimise the impact of recruitment on an understaffed workforce an additional **£290k** was spent on recruitment.

Corporate	-£30,000
External Affairs	-£45,000
Ops Transformation	-£45,000
Service Improvement	-£56,000
Legal	-£52,000
IT	-£45,000
Programme Management	-£47,000
Unallocated vacancy factor offsetting the above	£86,000
	-£234,000
Operations	
Resolution Centre	-£295,000
GET	£63,000
Ombudsman	-£19,000
	-£251,000
Recruitment	£290,000
Training	£6,000
Life Assurance and Sickness Protection	£10,000
	£306,000

Non-Staff Cost

Non-Staff costs are overspent by **£152k**.

£149k of additional spending was made possible by the underspend situation:

- Professional Advice for HR £67k – design and delivery of Leadership Development Programme for all managers, progressing our work on engagement through Staff Council and networks and providing tailored advice and support for managers on employee issues
- Board Effectiveness review and workshop facilitation £29k
- Additional maintenance costs (e.g. H&S updates) brought forward to 22/23 £16k
- Additional research on approaches to quality assurance £11k
- Additional business subscriptions e.g. disability network £6k
- Car parking costs not passed on to staff to alleviate staff concerns over the cost of living crisis and office working £20k.

£129k of other overspend

- Bad debt expenses increased by £32k as a result of increased closures of firms by SRA
- Scanning and in bound post costs £22k. A new contract is in place for 23/24 which will more than halve this cost.
- Additional facilities costs which were not known at the time of the budget setting process such as the cost of the Cardiff hub (£12k) and additional service costs for Edward House from the landlord (£23k).

£126k

- £84k additional interest income (net of corporation tax) due to interest rate increases
- £42k additional legal fees have been recovered due to the focus on historic debts by the Legal Manager

The capital expenditure is £251k vs £250k budget. Actual expenditure was closely managed to make full use of this year's budget, ultimately overspending by £600

£89k has been spent on premises expenditure:

- £12k Cardiff Hub fit out
- £32k office pods
- £26k IT room installation
- £19 furniture

IT expenditure of £162k has been spent on:

- £122k IT hardware (mainly laptops). The cyclical replacement programme was accelerated to maximise the use of 2022/23 capital budget, and minimise the strain on 2023/24 capital budget which will deliver a significant Sharepoint upgrade.
- £14k CMS development – principally on Scheme rule changes and Legal team requirements
- £11k Payment automation software
- £15k website development

The main movements in the forecast since the Q3 report are show below.

ICT costs had been forecast as an underspend when, in fact, a significant accrual for Microsoft Licences had not included VAT. This was not detailed on the schedule from MoJ (who cross charge this), but was identified following further checks by the Finance Team. Processes to avoid this in the future are being put in place.

The Executive Team implemented a proactive policy of overtime over quarter 4 to ensure underspends were appropriately utilised. This allowed us to resource adequately for the significant efforts across the business required for the scheme rules implementation; enabled cover for significant staff vacancies in corporate roles, including in HR; and helped contribute to significant levels of operational performance delivered by the operations teams in March.

DECEMBER TO MARCH MOVEMENT			Total Expenditure
Budget	£12,530,038	£2,787,149	£15,317,187
December Forecast (Q3 Board report) underspend	-£207,000	£39,000	-£168,000
overtime	£62,000		
Celebrating Success / Instant Recognition - including backlog	£20,000		
attrition / other reduction in headcount (e.g. HR vacancies)	-£46,000		
Holiday pay accrual adjustment	-£11,000		
training / recruitment	£3,000		
Increase in ICT costs - mainly due to MoJ Microsoft licences underaccrued		£84,000	
Legal provisions (HR related) less legal fees recovery		£24,000	
IFRS16 adjustment agreed with auditors		£12,000	
HR - professional advice		£6,000	
Bad debt provision		£3,000	
Board effectiveness		£3,000	
Facilities work (H&S)		£1,000	
misc - inc reduction in ARA design		-£11,000	
Interest received		-£9,000	
March Actual underspend	-£179,000	£152,000	-£27,000
			£15,290,000

