

OLC Board Q2 Reporting

20 October 2022



LEGAL
OMBUDSMAN

Q2 – Operational Performance

Agenda Item No.	6	Paper No.	123.5	Time Required	15 Minutes
Title	Operational Performance Report				
Sponsor	David Peckham – Head of Operations, BI and Transformation				

Executive Summary

- LeO closed **815** cases in September against a Business Plan target of **869**, a **93.8%** achievement against the Business Plan despite the loss of 1.75 days productivity due to the sad loss of the Queen and a global CMS outage. Without these factors we would have been at, or over, Business Plan assumptions The PAP reduced for a Seventh consecutive month and currently stands at **4794** against Business Plan forecast of **4802**. That means the PAP continues to have fewer customers waiting for an investigation than forecast in the 2022/23 Business Plan and that the PAP has seen a **15%** in year reduction. Q2 2022/23 compared with Q2 21/22 saw a **67.4%** increase in closures, with a monthly average of **44.9** FTE established investigator (a **41%** decrease in experienced resource).
- The Front End Team (FET) have achieved **458** early resolution closures meaning that the team have overachieved an already ambitious target by **57.38%** and have overachieved the Business Plan target every month this year. The performance of FET remains a fundamental factor in why the PAP remains ahead of the Business Plan target and ahead of the forecast end point for 2022/23
- Over the quarter the total closures stand at **2378** vs a Business Plan assumption of **2566** which represents a **92.7%** achievement against target, a **7.3% variance** against Quarter 2 closure target.
- There is no doubt that LeO’s progression and strong performance in Q1 is continuing. Performance in 2022/23 is in a much stronger position than seen in 2021/22 and with the new ways of working now fully incorporated as business as usual and outperforming expectations. To put this into perspective, the second quarter in 21/22 saw **1421** closures with a monthly average of **76.10** FTE established investigators.
- Reviewing the year to date position puts closures at **4691** against a BP assumption of **4951**. This represents a **94.76%** achievement of the Business Plan. We expect to start making up some of the variance in the first 2 months of Q3 and the last 2 months of Q4, as increased seasonal adjustment projections take effect.
- Operational focus remains on ensuring the small shortfall in closure numbers during the increased leave period are attained and we remain confident that we are on track to deliver Business Plan targets and the stated aim of a PAP of 3109 and 10000+ closures.

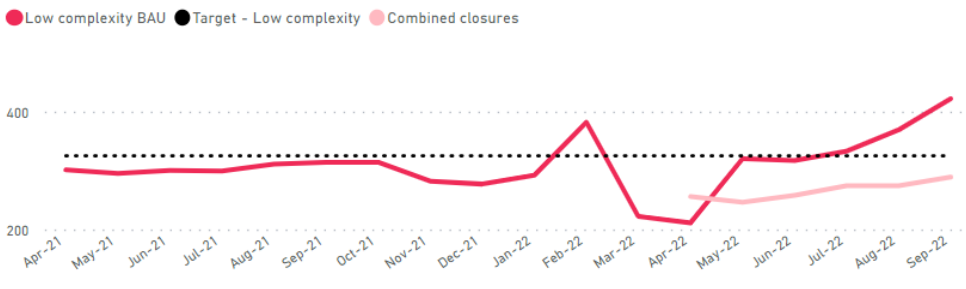
Recommendation / Action Required

- Board to note Q2 performance

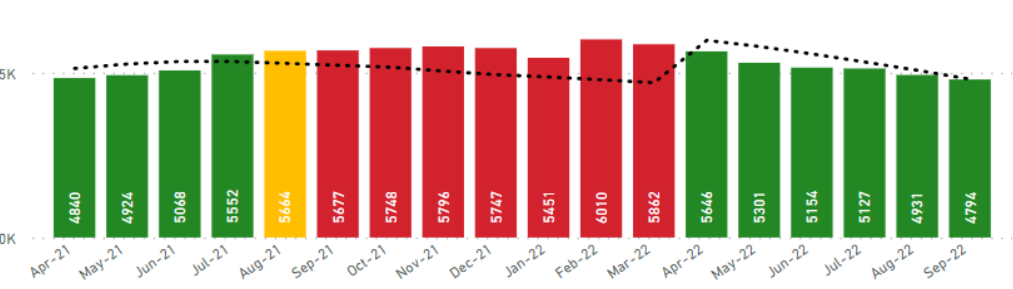
Q2 – Operational Performance

Key Performance Metrics

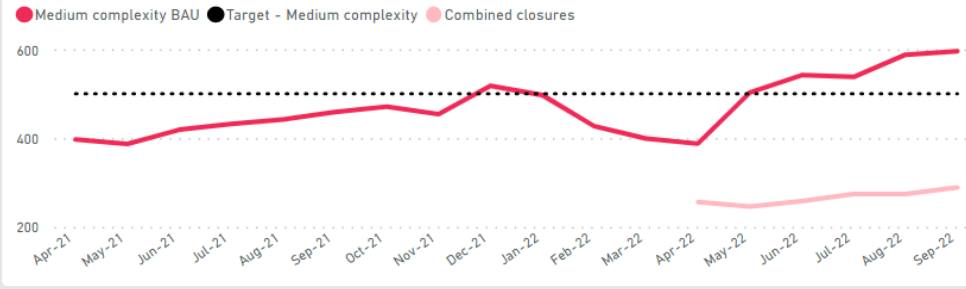
KPI02 - Customer Journey Time - Low Complexity Cases ↓↑



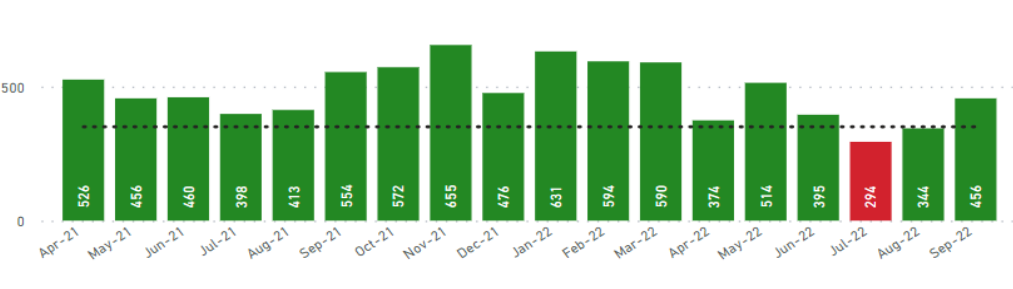
KPI08 - Volume of cases awaiting assessment (PAP) ↓↑



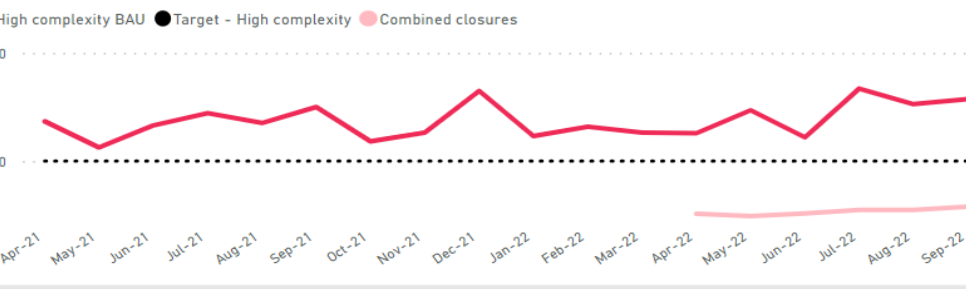
KPI02 - Customer Journey Time - Medium Complexity Cases ↓↑



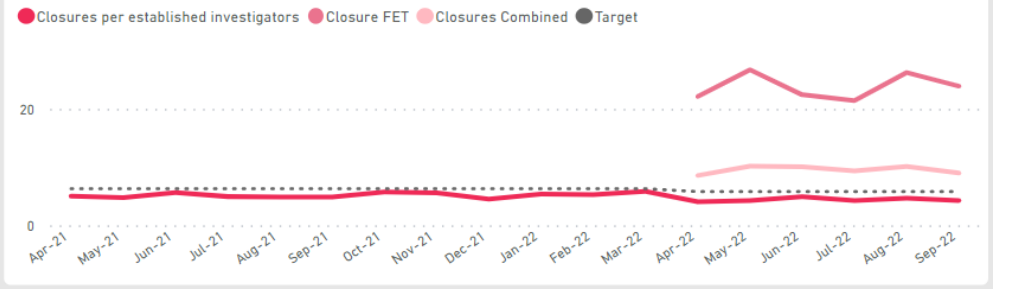
MI05 - Cases taken from the PAP to Investigation ↑↓



KPI02 - Customer Journey Time - High Complexity Cases ↓↑



BM01 - Productivity per (established) investigator ↑↓



Customer Journey Time

FET are having a positive impact on the overall customer Journey time. Customers within FET experienced a **77% shorter journey time** than the average for low complexity cases in September. For new customer helped within our FET, average customer journey time for those who didn't need a full investigation was just 119 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, increased slightly to 289 days which is 11% below our lowest CJT measure of 325 days for low complexity cases.

