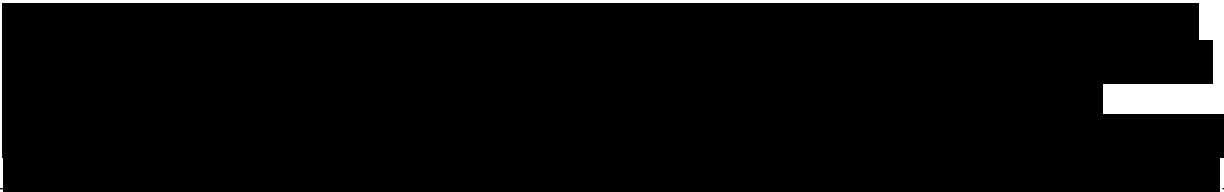


Meeting	OLC Board	Agenda Item No.	4
		Paper No.	122.3
Date of meeting	15 September 2022	Time required	15 minutes

Title	Executive Report
Sponsor	Paul McFadden, Chief Ombudsman
Status	OFFICIAL

Executive summary
<p>LeO closed 834 cases in August, the second highest performance for customer outcomes since modernising LeO in 2018, despite higher-than-expected annual leave. The PAP has reduced for a sixth consecutive month and remains below Business Plan forecast. The Front-End Team (FET) and other early closure initiatives continue to out-perform target by over 70%. Whilst August performance represents a small shortfall of 19 closures on Business Plan forecast, the progress and sustained in LeO's performance is clear. August 2022 (853 closures) represents an 88% increase on August 2021 (454 closures) despite a higher level of annual leave being taken. Similarly, Quarter 2 to date has seen us deliver a 67% on the equivalent period in 2021/22. We continue to challenge all assumptions through monthly assumptions reviews and through Performance and Quality, Task and Finish group. This process gives us the continued assurance around the accuracy of current trajectories and confidence in our future forecasts which we will review as we approach the mid-year point.</p> <p>The Quarter 1 People Paper provides an update on LeO's people focus, including people-related performance for Quarter 1, with attrition and absence management key within this. Update is also provided on key HR priorities and activities, including the recruitment for the new permanent HR structure and significant associated challenges on resourcing.</p> <p>We are undertaking a number of campaigns for operational recruitment to key roles and the Executive search campaign for a new LeO Chief Operating Officer is approaching the final stages.</p> <p>Quarter 2 has seen the start a period of significant focus on Strategic and Business Planning and Budget. We will present initial proposed Strategic Objectives and Business Plan Priorities and outline approach to consultation for 2023/24 for Board discussion and approval.</p> 

In terms of 2022/23 financial performance, the Quarter 1 Finance Report shows that Quarter 1 actuals came in under budget by £142k, as Board are aware from previous discussions (and further discussions with ARAC).

The successful Cardiff recruitment earlier this year helped address this position. Further actions implemented by the Executive in Quarters 1 and 2 have addressed a small emerging underspend, resulting from attrition and vacancies and a 2022/23 budget profile with a higher investigator phasing at the start of the year.

Wider updates are provided for discussion on LeO's move to digital reporting and alignment with risk appetite and tolerance levels.

The Chief Ombudsman is happy to respond to wider questions or comments on other updates provided in this report.

Recommendation/action required

OLC is asked to **NOTE** the paper.

Executive Report

LeO's Performance

LeO closed 834 cases in August against a Business Plan forecast of 853, a 98% achievement against the Business Plan. This was the second highest performance for customer outcomes since modernising LeO in 2018. This was despite higher-than-expected annual leave taken in July and August which impacted performance in both months, with August having the most working days lost due to annual leave of any month in 2022/23.

The PAP has reduced for a sixth consecutive month and remains below Business Plan forecast, standing at 4931 against a Business Plan forecast of 5071 (3% fewer customers waiting for an investigation). This represents a 16% reduction year to date and keeps LeO ahead of our year end forecast positions for 2022/23 and 2023/24.

The Front-End Team (FET) and other early closure initiatives achieved an outstanding total of 477 customer outcomes in August and continues to outperform an already ambitious target by over 70%. This demonstrates the benefit of LeO's organisational focus on early resolution and proportionality which has dramatically increased closure rates and reduced overall customer journey times to 274 days this is now below our lowest expectation of 325 days for low complexity cases, with average customer journey times for FET at 140 days.

Whilst August performance represents a small shortfall of 19 closures on Business Plan forecast, the overall context is important – August 2022 (853 closures) represents an 88% increase on August 2021 (454 closures) despite a higher level of annual leave being taken. The progress and sustained improvement and stability in LeO's performance is clear.