Financial Reports – Income and Expenditure and Balance Sheet

	Month			Year to Date		
	Actual	Budget	Variance	Actual	Budget	Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Income - Levy	1,499	1,169	330	14,314	13,937	377
Income - Case fees	109	100	9	820	1,200	(380)
Income - Other	13	15	(2)	156	180	(24)
Total Income	1,621	1,284	337	15,290	15,317	(27)
Staff Costs	1,120	1,030	(90)	12,350	12,530	180
Travel & Subsistence	1	1	(0)	9	8	(0)
Fees & Consultancy	114	24	(90)	351	289	(61)
IT & Telecoms	234	118	(116)	1,408	1,415	7
Premises & Facilities	75	43	(32)	592	483	(109)
Other costs	5	5	(1)	99	55	(44)
Total Cash Expenditure	1,550	1,220	(330)	14,809	14,781	(29)
Interest & Charges	-19	-7	12	-194	-88	106
Depreciation	53	54	1	636	606	(30)
Non Cash Expenditure	34	46	13	442	519	77
Total Revenue Expenditure before tax	1,584	1,267	(317)	15,252	15,300	48
Taxation	38	18	(20)	38	18	(21)
Total Revenue Expenditure	1,621	1,284	(337)	15,290	15,317	27
Surplus / Deficit	(0)	(0)	(0)	-	0	(0)
Capital Expenditure	11	40	29	251	188	(63)
Fixed Assets - IT	11	30	19	162	111	(51)
Fixed Assets - Premises	0	10	10	89	77	(13)

Balance Sheet	March 2023
	£'000
Premises	581
IT Hardware & Software	246
Total Non Current Assets	828
Cash & Bank	18,758
Debtors	1,339
Prepayments	189
Total Current Assets	20,286
Total Assets	21,114
Creditors	(1,910)
Accruals	(1,122)
Lease Commitments	(345)
Total Current Liabilities	(3,377)
Net Current Assets	16,909
Net Assets	17,737
Retained Earnings	
Grant in Aid PY / Levy/ Reserves	(17,737)
Reserves	(17,737)

Aged Debtors and Trade Creditors Days to Pay

Current £'000	30 days £'000	60 days £'000	90 days + £'000	total £'000
66	28	12	51	156
42%	18%	8%	33%	

Provision for doubtful debts	-37
Net trade debtors	<u>119</u>

Days to pay	2020/21	2021/22	2022/23
average payment days	39	31	28
% of invoices paid on time	34%	67%	80%

Days to pay	2022/23 Q1	2022/23 Q2	2022/23 Q3	2022/23 Q4
average payment days	37	28	26	26
% of invoices paid on time	54%	84%	87%	96%

Trade Debtors

- Aged Debts (over 60 days) are at £63k. This has increased in recent months due to the absence of the credit controller who is on long term sick. The finance team are covering this role, and ensuring that on-going control of debts is undertaken and the amount of aged debts is currently stable.

Trade Creditors

- Throughout the year, the timeliness of payments improved, resulting from the continuation of weekly payment runs, resolving process issues, and on-going engagement with the business to get invoices approved / Purchase Order requests raised. This requires the dedication of the whole finance team in creating and managing the payment run, working with budget holders, covering for colleagues who are on leave, and thorough checking of the payment runs, and reflects their dedication and commitment to their work.
- 96% of invoices were paid on time in Q4, and 80% in the whole of 2022/23 compared to 67% and 34% in previous years.

Agenda Item No.	9	Paper No.	126.5	Time Required	15 Minutes
Title	Performance Dashboard – Quarter 4 Reporting: People				
Sponsor	Debbie Wright, Head of People Strategy & Services				

Executive Summary

HR Performance Metrics – Quarter 4

- **Attrition** – Q4 sees the reduction in overall attrition continue, having fallen steadily for 8 consecutive months. In January it stood at **20.5%**, falling to **18.7%** by March. However, 8 investigators left the business in March, negatively impacting on the investigator attrition rate, which had been generally falling since its peak of 28.5% in September 2022. Investigator attrition now stands at **26.2%**, compared to 24.9% at the start of Q4.
- **Sickness** –Sickness absence levels had been falling steadily for 7 months; February saw a slight increase in the average number of sick days, showing an average of 11.97 days of sickness per employee in a rolling year. However, the figure has fallen to **11.61** days in March, the lowest figure yet over the 12-month rolling period.
- **Recruitment (time to fill)** – this has increased over the quarter, from **18.7 weeks** in January to **19.7 weeks** in March. The increase is largely due to difficulty in recruiting to some Corporate posts, particularly in HR, 2 of which are still unfilled. If the HR posts are excluded, time to fill stands at 14.1 weeks.

Recommendation / Action Required

- Board is asked to **note** the Quarter 4 People Report.

People Strategy

Key People Strategy/HR activity during Q4 includes:

- Continuing roll-out of the new Leadership Development programme – two sessions delivered in Q4 (Recruitment & Selection and Dignity & Respect at Work) - delivered to managers in February and March 2023 respectively
- New Personal Development Review (PDR) meetings held throughout January and March
- 'Moderate' rating received in GIAA audit of new performance management policies and PDR process
- Pay benchmarking exercise (all LeO roles) nearing completion
- Review of Recruitment Policy and associated processes underway
- Comprehensive review of payroll and associated processes underway, in liaison with Finance colleagues
- Detailed analysis of 2022 People Survey completed.