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 an increase in low (14%) medium (1%) and high (3%) CJT's for cases requiring a full investigation. It is worth noting that there now only remains 30 cases of high complexity cases in the PAP. These variances in CJT are expected as we work through an aged backlog

PAP volumes

The volume of the PAP continues a downward trajectory with its seventh consecutive reduction. Q2 finished at 4794 vs an assumption of 4802. This equates to a 20% reduction since its peak in Feb 2022. Operations continue to review assumptions monthly and are confident we will be within an acceptable tolerance (1.6%) at 3159 Vs 3109 by March 2023.

It is worth noting that the PAP reduction is not linear. We expect the pap to reduce every month, but the bulk of PAP reduction for 22/23 will be within Q4 as closures increase further above core demand, and December cohort take a large volume of cases, circa. 480 as they ramp up their productivity.

Closures

In September we closed 815 cases vs 869 assumption for context September 2021 closures were 485, with 20 ore establishes investigators. We had 1.75 days of unexpected down time, wwithout these factors we would have been at, or over, Business Plan assumptions. Quarter 2 performance represents a **67%** increase on the equivalent period last year despite more annual leave being taken in this current period. In Quarter 2 2022/23 we have closed **2379** cases. Quarter 2 in 2021/22 had seen **1421** closures in total across all customer initiatives. This puts LeO at a circa. 67% increase YTD on last year, this is on top of a 40% increase from 20/21.

When looking at seasonality we expect October and November, February and March to deliver over performance to make up some of the Q1/Q2 losses.

Operations recruitment and succession

Investigator

Building on the successful relationship forged with TMP, our current national campaign is proving another success. We have received Circa. 2000 applications, which operations managers have sifted down to 130 assessment centre slots. This unprecedented level of applications has given us the ability to raise the baseline entry requirements within the sift, giving us access to a higher quality candidate. Our aim of 25 new investigators plus replacement of internal moves looks likely to be achieved, with a November 28 start date.

TL secondment

We have filled 2 further development opportunities into TL secondment roles. One is for 12 months, and the other is initially for 6 months (with the option to extend for another 6 months). These roles are now in place with the successful candidates transitioning from casework to leadership in a managed way over the next 2 months.

L1 ombudsman recruitment

We have filled 9.69 FTE, again working with TMP who supported with advertising. This recruitment has been evenly split with 5 external, 4 internal and 1 secondment opportunity. These roles will be phased in as internal candidates transition from casework.

Career development

LeO continue to support staff to ensure that valued staff are given opportunities to develop and that we retain talent within the scheme. In Q2 in isolation we have seen opportunities internally for:

- 4 Permanent L1 ombudsman
- 1 Secondment L1 Ombudsman, with a specific focus on development
- 2 Secondment TL's
- 1 Customer Experience Specialist
- 1 Paralegal
- 1 Head of Operations
- We will shortly be recruiting internally for an Operations Manager

Q2 – Operational Performance

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

- With the inclusion of all workstreams, overall productivity for September was 8.96 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 4.23 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 remains 49% vs 51%. This imbalance will grow as we recruit for a December cohort and BAU investigations remains support heavy as investigators build into becoming established
- We have successfully recruited 9.69 L1 ombudsman and 2 seconded TL's to add resilience to delivering this support

Points for Board to note / further updates

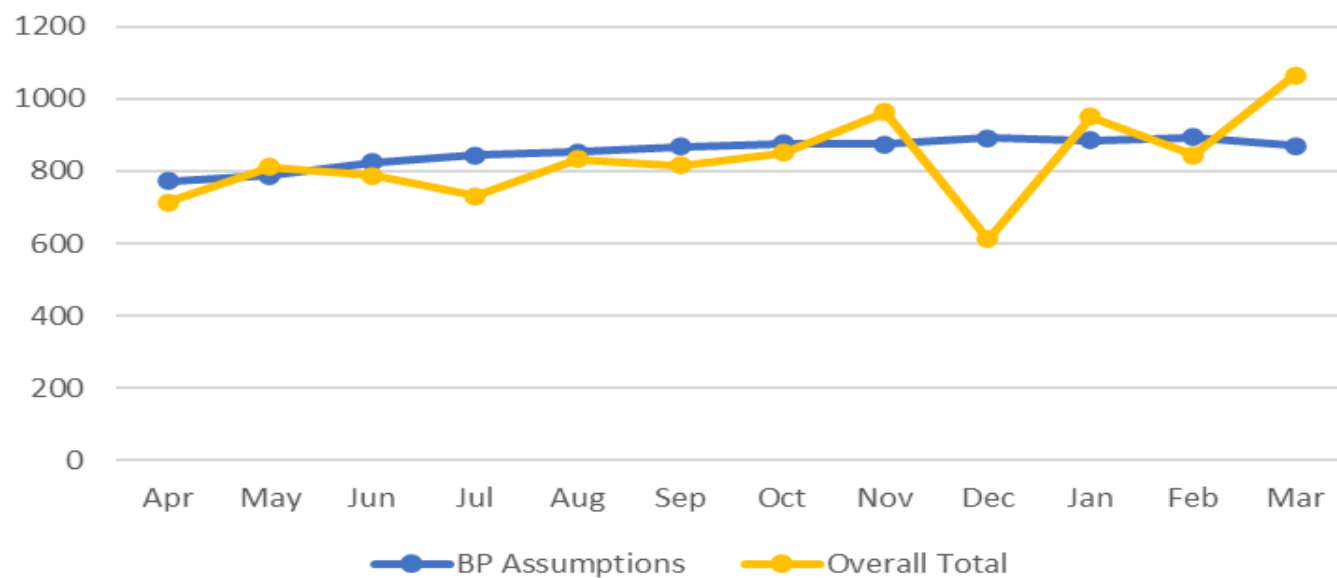
- Work has been undertaken on trajectories affected by Scheme Rules (SR) changes. We have agreed a 10% reduction from April 2023. This is to take into account the changes to time limits.
- We expect a working PAP of between 100 – 60 cases, the equivalent of 4 weeks work in progress.
- Where possible we have made assumptions around other SR changes, to include a potential 30 day reduction in end to end CJT with the introduction of the amendment to SR 5.19, the need for an ombudsman decision
- There is not enough baseline data to determine how SR 5.7 amendment will affect trajectories, it is planned for this to be reviewed By Q3 2023/24 allowing sufficient time after implementation to better determine effect.

PAP Size - Impacted By Scheme Rules												
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
22/23	5646	5301	5154	5127	4931	4794	4544	4181	4169	3820	3575	3109
23/24	2889	2534	2200	1972	1764	1517	1233	875	944	588	340	164

Closures 2022/23 YTD & Forecast

22/23	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
BP Assumptions	772	788	825	844	853	869	876	875	892	885	894	871	10244
Cases closed after	299	352	431	325	357	357	559	673	321	658	554	775	5660
Early Closures (FET)	415	459	447	407	477	458	291	291	291	291	291	291	4409
Overall Total	714	811	788	732	834	815	850	964	612	949	845	1066	9979