Similarly, Quarter 2 to date has seen us deliver a 67% increase (630 additional closures) on the equivalent period in 2021/22. So far in Quarter 2 2022/23 we have closed 1566 cases. Quarter 2 at this stage in 2021/22 had seen 936 closures in total across all customer initiatives. Year to date has seen us deliver 3879 closures, 96% of our business plan target of 4032. This is a 52% increase (1331 additional closures) on the corresponding period of 2021.

Whilst in an improving position as we approach mid-year, there is no complacency as we move forward. We will continue to challenge all assumptions through monthly assumptions reviews and through Performance and Quality, Task and Finish group. This process gives us the continued assurance around the accuracy of current trajectories and confidence in our future forecasts.

The operational leadership continue to focus all efforts on ensuring that expectations are achieved and that we maintain progress and momentum to reduce the PAP for the seventh consecutive month.

LeO's People

The Quarter 1 People Paper provides an update on LeO's people focus, including people-related performance for Quarter 1. Attrition rates continue to be a key challenge and a key business priority. Overall attrition reduced across Quarter 1 from 26.3% (the highest level seen over the last 12 months) to 24.9% in June. Indications are that this trend may continue into Quarter 2 - a full Quarter 2 update will be provided at the October Board meeting.

Quarter 1 saw slight increases in sickness absence month-on-month, culminating in an average of 16.31 days per employee in June. We have seen this decrease in Quarter 2 so far. Whilst some of this decrease will be due to higher levels of annual leave in Quarter 2, we are confident that some of the impact will be from the work invested through an HR casework consultant to provide focused support on progressing complex employee cases, many of which had absence as a factor. The new absence management policy, implemented in July and to be supported by training for managers, will also further impact as we move forward. Again, further information will be provided at October Board as part of a Quarter 2 update.

Update is also provided on key HR priorities and activities, including the recruitment for the new permanent HR structure and significant associated challenges on resourcing. A proposed plan for prioritisation of People Strategy implementation and key areas of focus for the remainder of 2023/24 has been considered with the Remco Chair and will be discussed with Remco in November.

We have launched investigator and Level 1 ombudsman recruitment campaigns which will help cover internal attrition as we continue to promote people through the organisation. These are national campaigns managed by TMP managed recruitment. Some planned direct mailings and social media campaigns via TMP for the investigator recruitment will now be delayed as we adhere guidance on national mourning. We are also looking to fill 2 further development opportunities into Team Leader secondment roles and provide much needed leadership resilience in tackling performance variation.

The Executive search campaign for a new LeO Chief Operating Officer is approaching the final stages with an appointment expected by October. The Chief Ombudsman can update more fully on the latest position at the September Board meeting.

Strategic and Business Planning

Quarter 2 has seen the start a period of significant focus on the Strategic and Business Planning process. September Board meeting will present initial proposed Strategic Objectives and Business Plan Priorities and outline approach to consultation for 2023/24 for Board discussion and approval. Board will recall agreement reached at the July Board Seminar on a one-year strategic framework for the year ahead. This will maintain current focus on progress towards further improved and sustainable levels of service whilst providing a clearer space and time for better informed engagement with stakeholders in 2023/24 on our longer-term vision for the Legal Ombudsman.

The Executive proposals set out three proposed Strategic Objectives, each with a corresponding Business Plan Priority for 2023/24. These builds on Business Plan priorities from previous years and will ensure delivery of existing commitments on LeO's performance and levels of service over the period to the end of 2023/24.

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Finance

In terms of 2022/23 financial performance, the Quarter 1 Finance Report shows that Quarter 1 actuals came in under budget by £142k, as Board are aware from previous discussions (and further discussions with ARAC). This reflects attrition and vacancies and a 2022/23 budget profile with a higher investigator phasing at the start of the year.

The successful Cardiff recruitment earlier this year helped address this position. Further actions implemented by the Executive in Quarters 1 and 2 have further reduced this and have addressed a small emerging underspend. This includes increases to the planned operations recruitment in Q2 and bringing forward the induction date for this recruitment. We are now forecasting to be very close to budget at year end - a small forecast overspend but with clarity on options for how this may be reduced. We continue to monitor this closely.