Priorities for Q1: recruitment to remaining posts with HR; review of Staff Council and networks; completion of pay benchmarking exercise; review of employee value proposition; development of recruitment/attraction, total reward and engagement/retention strategies; development of 23/24 People Strategy.

Attrition / Retention

Reducing attrition remains a key focus for LeO. As advised previously, there are a number of factors likely to be impacting on attrition, including a buoyant job market and increased flexibility for employees; the increase in 100% homeworking opportunities has meant that job location is no longer an issue for job applicants, therefore widening the job options available to jobseekers and shifting the labour market from local to national. The impact of LeO's continued focus on operational performance variation will also have resulted in some employees leaving the business, therefore impacting attrition rates. This trend is likely to continue – the new HR policies are now 'live' so implementation of the performance-related ones are beginning to have impact.

Overall attrition has fallen for the eighth consecutive month and now stands at 18.7% in March; however, the investigator attrition rate increased in March due to 8 investigators leaving the business and now stands at 26.2%.

Attraction/retention strategy will continue to be a key focus of people-related activity as we move into Q1.

Recruitment

The HR team continues to support significant recruitment activity across both the Operational and Corporate areas. Current recruitment activity includes:

- Advertising for a number of Corporate posts: Performance & Business Intelligence Manager, HR Business Partner, Payroll/HR Assistant, Project Manager and Lawyer
- Appointments made to the ICT Manager, interim ED&I Manager and HR Co-ordinator posts
- Executive Support Assistant cover to be sourced via agencies.

Appointments made in Operations to:

- Investigator posts (28, following February recruitment campaign) – start dates 17/4 and 9/5
- Operations Manager (secondment)
- Team Leader.

EDI Update

ED&I informs all aspects of HR practice. Current areas of focus relate to ED&I considerations as part of the ongoing review of the Recruitment Policy – e.g., development of ED&I data to monitor the progress of different groups through the selection process to identify any potential barriers; recruitment training for managers as part of the new leadership development programme, to include awareness of unconscious bias; and review and extension of recruitment reach and methods to reach as wide a range of applicants as possible and encourage applications for under-represented groups.

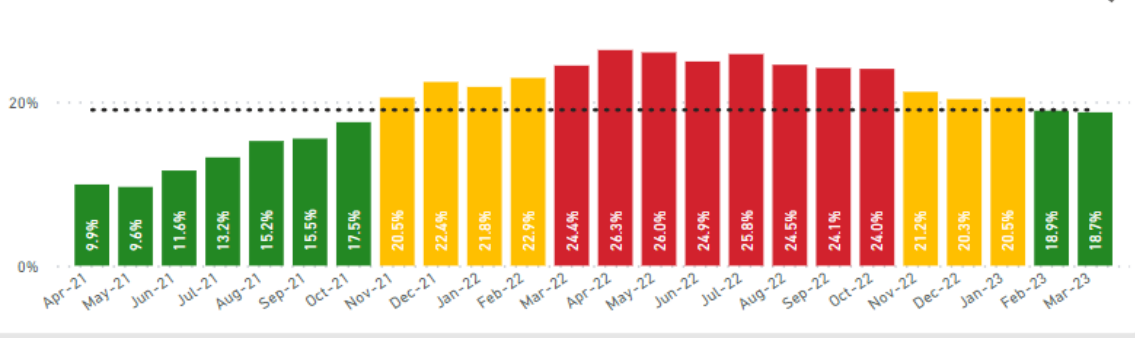
ED&I is a key theme running through the development of people management skills for managers via the Leadership Development programme.

An interim appointment has been made to the ED&I Manager post pending a review of permanent requirements going forward. He is working closely with the Head of People Strategy & Services to ensure ED&I strategy is closely aligned to people-related activity as we move into Q1.