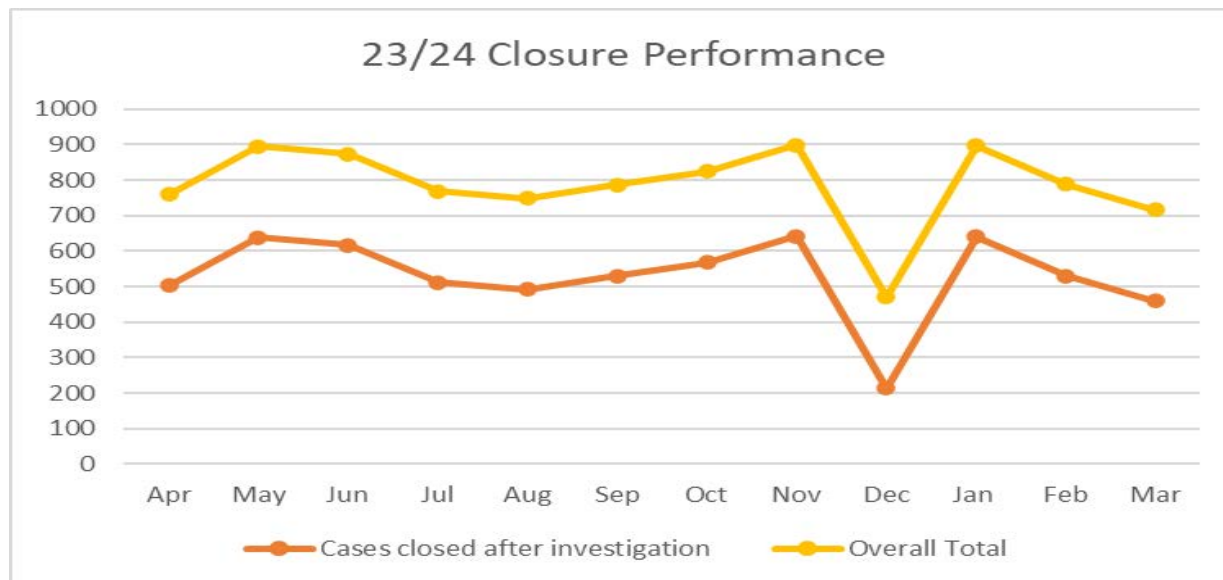
Closures Performance 22/23



- In Month performance on new initiatives saw the third best performance from FET with 458
- Seasonality and loss of working days had impacted the beginning of quarter 2, the operations teams have worked relentlessly to bring it back close to the Business Plan target
- Over the quarter the total closures stand at 2378 vs a Business Plan assumption of 2566 which represents a 92.7% achievement against target
- Quarter 2 performance continues to be strong and at levels unseen in previous years. Current Quarter 2 performance represents a 67% increase on the equivalent period last year despite more annual leave being taken in this current period.
- Year to date position puts closures at 4691 against a BP assumption of 4951. This represents a 94.76% achievement of the Business Plan.

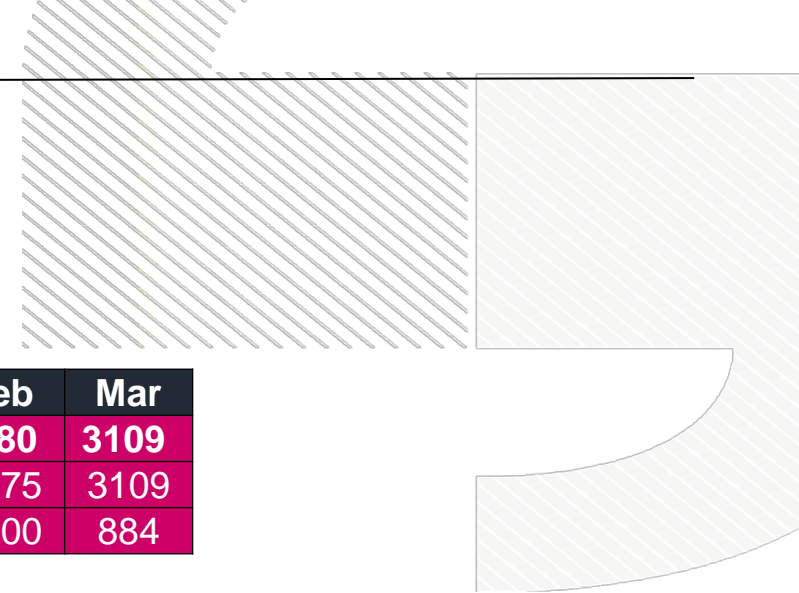
2023/24 - Looking Ahead

23/24	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Cases closed after investigation	503	638	617	511	492	529	567	641	214	639	531	459	6341
Early Closures (FET)	257	257	257	257	257	257	257	257	257	257	257	257	3084
Overall Total	760	895	874	768	749	786	824	898	471	896	788	716	9425

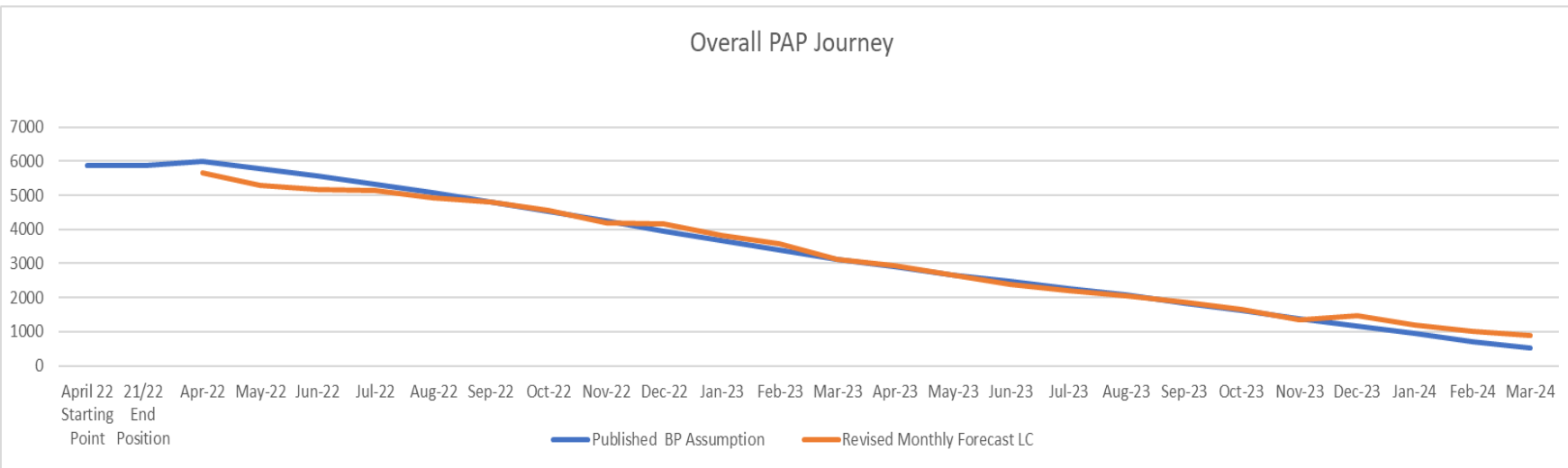


- Amendment to BAU Productivity BAU @ 5.1 4.5 4.8 5.1 across the quarters
- FET producing 65% of 22/23 average monthly closure which will be all Early Proportionality also factoring in a 10% loss from scheme rules
- Operation teams will begin 23/24 with a full quota of staff thanks to flexible and planned 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
22/23	5646	5301	5154	5127	4931	4794	4544	4181	4169	3820	3575	3109
23/24	2949	2654	2380	2212	2064	1877	1653	1355	1484	1188	1000	884



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

Q2 – People

Agenda Item No.	7	Paper No.	123.5	Time Required	15 Minutes
Title	People Report				
Sponsor	Debbie Wright, Head of People Strategy & Services				

Executive Summary

HR Performance Metrics – Quarter 2

- **Attrition** – during the quarter overall attrition fell from **25.8%** in July to **24.1%** in September. However, investigator attrition remains a concern, rising throughout the quarter to **28.4%**. This is mainly impacted by leavers from the March 2022 investigator intake and in response some changes will be made to for the planned November 2022 intake, with additional Team Leaders and Level 1 Ombudsman being available to provide ongoing support to new recruits. A process review of QuaF is also planned.
- **Sickness** – Q2 saw very positive movements in relation to sickness absence, with a significant decrease seen across the quarter. Sickness absence fell from **283.5** days lost in July to **93.5** days in September. Absence due to mental health fell from **130** days in July to **0.5** days in September. The decrease is largely due to the proactive management of complex employee casework and support provided to individuals to facilitate a return to work following long term sick leave.
- **Recruitment (time to fill)** – this increased slightly to **13.6** days in September from **12.75** days in July and August, largely due to the extension to advertisement closing dates and the need to readvertise some posts.

General HR Updates

- Updates are also provided on the 2022 Civil Service People Survey which is currently live (closing on 21 October). As at 12 October the response rate is 46%. An update is also provided on the latest position on pay benchmarking, which is being re-visited in the light of a highly competitive job market, the cost of living crisis and the work on LeO's pay, benefits and reward offer and strategy.

Recommendation / Action Required

- Board is asked to **note** the Quarter 2 People Report.

Q2 – People

People Strategy

Due to significant HR resourcing challenges, and taking account of feedback from Board members at previous meetings, the Head of People Strategy and Services met with the new RemCo Chair to discuss the impact of the resourcing issues on the implementation of the People Strategy and to outline her view on the key areas of focus for the remainder of the business year. The proposed plan going forward has now been circulated for consideration by RemCo as an out-of-committee paper prior to its November meeting; following RemCo feedback the updated plan will then be shared with Board members. Proposed areas of focus for the remainder of the business year are: recruitment, attraction and retention strategy; staff engagement; total reward and recognition strategy; pay benchmarking and roll out of the new leadership development programme.

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 will begin to have impact.

As noted above, attraction/retention strategy remains a key focus for this year's People Strategy activity.