Reporting Performance

The Performance and Business Insight Team have largely completed the move of the offline reporting process into the automated digital platform of Power BI as we reshape the information that LeO presents on performance. An approved new top-level dashboard of performance metrics has now been built within Power BI and sits over the new digital agreed data set. The full finalised product will be ready to share with our Executive Team, Board and LSB/MoJ in September. Access will then be provided in a test environment to allow all users to view and test the report in a simulated live workspace. This will allow final feedback to be incorporated before the team go live in November with October's performance data. We will continue to create and provide the offline agreed dataset in parallel with the digital version until the end of January before this is then phased out.

In August we published the first LeO quarterly performance report covering Quarter 1. This is a key part of LeO's commitment to enhanced reporting of performance and keeping stakeholders regularly updated on our progress. The first report provides a summary of key information and progress which will then evolve to be a subset of the new dashboard and digital agreed dataset provided for wider stakeholders.

Risk, Audit & Governance

Developing risk appetite and associated indicators and tolerance measures has been the key priority in this area as we move towards incorporating risk tolerances with reporting and in preparation for the September Risk Workshop. The workshop will undertake a review of risk appetite (including overall Risk Appetite Statement), a review of risk tolerances and seek Board views on the read across between risk appetite and risk tolerances and the new performance reporting dashboard and RAG ratings.

Executive Team have input to and approved the initial tolerance levels for risk indicators and will be presented to Board in September and to ARAC in October. This has not been a straightforward task and the level of detail built into this makes both development and review time consuming, which is why Board members have been asked to pick two

or three risk themes to in advance. This will help form the basis of the discussion around risk appetite and tolerances and manage discussion around specific areas. This framework will, of course, be reviewed regularly in future but the September workshop will help us ensure it is as robust as we need it to be and that there is a common shared understanding around its operation.

The Executive continue to monitor 2022/23 strategic risks and issues on a monthly basis. The latest assessment will be taken to ARAC in early October. The strategic risk on leadership resilience remains high as we continue recruitment for a Chief Operating Officer. We continue to monitor the strategic issue relating to the backlog of cases waiting to be worked and whether can be managed on an ongoing basis as a risk, as the activities/controls currently in place continue to see sustained reductions. This will be discussed at October ARAC.

We are currently tracking 70 risks across the different business units and work continues between the Risk Manager and the risk owners to ensure risks are efficiently identified/logged. Controls are currently in place to manage all risks which are managed through monthly Business Performance Reviews (BPRs).

We continue to track and implement actions and recommendation from previous GIAA audits and provide assurance on these through ARAC. This includes actions on Recruitment and Payroll (reported on and discussed at the May Board and ARAC meetings).

The GIAA 2022/23 Internal Audit Plan continues to be implemented following the completion of the and Budget & Business Planning audit in Quarter 1. Fieldwork for the Information Assurance and GDPR Compliance audit is ongoing.

LeO Hubs

Following recruitment in Cardiff, LeO's Cardiff Hub officially opened in August. Staff are attending on a hybrid basis with some staff attending daily and a regular presence of Team Leaders, Operations Managers and Executive Team members. The OLC Chair and Chief Ombudsman will be visiting the Cardiff Office soon to engage with staff.

Assessment of a proposed Leeds MOJ office space has been completed with a likely decision to move to implement this as a second LeO Hub. The Leeds location aligns well to the profile of our March national recruits. The project team are working closely with operational leads to continue to review and identify lessons from the Cardiff Hub implementation. Given previous discussion and agreed action at previous Board meetings a further separate update in this will be issued to Board separately in advance of the September Board meeting.

Scheme Rules Review

Since LSB approval of Scheme Rule changes, work is ongoing to progress the design and implementation of the changes. This is a complex programme of work with changes separated into three workstreams: Time Limits, 5.7 changes and Ombudsman decision making. Regular cross functional meetings are being held alongside specific subject

matter discussions to finalise the project scopes. The project team have scoped out the implications and risks of each of the constituent elements. Obvious risks include impact on operational performance as we design and implement changes to process, systems and guidance and as we operate dual scheme rules for a period. IT are assessing the changes required to our case management system to ensure resilience of the system as we implement required changes.

Key activities include website and CMS development work, operations deliverables (process changes, guidance notes, training, letter updates), internal and external communications strategies and a quality strategy. Key milestones for September include finalising and approving Project Briefs, complete Executive Team sign off on direction and finalise project plan and aligned timescales, deliverables and defined roles and responsibilities.

A key dependency is the development of systems to enable capture of EDI and wider monitoring data at the earliest stage of our process to inform the required assurance to the OLC, LSB and wider stakeholders around the impacts of the changes. This will introduce EDI monitoring alongside the online complaint checker at the earliest point in our process in advance of the scheme rules changes going live so that we have a baseline of data to assess future changes and impacts against.