Q4 – People LUKE TO ADD IN

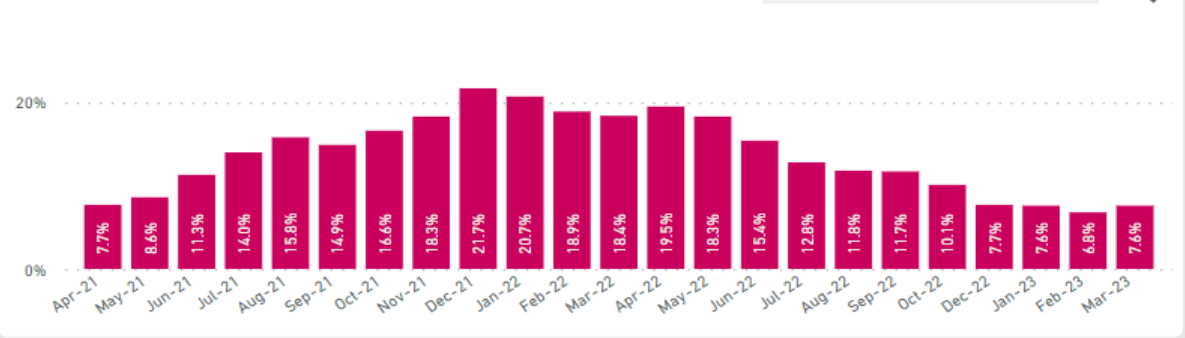
Key Performance Metrics

PI11 - Staff Attrition (All permanent Voluntary Leavers) ↓ ↑



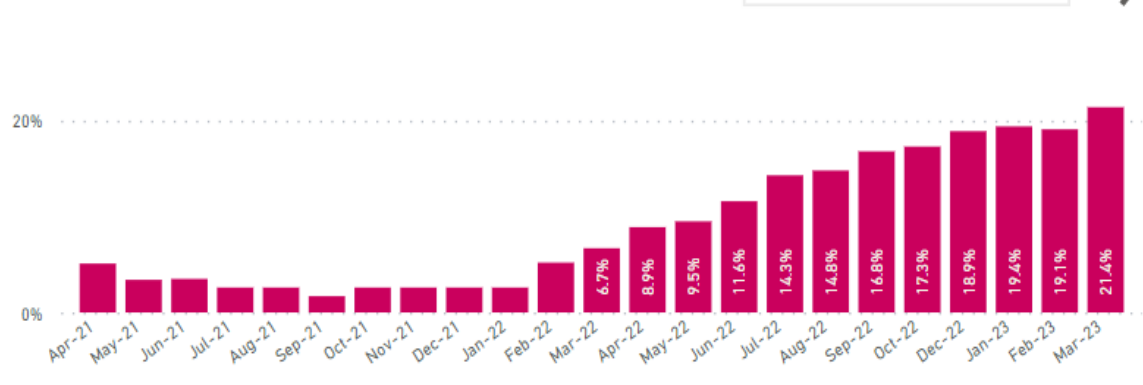
BM02 - Monthly and rolling turnover rate by cohort ↓ ↑

Investigators (established)



BM02 - Monthly and rolling turnover rate by cohort ↓ ↑

Investigators (non-established)