Recruitment

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

- Investigators – selection process currently underway to recruit 30 new recruits
- Level 1 Ombudsman – recruited to 9.69 FTE (10 heads)
- Team Leaders – 2 secondments confirmed
- Corporate - Good progress has also been seen across a number of Corporate roles, with appointments made to three of the six HR roles within the new structure, and within the Legal team (Solicitor, Paralegal and 2 Customer Service Specialists)
- Appointment of the Head of Operations, Transformation and Business Intelligence for 18 months.

EDI Update

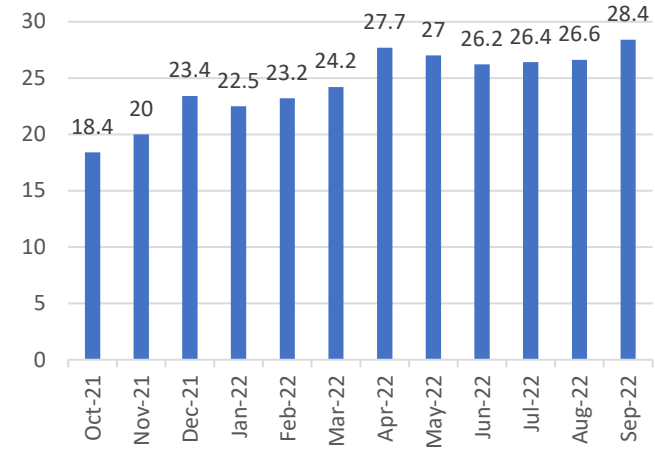
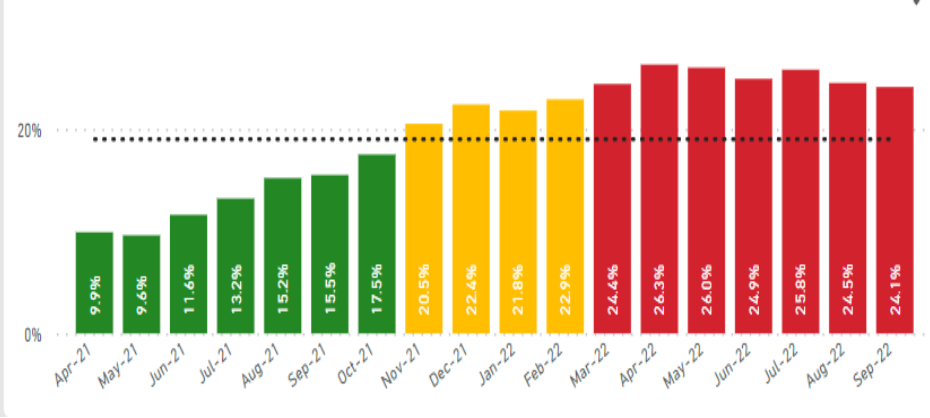
ED&I informs all aspects of HR practice. Current areas of focus relate to ED&I considerations as part of the review of the Recruitment Policy – e.g., development of ED&I data to monitor the progress of different groups through the selection process to identify any potential barriers; recruitment training 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.

The current ED&I Manager has recently resigned and is due to leave the business in December. Her job description is currently under priority review to ensure both internal and external ED&I challenges/deliverables are effectively resourced going forward.

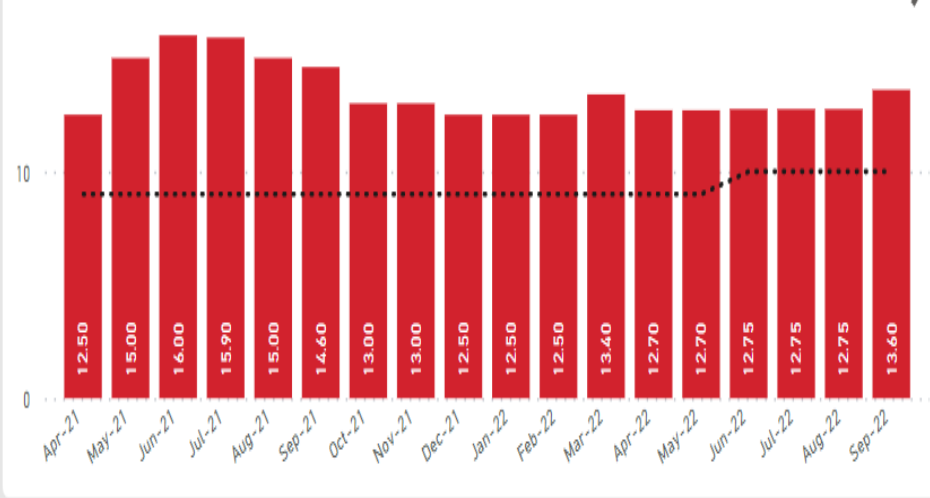
Q2 – People

Key Performance Metrics

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



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



PI09 - Sickness, lost days per head ↓↑



Key Performance Metrics – Emerging Trends, Issues, Exceptions

Attrition

- Overall attrition is reducing - in July it stood at **25.8%**, a reduction of 0.5% from the start of the previous quarter (i.e., April, 26.3%). In August it fell slightly to **24.5%**, then by a further 0.4% in September to **24.1%**.
- Investigator attrition remains a concern, increasing throughout the quarter - **26.4%** in July, then rising to **26.6%** in August and **28.4%** in September. Three investigator leavers during this period were new national recruits appointed in March 2022 on 100% home-working contracts, all of whom were not regretted due to probation performance concerns. A further 4 investigators were also not regretted, resigning as a result of performance concerns being raised during probation. The remaining 2 investigators were regretted and cited the reason for their resignations as career development opportunities.

Points for Board to note / further updates

- There were a total of 15 leavers during Q2, 11 of whom were from Operational roles. Nine of these were investigators, two were Ombudsman. The remaining roles were from Corporate. Of the two Ombudsman leavers, one was regretted, the other was not, due to concerns raised over their conduct. All 4 Corporate leavers were regretted and cited career progression as their reason for leaving.
- Following the number of resignations arising from the March investigator cohort, a number of changes have been made in relation to the latest large-scale investigator recruitment campaign. Additional team leaders and Level 1 Ombudsman will be made available to provide ongoing support to new recruits. This approach has been reinforced by the success of the Cardiff hub recruitment campaign, which to date has seen no leavers; team leaders are a weekly presence at the hub, enabling new recruits to have face-to-face interaction with their managers. Due to the excellent response to the recent campaign, baseline entry requirements have been raised at the sift stage, enabling us to shortlist a higher quality of candidate. Managers will also be ensuring that robust discussions take place at the offer stage about the realities of working from home on a permanent basis in order to manage employee expectations and advise on the support available.

Key Performance Metrics – Emerging Issues, Trends, Exceptions

Recruitment – Time to Fill

The time taken to fill vacancies has increased slightly in the last month of quarter 2, standing at **12.75** weeks in July, **12.75** weeks in August and rising to **13.6** weeks in September. This increase is as a result of the summer holiday period and the need to extend advertisement closing dates to secure sufficient applicants. Additionally, due to the challenging job market, a number of applicants have withdrawn from the recruitment process due to obtaining work elsewhere, resulting in the need to re-advertise.

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

- Q2 saw a significant reduction in sickness absence throughout the quarter – from an average of **16.2** days per employee in July, falling to **15.64** days in August and then to **14.27** days in September, the lowest figure yet over the rolling 12-month period. The number of days lost to sickness absence during the quarter has fallen by two-thirds (**283.5** days lost in July, **193** days lost in August, **93.5** days lost in September). Long-term sickness dropped from **41.3%** in July, to **22.5%** of all sickness in September.
- The main reason for sickness absence varied over the quarter; **mental health-related absence** was the main reason in July (**130** days lost); this fell significantly to **41.5** days in August and then to only **0.5** days in September. This decrease was largely due to the proactive management of complex employee casework and support provided to individuals to facilitate a return to work following long term sick leave. **Covid** was the second main reason for absence during July (**42** days lost) and also continued to fall throughout the quarter (**16.5** days lost in August, **9** days in September).
- The cost of sickness absence fell throughout the quarter (**£34,181** in July, **£27,665** in August, **£12,803** in September).

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, supported by the external HR consultant. The new Absence Management Policy was also rolled out in July; the application of the new policy, supported by training for managers in effective absence management as part of the new leadership development programme, will also begin to have impact going forward, and will be further supported through implementation of the new HR Business Partner model.

General HR Updates

People Survey

The 2022 Civil Service People Survey is currently live. As at 12 October the response rate is 46%. Weekly ‘nudges’ are being issued via internal communications to maximise the number of responses and to provide ongoing updates to colleagues on the action taken in response to last year’s survey.