We are assessing opportunities to implement some of the changes at an early point to derive the maximum benefit as early as possible. We will continue to keep Board regularly updated on progress including through a dedicated update at October Board.

Service Improvement, Quality and Legal

Quarter 1 quality reviews show stable performance against both service and outcome across all of key areas of LeO's service. We noted at the end of 2021/22 that performance against service standards in the Resolution Centre had dipped – in Quarter 1 performance against this metric is showing signs of continued and steady improvement.

As Board will recall from June Board Seminar, the first review of quality of the service and outcomes in the Front-End Team (FET) was an important part of Quarter 1 quality focus. It is pleasing and reassuring to note that for both service and outcome our performance levels were over 90% which, given the fast-paced nature and volume of this team, is testament to the rigour that has been put in place in those teams. We are now in the process of undertaking a more comprehensive review of FET in Quarter 2 and are ensuring that any learning that comes from this is used to improve the work of the FET Team moving forward. We have commissioned a review of customer satisfaction for those customers who have received a service through FET.

Performance against our customer satisfaction measures continues to be positive with end of process scores continuing to track above 90% for complainants who are satisfied with the outcome of our investigation and satisfaction showing at over 20% across both complainants and service providers where they are dissatisfied with the outcome of investigation (which is an improvement on previous quarters).

A number of initiatives are being considered to help improve the standard and regularity of communication to customers. This is a consistent theme of feedback on quality and service. This will include further review of guidance and correspondence with LeO customers to ensure that they are as customer focused as possible and provide customers with the information they require on new initiatives and approaches new initiatives.

Resource levels in the service complaints team are about to drop with the impending departure of one of our Customer Experience Specialists. This will reduce capacity to handle Stage 1 complaints by 50%.

Generally, the team have been keeping pace with levels of demand but, as numbers of case closures continues to increase to unprecedented levels, it is likely that the number of service complaints will increase proportionately. We will be keeping a close eye on levels of demand, particularly relating to FET closures, to ensure that we are sighted on any themes or trends that might require intervention but also to ensure that the team is suitably resourced.

The themes and trends that we see from our service complaint work continue to reflect the delays we have in the PAP at the start of our business process and issues around quality of communication – the current (but limited) trends showing through FET reflect customers' dissatisfaction at not having a full investigation conducted on their complaints. This, of course, reflects recent media coverage around this which Biard is aware of. Our communication and messaging around these issues will be updated to mitigate this risk.

The Legal team continue to provide an invaluable service to our operational colleagues, addressing legal challenges and providing constructive feedback around areas where our process can be improved. The team has not seen any significant increase in the number of challenges on the back of the increased closures through FET work, which provides confidence around the robust nature of that process. All challenges, whether or not they are upheld, are used to ensure that we have confidence in the decision making and outcomes reached on our casework.

External & Stakeholder Engagement

A number of key events took place over July and August, including the first of a series of external stakeholder visits. August also saw publication of the first LeO quarterly performance report.

On Wednesday 13 July, LeO welcomed colleagues from the Ministry of Justice to Edward House. The visit was attended by members of the MoJ's Policy team and the Arm's Length Bodies (ALB) Centre of Expertise team and focused on providing a more in-depth understanding of LeO's service and key progress and changes to the way we operate. The visit provided opportunity to demonstrate how LeO has been putting its performance recovery plan into action. Across the session MoJ colleagues gained an 'on the ground' insight into the initiatives LeO has introduced to drive down the backlog and improve the customer experience. This included a focus on the development and

success of our front-end initiatives, the ongoing review of the Scheme Rules, and the learning and insight work which is being delivered to improve first tier complaint handling. Further visits are being planned for the rest of the year, including with the LSB and the Law Society and the new Deputy Director of the MOJ Centre of Expertise team, our primary MOJ contact.

LeO has continued to establish relationships with the wider consumer, advocacy and advice services sector including through an introductory meeting with Citizens Advice. We have continued to progress plans to develop a new consumer representative group which is intended to ensure that the perspectives of consumers of legal services are considered in strategic and operational planning and decision-making in relation to LeO's services. We have extended initial invitations to the Legal Services Consumer Panel, Which?, MoneySavingExpert (MSE) and Citizens Advice, though will operate on the basis of a flexible membership that allows us to draw on more specialist insight if required. The first meeting is planned for early October which we anticipate will focus on changes to the Scheme Rules and other aspects of LeO's emerging 2023/24 plans.