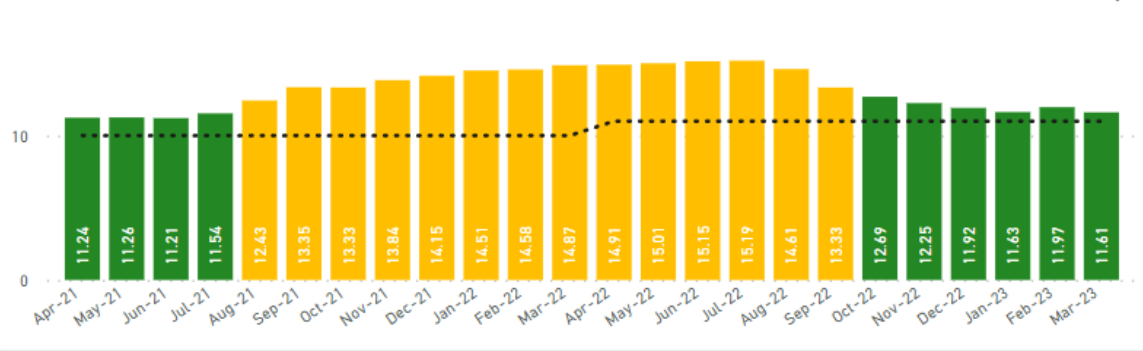


BM02 - Monthly and rolling turnover rate by cohort ↓ ↑

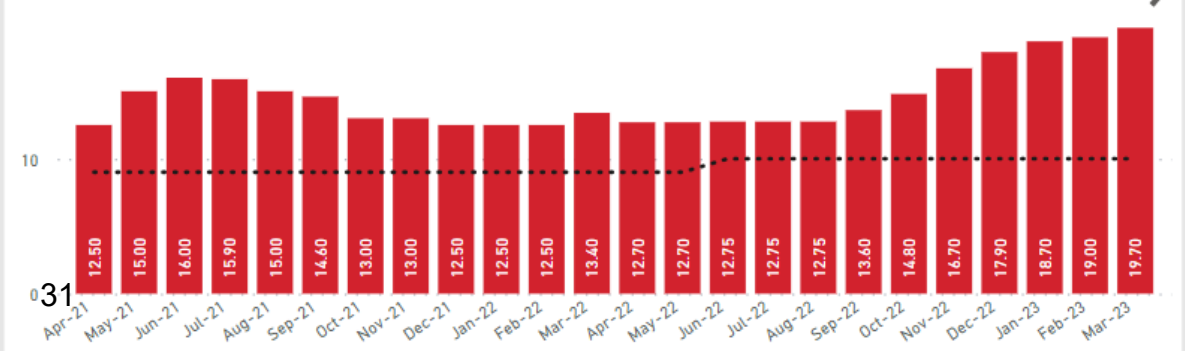
Corporate



PI09 - Sickness, lost days per head ↓ ↑



PI10 - Recruitment effectiveness - time to fill (weeks) ↓ ↑



22
4

Key Performance Metrics – Emerging Trends, Issues, Exceptions

Attrition

Attrition figures are currently collected on a monthly basis over a rolling 12-month period. Q4 sees the steady reduction in overall attrition continue, having fallen for the eighth consecutive month. In January it stood at **20.5%**, a reduction of 3.2% from the start of the previous quarter (i.e., October, 23.7%). During Q4 it fell month-on-month to **18.9%** in February, then by a further 0.2% in March to **18.7%**. The current overall attrition target within our risk appetite measures is 19%; this places us within the 'amber' category (2-3% over target) for tolerance.

However, investigator attrition increased during the quarter, having been generally falling since its peak of 28.5% in September 2022. Eight investigators left the business in March, impacting on the investigator attrition rate; this stands at **26.2%** in March, compared to 23.2% in February and 24.9% in January.

Corporate attrition stood at 26.6% in January and February, and has now fallen to **19.9%** in March, the lowest figure yet over the 12-month rolling period.

Points for Board to note / further updates

There were a total of 13 voluntary, permanent leavers during Q4, all of whom were from Operational roles. Of these 13, 12 were Investigators. Eight of the leavers were regretted, the remaining 5 had been, or were due to be, subject to performance management processes.

The non-regretted leavers cited personal reasons; the job not being as they expected; career change and new/other job opportunities as their reasons for leaving.

Key Performance Metrics – Emerging Issues, Trends, Exceptions

Recruitment – Time to Fill

The time taken to fill vacancies has increased over Q4, standing at **18.7 weeks** in January, **19 weeks** in February and increasing again to **19.7 weeks** in March. The increase is largely due to the inability to recruit to Corporate posts, particularly in HR, 2 of which are still unfilled. If the vacant HR posts are excluded, time to fill stands at 14.1 weeks.

There are currently no targets or tolerance levels set for recruitment; these will be developed as part of phase 2 of the risk appetite process.

Points for Board to note / further updates

An end-to-end review of recruitment policy and associated processes is currently underway, which will focus on improving the candidate journey and efficiency of the recruitment process. Further reporting will be developed to focus on the time-to-fill from advert to offer, which will be broken down by Operations, Corporate and the Investigator cohort.

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

Sickness Absence

- Sickness absence levels have been falling over a sustained period and Q4 saw this trend continue – from an average of **11.63 days** per employee in January, to **11.61 days** in March, the lowest figure yet over the rolling 12-month period. The current sickness target within our risk appetite measures is 11 days; the current sickness absence figure places us within the ‘green’ category for tolerance.
- Mental health-related absence was the main reason for sickness absence over the quarter, increasing from a relatively low level in January (76 days, 22.7%) to 142 days (36.8%) in January and 145 days in March (47.8%). This can be largely attributed to a small number of staff on long term sick leave (currently 4 staff as at March). The second main cause of absence over the quarter was colds, influenza and viruses (42 days, 12.5% and 25 days, 8.2% in January and March respectively).
- Covid absence levels were low over the quarter (8, 39 and 0 days lost in January, February and March respectively).
- The cost of sickness absence fluctuated throughout the quarter (£39,469 in January, £43,361 in February, £33,597 in March).

Points for Board to note / further updates

The pleasing reduction in sickness absence has been largely due to the proactive management of complex employee casework over the summer period by the external HR consultant, with this work then continued following the appointment of a new Strategic HR Business Partner and HR Business Partner, who have taken a proactive approach to employee casework and are providing high quality coaching, advice and guidance to managers. The new Absence Management Policy has been in place since July which is also providing a focused framework by which to manage sickness absence in a timely and consistent way.