The survey closes on 21 October. Further updates will be provided to Board following MoJ’s sharing of the findings when available and our subsequent analysis.

Pay Benchmarking

An update on pay benchmarking was provided to Board members at the May 2022 meeting. CELRE Consultancy Ltd were commissioned to carry out a market pay benchmarking exercise for LeO, using both national and regional comparators – this was completed for Operations roles in December 2021, with Corporate ongoing. Unfortunately it is no longer possible to use CELRE for the outstanding work; an alternative benchmarking service has now commissioned (Korn Ferry) and it is intended that, given the highly competitive nature of the current job market and the impact of the cost of living crisis, a new pay benchmarking exercise will be conducted for all roles within LeO.

The Head of People Strategy and Services is currently in talks with Korn Ferry to agree timescales and approach. Given its importance to employee pay and the wider piece around LeO’s pay, benefits and reward offer and strategy, this work will be given priority and has been reflected in the re-focused 22/23 People Strategy.

Q2 – Quality assurance / Service Complaints update

Agenda Item No.	8	Paper No.	123.5	Time Required	10 Minutes
Title	Quality assurance/ service complaints update				
Sponsor	Steve Pearson – Deputy Chief Ombudsman				

Executive Summary

- A full review of Quality across BAU casework and FET has been carried out for the first time. We do not, as yet, have customer satisfaction data for Q2 and therefore cannot report on the impact of FET on customer satisfaction (we will provide Board with a review of Q2 and Q3 CSat for FET at the February Board workshop). The following slides talk to performance against all of our quality / service metrics and the actions being taken to address under target performance. The slides also reflect on the themes derived from our most recent customer satisfaction surveys and from upheld service complaints, as well as the work being done to implement changes on the back of those findings.
- In the BAU teams performance in relation to the quality outcomes metric has remained broadly stable over recent quarters. Disappointingly, performance against our customer service standards has declined in both GET and most notably in the RC. The principal drivers remain delays and poor / infrequent communication. Significant work is ongoing to drive improvements in the standard and frequency of our communication. The insight gained from quality reviews, as well as early escalations through our service complaint process are enabling team leaders to take proactive action to help identify and address delays in case progression.
- In FET, performance against quality service metrics in the GETi/FETi cohort is lower than expected. The key issue relates to the standard of our communication with our customers. We have worked hard with operations colleagues to take immediate action to address individual issues but we have also focussed our efforts on ensuring that the teams have a comprehensive suite of templated letters which provide clear and accurate information to customers and do so in an appropriate tone and style.
- Our review of FET outcomes has shown a relatively small number of instances where, although the outcome reached was fair and reasonable, the process followed was not to the standard we would have expected. In each of those cases we did actively consider whether the outcome needed to be withdrawn but were satisfied that identified shortcoming did not make the outcome unsound or warrant the case being reopened.
- Performance across the Ombudsman cohort in both BAU and FET remains positive – the performance against service standards in FET relate to quality of correspondence and can be attributed to the pace of FET work. Interventions are already in place with our FET ombudsmen to drive improvement in this one area.
- We have noticed a drop in quality in FET when compared to the low level dip sample that was carried out in Q1. This quarter's reviews presents a more comprehensive review of FET work across the full range of closure types. Given the relative immaturity of FET we expect to see some volatility in performance as our systems, processes and standards continue evolve and as we learn from the findings of casework, quality reviews, customer complaints and satisfaction survey results.
- Customer satisfaction data from previous quarters and the themes coming from upheld service complaints reinforce the issues identified through our quality review process, namely, delay and poor communication. As noted, interventions are already in place to address these issues.

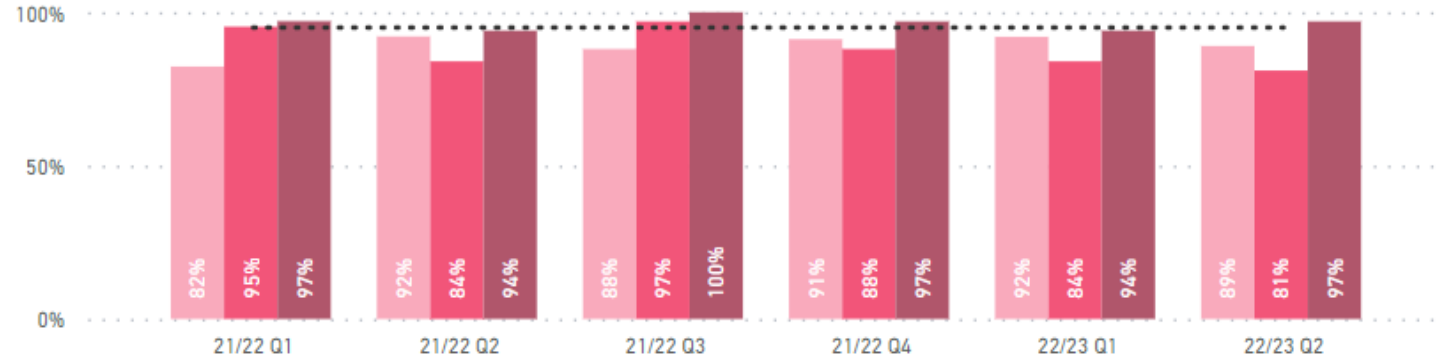
Recommendation / Action Required

This paper is for information and assurance.

LeO - Key Performance Metrics

KPI01 - Quality - Reasonable Outcome ↑↓

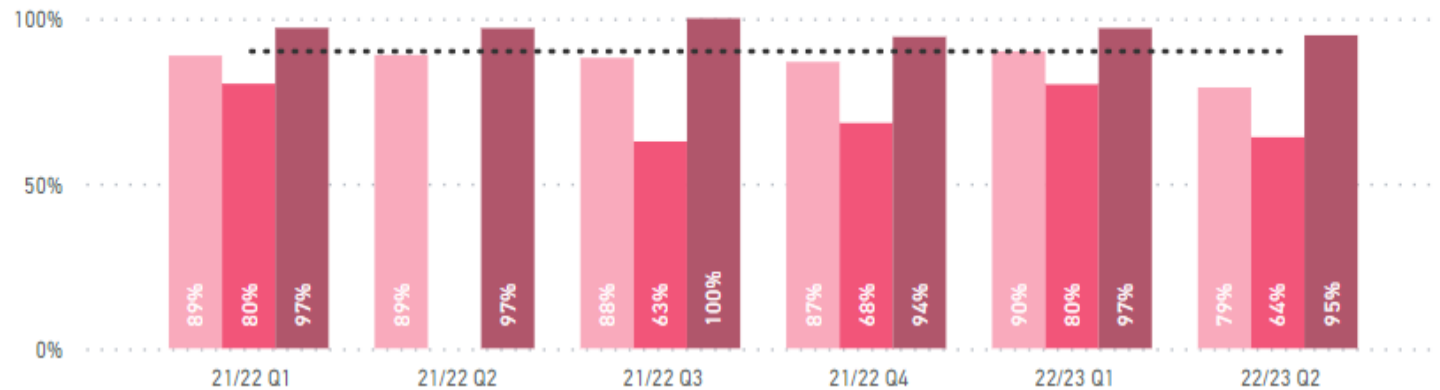
● General Enquiries Team ● Investigator and L1 Ombudsman ● Pool & L2 Ombudsman ● Target



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

PI08 - Quality - Reasonable Service ↑↓

● General Enquiries Team ● Investigator and L1 Ombudsman ● Pool & L2 Ombudsman ● Target



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

Exceptions

Quality reviews

Area	Service		Outcome	
	Target	%	Target	%
GET	90%	79%	95%	89%
GET Overall	90%	79%	95%	89%
FET - FETi/GETi	90%	77%	95%	71%
BAU - Investigators	90%	58%	95%	87%
All RC Overall	90%	64%	95%	81%
FET - Ombudsman	90%	71%	95%	100%
BAU - Ombudsman	90%	100%	95%	97%
All Ombudsman	90%	95%	95%	97%

BAU - Key Performance Metrics

Stream	Review	Team	Target	Score
BAU	Outcome KPI01	GET	95%	89%
		RC	95%	87%

In GET the bulk of the outcome issues we identified related to administrative errors:

- Failing to record the name of the service provider on the case file.
- Failing to check if the service provider was in jurisdiction before advising a premature customer to make a complaint.
- Chasing a service provider for a copy of their final response even though it was already on file.

In all instances, feedback has been given to the individuals in question to ensure that these issues do not happen again.

In the Resolution Centre for BAU casework, the outcome reviews broadly showed that the conclusion that was reached on the case was a fair and reasonable one, but that there were issues with the process that was followed as the complaint was resolved.