Separately, following our initial engagement with MSE they have suggested we register as an official LeO representative on their online forum. We will be exploring this further to gauge the value we could add and the resource involved.

A similar service provider group is also being developed, which aims to bring together representatives from across the different regulated professions. Where possible, this will include firms who are familiar with, or have recently been through LeO's processes. As well as helping contribute service provider views on proposed plans and priorities, the group will also be able to provide constructive insight into how the service LeO provides could be developed. A provisional date for the first meeting is also scheduled for October.

Regular meetings with Chief Executives have continued over the summer period, with a meeting taking place with the Chief Executive of the Solicitors Regulation Authority. The meeting with the SRA focused on areas of common interest, including office presence in Cardiff, reviewing how decisions are published and the SRA's participation in the Challenge and Advisory Group.

The OLC Chair and Chief Ombudsman have continued to engage with the LSB and MoJ on a regular basis, this includes an OLC/LSB Chief Executives meeting, a Tripartite Protocol review meeting and through the regular Business Assurance Meetings that take place with the LSB.

A list of key external meetings and events attended by the Chief Ombudsman and/or LeO Executive colleagues in quarter 4 is provided at Annex A along with a forward look of meetings currently scheduled across 2022/23.

Internal communications

To help measure the effectiveness of our internal communications (IC), an IC survey was conducted through July-August resulting in a 26% response rate (80 responses). The feedback we received gave us clear insight into how well-informed people feel, the most helpful channels and those needing improvement, as well as insight into the topics of information people want to hear more of.

In particular, the most helpful channels were Team Meetings, Information from Line Managers, All Staff Briefings and our weekly newsletter, News in Brief. There are a number of clear areas for development or channels where people would like further information or understanding which the Chief Ombudsman is happy to update Board on. This insight will be input into our plans for maintaining and improving communications going forward.

Equality, Diversity & Inclusion

Work continues to develop LeO's EDI strategy in line with our People and Business plan, with particular focus on year 1 activities to ensure we continue to be an inclusive, representative and accessible organisation. Over the last month we have been working on finalising the reasonable adjustment framework ready to launch by end of September. This includes a successful pilot of a senior multi-disciplinary team to support our staff in providing quality customer service for customers with complex reasonable adjustments.

We had our first successful network leads meeting with the Executive Team, developed an EDI comms Plan and produced various EDI-comms related to awareness dates such as South Asian Heritage month. We have also collaborated with PHSO to create LGBTQ+ joint activities.

We have now become members of the Business Disability forum and are continuing as Stonewall Diversity Champions.

Forward plans and activities include work on becoming a Disability Smart Organisation, celebrating a Remote Workers day, an inter-ombudsman quiz on LGBTQ+, planning activities for inclusion and wellbeing month and planning ahead for Black History Month in October. We will also be progressing the launch a Women's network.

The EDI steering group will meet on 12 September with a key focus on supporting delivery of Quarter 3 activities and ensuring alignment with other corporate plans

Key External meetings and events attended by the Chief Ombudsman and LeO Executive from July- September (including forward look)

Date	Meeting	Purpose	Online/in-person
24-26 Jun 22	SPG business growth summit	Short presentation	In person
1 July	Bi-Annual meeting with the SRA	Chief Ombudsman (LeO) and Chief Executive (SRA) bi-annual meeting.	Online
6 July	OLC/MoJ BAM	Regular business assurance meeting	Online
13 July	MoJ visit to LeO	MoJ visit to LeO to see how the organisation is operating under its new initiatives	In person
Sept (TBC)	Meeting with LSCP	To discuss the Scheme Rules changes	Online
13 July	OLC/LSB Chief Exec meeting	Regular meeting between the two organisations	Online
Sept/Oct (TBC)	Meeting with Law Society's Regulatory Processes Committee	Meeting with the new Chair of the Committee and to discuss Scheme Rules timelines	Online
07 Oct 22	Notary Public Regulatory Conference	Presentation	In person
19 Oct 22	CLSB Board Meeting	Chief Ombudsman to attend the Cost Lawyers Standards Board to provide an update on LeO and its progress	Online
01 Nov 22	Bar Council Complaint Handling Seminar	Potentially a focus on vulnerable customers following our overview of complaints publication	Online
02 Nov 22	SLC Conference		In person
08 Nov 22	SRA COLP/COFA Conference	Present in a lunchtime breakout session and run a stand	In person
22/23 Nov 22	Legal Ex	Speaking slot as usual	In person