Some of the key findings related to:

- Not adequately addressing or providing service providers with clarity around the position regarding case fees if the complaint is resolved by agreed outcome.
- Providing incorrect advice to a service provider on whether an agreed outcome can constitute a “full and final settlement”.
- Not advising customers of the right of escalation to an Ombudsman for a decision.

Work is already ongoing to address issues around case fees to ensure that staff understand how case fees work and the circumstances in which they are chargeable/ not chargeable or can be waived.

Work is also ongoing to ensure that internal requests to waive case fees are correct and consistent and that our Team Leader cohort’s understanding of our process is robust.

BAU - Key Performance Metrics

Stream	Review	Team	Target	Score
BAU	Service PI08	GET	90%	79%
		RC	90%	58%

In GET the key service issues that were identified related to:

- Delay in processing challenges to jurisdiction.
- Failing to update the complainant on steps being taken to process file or chase complaint correspondence.
- Failing to set tasks to follow up on case related actions causing delays.
- Inadequate signposting of customers to helpful internal or external resources

Many of the issues identified stem from simple administrative errors such as failing to record information correctly on the case management system. These issues are addressed by way of feedback and ensuring that our guidance is comprehensive for future users.

In the Resolution Centre, for BAU casework, the service issues can be categorised as follows:

- Delays in case progression as well as delays at the front end of the process.
- Poor scoping of complaints including what LeO can and cannot look at.
- Incorrect advice as to the scope of LeO's remedial powers.
- Spelling, grammar, tone and style of written correspondence.

The wider issues of delay and poor communication are already known to LeO. Work is ongoing in a number of areas following quality review feedback to drive improvement in the standard and frequency of our communication.

An initiative around the timing of evidence requests and timely case progression is ongoing within Operations teams and we will monitor the impacts of that going forwards.

Challenges around what LeO can and cannot investigate and the wording of complaints is a longstanding issue that we have recently taken steps to address by introducing a new process which escalates these disputes to an Ombudsman for resolution or dismissal.

FET - Key Performance Metrics

Stream	Review	Team	Target	Score
FET	Outcome	GETi/FETi	95%	71%

From our review of FET closures (by way of agreed outcome) we have noticed a small number of issues which relate to the outcome that was reached. However in each case we have been satisfied that the actual outcome reached was fair and reasonable on the facts but that there were issues with the process that was followed to arrive at that outcome.

We have not found any cases where the shortcomings were such that we have felt the need to reopen the case to address the inappropriate outcome.

The issues identified here related to:

- Failing to adequately express to customers that they had the right to request that the matter be referred to an Ombudsman for a dismissal decision.
- In some guided negotiation cases we were not clear enough that if the case was dismissed under 5.7 (c) it was being done so the customer could accept the firm's reasonable offer – the impression created occasionally was that if the case was dismissed then the customer would end up with nothing – which meant that the customer felt they had no option but to accept the investigator's views
- Incorrect explanation to service providers around the case fee implications of FET closures
- Not providing service providers with a suitable explanation of how a remedy had been arrived at in guided negotiation cases.

We have worked with operations colleagues to revise our letter templates to ensure that they adequately explain to customers what options are available to them and how our process runs.

We have provided individual and team feedback where we have seen staff not providing accurate information to customers about our process and their options.

We have worked to ensure that all FET staff understand the position in relation to case fees from a service provider perspective.

FET - Key Performance Metrics

Stream	Review	Team	Target	Score
FET	Service	GETi/FETi	90%	71%
		Ombudsman	90%	77%

In our GETi/FETi cohort we saw issues relating to:

- the way in which we communicated with our customers - sometimes we slipped into internal language or were overly casual in the way we communicated difficult messages (*"I have to ask, it's a box that needs ticking"*)
- contacting customers out of the blue to discuss possible dismissal or making initial contact and advising of potential dismissal by letter rather than by phone
- occasional inaccuracies in terms of our process (telling customers that we cannot compel service providers to engage / cooperate with us and not fully explaining the options available to a customer if they chose not to agree to a reasonable offer) or the details being communicated (miscommunicating the details of an offer)

We are working with operations to improve the levels and standards of communication with customers, to ensure that the impact of being at risk of dismissal is reflected in our messaging. We also now encourage, where appropriate (in guided negotiation for example), initial contact to be made by phone. We have worked with operations to revise our letter templates to ensure that they are accurate and customer focussed and have taken steps to ensure that FET staff understand what they are communicating and how our process works.

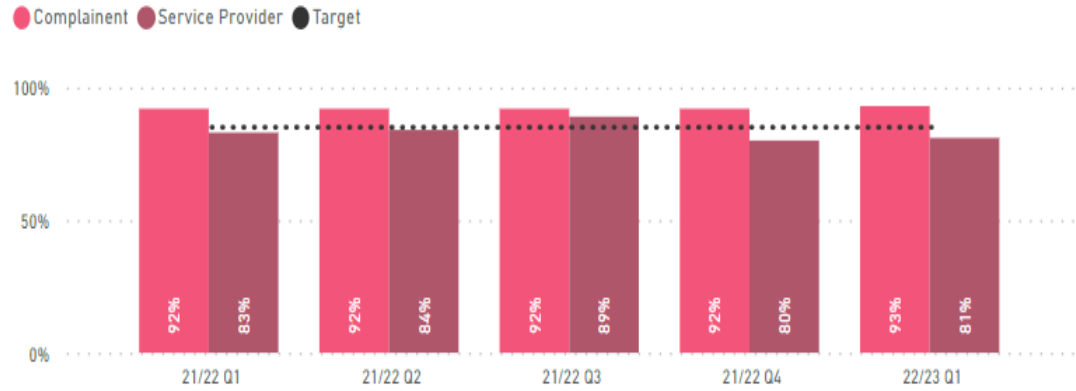
In our FET Ombudsman cohort the identified issues related to:

- the quality of our decision letters – we identified occasional issues where the tone of correspondence lacked a customer focus and where decision letters were poorly drafted or slipped into internal jargon.

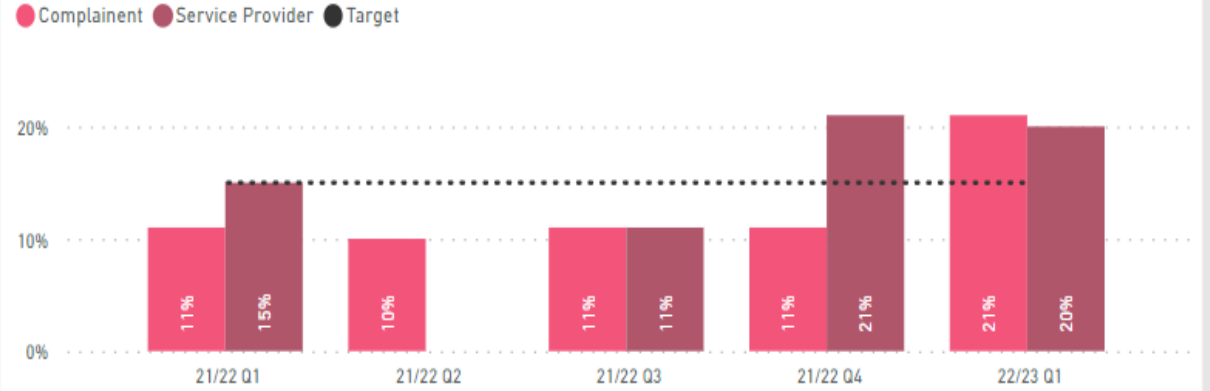
We have provided clear feedback to all our ombudsman around what needs to be communicated in their decision letters, how we ensure that our correspondence is customer focussed and that the tone of our correspondence is reflective of the frustration and disappointment customers will feel if their case is dismissed.

Customer Satisfaction – key metrics

KPI03 - Customer Satisfaction - Satisfied with Outcome ↑↓



KPI03 - Customer Satisfaction - Dissatisfied with Outcome ↓↑



Customer satisfaction data (end of process survey) is carried out by an external third party at the end of each quarter with results being presented around week 6 of the following quarter. As a result we do not have data for Q2 as yet. Q2 data will show the levels of customer satisfaction both for BAU casework and for cases resolved through FET.

The data for Q1 (above) shows that satisfaction levels remain broadly static (for customers who were satisfied with the outcome of our investigation) but actually increased for those who were dissatisfied with the outcome of the investigation. Whilst that is pleasing to see, we are mindful that the sample size for those dissatisfied with the outcome is low and therefore quite volatile.

The themes from our customer satisfaction reviews (both positive and negative) are used to help inform areas for focus in terms of service improvement across the organisation

Customer Satisfaction

Themes of Dissatisfaction

The themes of negative feedback that came from those surveys reflected a number of the issues identified through quality reviews:

- Levels and standard of communication
- Delays in our processes
- Reallocations to different investigators
- The overall time taken to investigate complaints and unreasonable expectations in terms of timescales

Complainants' feedback:

"The investigation took almost two years and the case officer was changed three times so there was no consistency, leading to a poor decision. The whole process was slow and a waste of time."

"I would improve communication, listening skills, flexibility in terms of treating the matter widely from a more human perspective instead of matter of facts, that can be easily manipulated or misunderstood, especially being more educated and knowledgeable about the impact of mental health problems, as the Ombudsman did not consider my mental health problems as more than significant and disabling."

Service Providers' feedback:

"Generally, extremely slow, but then unreasonably demanding when it comes to time limits for providing information."

"The length of time taken to deal with complaints. The Investigator in this case was not clear when asking for evidence and made an irrational decision."

Customer Satisfaction

Themes of satisfaction

There was also considerable positive feedback from the surveys which focused on:

- Thoroughness and impartiality of the investigation
- Speed and efficiency of the service
- Professionalism of staff

Complainants' feedback:

"The case handler listened to me, explained to me what I needed to know. Handled my case very professionally and I felt that he listened to me and understood what I went through during my case."

"Once the delays were over, I thought that the case managers were very professional, thorough, and punctual."

"The Legal Ombudsman investigator considered very carefully and in great detail our answers. They were very thorough. There was not much merit in the complaint but they considered it extremely carefully."

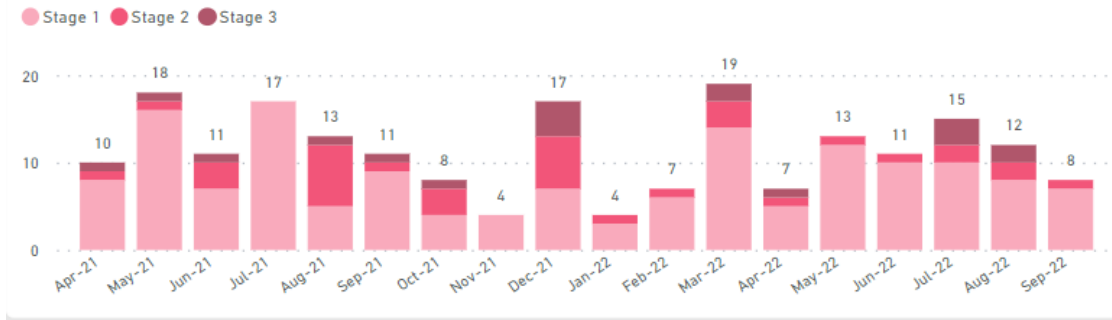
Service Providers' feedback:

"The financial remedy wasn't huge, but I believe the judgement was fair and [the case handler] fully explained why he came to the conclusions he did."

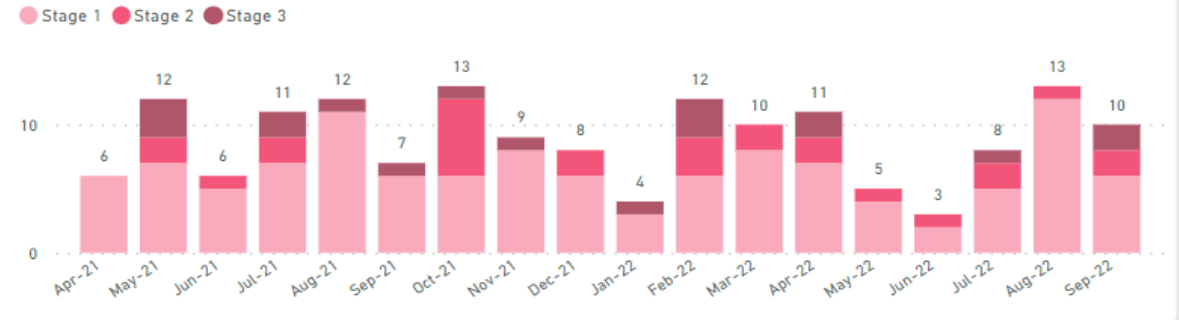
"Resolution was fair to both parties and dealt with in a friendly way."

Service Complaints – key metrics

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



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



Service complaints

The numbers of new complaints coming into the team and those being resolved remains broadly consistent with previous quarters. The risk an increase in the number of service complaints on the back of FET work has not materialised which is a credit to the excellent expectation management work done by colleagues in the FET teams.

- The themes from service complaints again mirror what is seen through quality and customer satisfaction:
 - 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 is fed back to the member of staff concerned and their line managers to avoid replication of action / behaviour. Work has been undertaken to address the issues caused by case reallocations with the number of cases awaiting reallocation having been significantly reduced over recent months.

The work of the vulnerable customer champions and our team leaders has made significant improvements to our approach to reasonable adjustments and work is ongoing to improve our approach to requests for case prioritisation based on customer's vulnerability.

Work has been undertaken to improve our approach to scoping complaints and managing customer's expectations of what can and cannot be investigated.

Q2 – Finance

Agenda Item No.	9	Paper No.	123.5	Time Required	10 Minutes
Title	Finance Report				
Sponsor	Michael Letters				

Executive Summary

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

September YTD Actual Expenditure

Staff costs are currently £203k underspent (3.2%) The reasons for this are well understood and mitigating actions have been taken such as successfully increasing the numbers of investigators recruited into the Cardiff hub. Additional underspends arising from investigator attrition, and increased maternity leave is being addressed in recruitment of investigators in Q3 which is currently underway. Non-Staff costs are broadly in line with forecast with a small underspend of £37k (2.8%) – principally driven by IT underspends which are forecast to increase in the year.

Full Year Forecast

- Finance and Executive Teams are focused on delivering a balanced budget and have reacted to a movements in the assumptions driving the forecast. There is currently a forecast overspend of £16k (0.1% of overall budget) which is being regularly monitored and further actions will be taken to mitigate this if necessary. There are some expected changes which could reduce this such as further recovery of legal fees, and also some planned actions which will be taken if necessary to ensure we are not in an end-year overspend position.

Financial Reporting

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

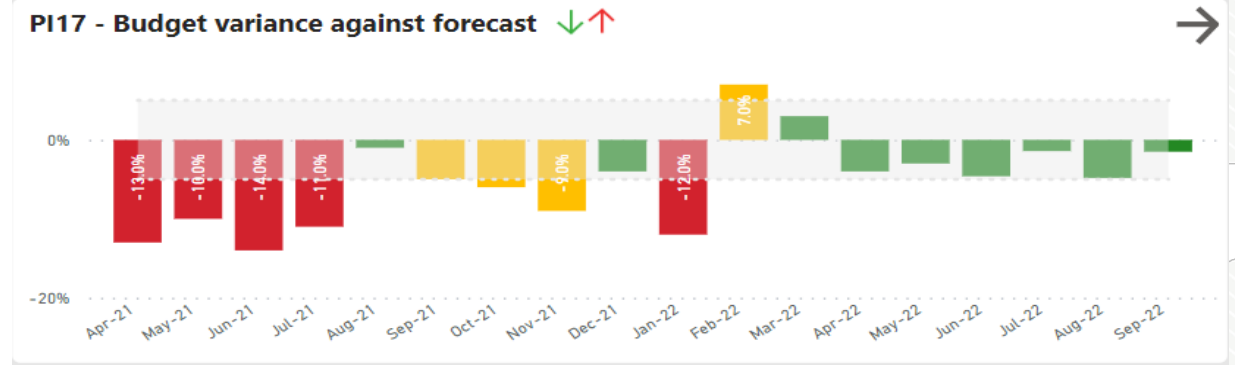
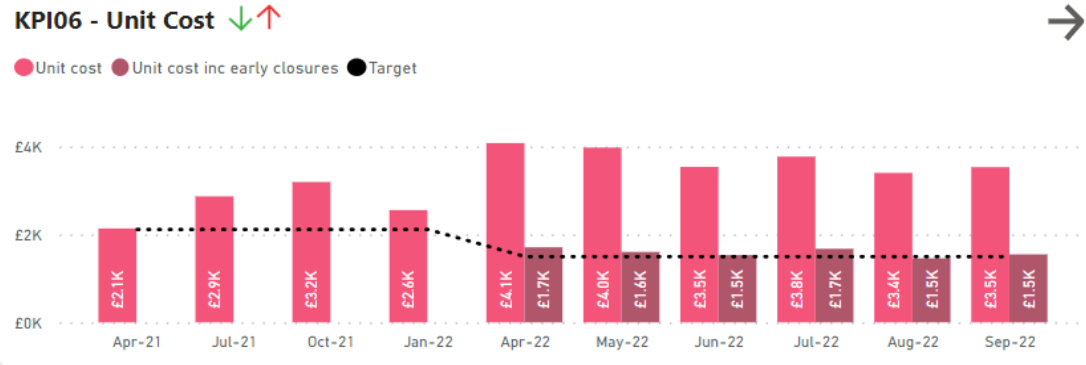
- Case Fee Debtors - The aged debt position is at a stable, and low, level.
- Payment of Creditors - Average payment days are 28 days for Q2.

Recommendation / Action Required

- This paper is for information and assurance.

Q2 – Finance

Key Performance Metrics



Exceptions

- Unit costs are in line with target
- Budget variance this month is within agreed tolerances

Income

Case Fee income is £197k under budget reflecting the fact that the increased closures achieved in Q1 and Q2 have largely come from front end initiatives which do not attract a case fee. As the balance shifts back towards investigation closures some of this income should be recovered, but based on the current situation this could be a shortfall of nearly £400k.

Any short fall in case fee income will affect the levy income since this is how the scheme operates. Increasing the levy by £400k would add 2.9% to the budgeted levy. This will be monitored monthly, and is being discussed with LSB.

We also need to consider the impact of Stage 2 scheme rule changes on the case fee income for future years as part of the Scheme Rules project.

Q2 – Finance ACTUAL EXPENDITURE – September YTD

Staff Cost

Staff costs are underspent by **£203k** year to date.

The underspend is mainly driven by the resolution centre team (underspend) where the staff expenditure has been affected by the following;

- There are more employees on maternity leave than budgeted, many of whom are at the late stage of their maternity leave where they receive no pay.
- The investigator budget starts at a higher budget in Q1 (it reduces monthly) so any underspend is amplified in Q1 and Q2, but means that it is easier to recover in the later quarters.

This is under control, with action being taken to resolve this which are detailed below, such as increasing the Q1 recruitment numbers, and both increasing the number of investigators to be recruited in Q3, and bringing the start date forward.

Non-Staff Cost

Non-Staff costs are broadly in line with forecast with a small underspend of £37k.

The principal underspend is in IT (£62k) – driven by licence costs which will increase as the workforce increases.

Premises expenditure is £60k overspent largely being driven by additional facilities costs which were not known at the time of the budget setting process such as the cost of the Cardiff hub, additional service costs for Edward House from the landlord, additional Health and Safety costs, and the expected refund in car park rates being lower than budget.

There is additional interest income (£26k) due to the rise in base rate which counteracts some of the overspend. This is being monitored as part of the monthly forecasting process.

Capital

The capital expenditure to September is £138k vs £125k budget. Capital expenditure tends to be uneven in spending profile.

£83k has been spent on premises expenditure:

- £12k Cardiff Hub fit out
- £32k office pods
- £26k IT room installation
- £13k furniture

IT expenditure of £55k has been spent on:

- £37k IT hardware (mainly laptops)
- £13k CMS development – principally meeting requirements of the Legal team.
- £5k website development

Q2 – Finance FORECAST EXPENDITURE

Staff Costs

This is being carefully managed and, following a forecast underspend at the end of June, the Executive Team put in place a number of mitigations including changes to the investigator recruitment – increasing the numbers to be recruited and pulling forward the induction date. Use of a recruitment agency will help deliver this, but also increase expenditure and thus reduce any underspend.

The forecast expenditure has reduced since the August month end report was published to ARAC. This has moved the forecast from an £83k overspend to a £16k underspend – a movement of £67k

Forecast staff expenditure has reduced by £48k

Principle movements:

- £32k reduction in Employer’s NI contribution following government removal of 1.25% increase
- Appointment of Head of Operations rather than COO with vacant Operations Manager £19k reduction
- £37k reduction in Ombudsman team forecast expenditure on flexible resource (pool and overtime) has reduced as a result of one of the regular pool team leaving, and reduced overtime levels.
- £16k reduction in HR expenditure due to the resignation of the EDI Manager. Replacement plans for this are being undertaken.
- To mitigate the above, the operations team are seeking to increase the number of FTEs recruited – adding £30k of expenditure. This is in line with our commitment to flex the recruitment numbers
- £13k additional recruitment expenditure

Non-Staff Cost

Non staff expenditure forecast has reduced by £19k

Principle movements:

- Despite having our claim for a car park rates refund rejected (for non-use in Covid lockdown) we received £12k credit in September
- £12k committed to salary benchmarking exercise
- £32k reduction in software licence forecast
- £4k reduction due to recovery of historic legal costs
- £20k Car park income reduced until payment options are clear – increasing net expenditure

This leads to an overall forecast of £15.333m – just £16k above budget. Any further recovery of historic legal fees would reduce this overspend further, although the opportunities for this are being exhausted. Similarly, further increases in the Bank of England base rate would lead to additional income which would reduce the overspend. This will continue to be managed carefully by the Executive Team, and should they be required, other mitigating actions will be implemented.

Capital

We are managing carefully the £250k capital budget, and expect to spend between £220k and £250k. This reflects the fact that the £250k capital budget was allocated by MoJ, and was in excess of the capital budget we anticipated we would require (£200k).

Future anticipated expenditure on top of the £138k incurred includes:

- Facilities expenditure £21k including a new store room
- Innovation £37k covering robotics, CMS triage, and website enhancements
- Further IT hardware purchases

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	1,175	1,165	10	6,884	6,915	(31)
Income - Case fees	73	100	(27)	403	600	(197)
Income - Other	13	15	(2)	78	90	(12)
Total Income	1,261	1,280	(19)	7,365	7,605	(240)
Staff Costs	1,029	1,050	21	6,050	6,252	203
Travel & Subsistence	0	1	1	1	4	3
Fees & Consultancy	24	24	0	112	146	34
IT & Telecoms	112	118	6	646	707	62
Premises & Facilities	45	43	(3)	287	227	(60)
Other costs	16	5	(11)	40	27	(12)
Total Cash Expenditure	1,226	1,240	14	7,135	7,364	230
Interest & Charges	-18	-7	10	-70	-44	26
Depreciation	53	47	(5)	300	284	(16)
Non Cash Expenditure	35	40	5	230	240	10
Total Revenue Expenditure before tax	1,261	1,280	19	7,365	7,605	240
Taxation	0	0	-	0	0	-
Total Revenue Expenditure	1,261	1,280	19	7,365	7,605	240
Surplus / Deficit	0	0	0	-	0	(0)
Capital Expenditure	33	40	7	138	125	(13)
Fixed Assets - IT	33	30	(3)	55	74	19
Fixed Assets - Premises	0	10	10	83	51	(32)

Balance Sheet	September 2022
	£'000
Premises	747
IT Hardware & Software	270
Total Non Current Assets	1,018
Cash & Bank	11,509
Debtors	6,850
Prepayments	338
Total Current Assets	18,696
Total Assets	19,714
Creditors	(614)
Accruals	(840)
Lease Commitments	(523)
Total Current Liabilities	(1,977)
Net Current Assets	16,719
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

Trade debtors analysis

Current £'000	30 days £'000	60 days £'000	90 days + £'000	total £'000
43	23	12	19	97
45%	24%	12%	19%	

Provision for doubtful debts	-14
Net trade debtors	<u>83</u>

days to pay	2020/21	2021/22	2022/23 Q1	2022/23 Q2
average payment days	39	31	37	28
% of invoices paid on time	34%	67%	54%	84%

Trade Debtors

- Aged Debts (over 60 days) remain low at £31k.

This reflects on the on-going rigour and control over finances by the finance team, and in particular the control that the Credit Controller has brought about since he joined 2 years ago;

The aged debts were £276k in March 2020, reducing to £43k by March 2021 and £13k in March 22 (monthly average 2021/22 £29k). Q1 (June 22) aged debts were £14k, and we will focus on this to ensure that this remains controlled.

Trade Creditors

- Q2 shows a significant improvement on 2021/22 and Q1 resulting from the introduction 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.

Points for Board to note / further updates

- **Budget Variance Tolerance (SR06)**

Our strategic Risk Register has a strategic risk of being outside of a tolerable expenditure position – either underspend or overspend. We have now got guidance from MoJ that they will be reviewing OLC against a 1% tolerance (+/-) – previously we have not been able to get clarity on this. LSB Head of Finance has been informed of this, and he has reflected that each year the levy mechanism allows for variances in actual expenditure.

As a result, we intend to change the risk to specify the risk of being outside of a 1% tolerance on budgeted expenditure.

We will also reduce the risk scoring from possible (3) to unlikely (2) since our forecasts are comfortably within this.

The impact of this risk will remain at significant (4).

The Chair of ARAC has been consulted on this.

- **Pay Remit / Budget**

The Chief Ombudsman and Head of Finance have met with MoJ colleagues to seek advice on how to proceed with an uncertain pay award requirement, noting that MoJ guidance is likely to come after the LSB approve the OLC budget. We will develop our strategies and work with LSB to find an acceptable solution.