

<i>Meeting</i>	OLC	<i>Agenda Item No. Paper No.</i>	6 91.5
<i>Date of meeting</i>	17 October 2018	<i>Time required</i>	45 minutes

<i>Title</i>	Quarterly strategic update
<i>Sponsor</i>	Rob Powell, Chief Executive and Rebecca Marsh, Chief Ombudsman
<i>Status</i>	OFFICIAL
<i>To be communicated to:</i>	Members and those in attendance

Executive summary

This paper provides Board with an overarching commentary on the Legal Ombudsman's progress against the strategy at the end of Q2. It covers performance against the 2018-19 business plan, operational delivery plan, strategic risks, and performance.

In September we closed 507 cases against a forecast of 785. All new contacts in GET are now recorded on CMS2 – the data that is available shows stable levels of demand in terms of monthly contacts but the failure to close sufficient cases to pull from the assessment queue in sufficient numbers means we continue to have a fundamental need to improve performance.

KPI performance in Q2, including against tolerances, is broadly in line with expectations on timeliness, reflecting our plans for an improving trajectory throughout 2018-19. The lack of closed cases means that we are outside tolerance in a number of other KPIs, including unit cost. We are being impacted by the fact that most low cases are now being closed in 90 days and mediums within 180 days, while the majority of the ombudsman decision pot is now older, high complexity decisions.

In Q2 we continued to make good progress against other business plan deliverables. Operational performance remains both brittle and variable, with particularly strong performance by the legacy team and pool ombudsman and particular differentials in performance in the BAU teams.

Breaches occurred against 11 out of 30 sub-measures relating to seven KPIs; and relating to two of the 11 strategic Board indicators.

This performance report reflects the ongoing issues that underpin our focus on delivering sustainable long-term improvement in performance.

Appendix 1 summarises the key strategic risks and progress against this year's business plan.

Appendix 2 is the more detailed quarterly operational performance paper, including a summary of progress against the 2018-19 operational delivery plan.

Appendix 3 provides a detailed report on assessment.

Recommendation/action required

Board is asked to **NOTE** the issues highlighted in the paper.

17 October 2018

Quarterly strategic update

1. Overview

This quarter has seen mixed performance as changes introduced through Modernising LeO in Q1 have settled down. Closed cases for the quarter were 1,694 against a target of 2,213.

Variable output remains a key issue (individually, by team, between business as usual and supervision teams, and between months), and we are identifying and addressing key learning points. The front-end of the business process is one area of significant focus which is expanded on in **Appendix 3**.

The legacy team is progressing cases well in CMS1. We have maintained timeliness performance for new cases under the new business process. Q3 performance will continue to be impacted by dual running and the need to move all open cases from CMS1 onto CMS2 before the application of the mandatory Microsoft upgrade in January.

The immediate challenge remains to drive improved performance, particularly within business as usual teams and ensuring new starters continue to build up their output confidently.

A further key challenge is to balance short-term improvement in performance with the necessary investment in building capability and skills. This needs the right leadership to ensure our focus on performance improves progression and quality. Otherwise it could compound staff morale, well-being and change fatigue issues which we expect the annual staff survey in October to reflect poorly. Ongoing investment in leadership development for the operational leadership team is central to this.

2. Progress against the business plan

Appendix 1 shows progress against business plan deliverables in Q2.

Progress against the business plan is strong. 68% of business plan deliverables have green status or have been completed. Two deliverables relating to operational learning and development under objective 1 (6%) have been de-scoped as they duplicated other items, 26% are amber (any slippage or change of scope can be managed within a reasonable tolerance), and none has a red status.

As shown in a separate report, to address feedback from the Board we have further tightened the scope of Phase 2 of Modernising LeO which partially mitigates some of our resource pressures. Q3 is critical for Phase 2 as we handle multiple inter-dependent projects which impact or are impacted by the mandatory Microsoft v9 upgrade to CMS.

3. Performance

Appendix 2 sets out our performance against the new Balanced Scorecard KPI tolerances.

Appendix 3 provides a full quarterly update on operational performance. At the end of Q2 we were 12% behind delivery plan closure targets, although legacy was 9% above plan.

There are some very positive elements of our performance, from the legacy team and pool ombudsman in particular. Early data from five teams operating 'supervision model' pilots suggest benefits in terms of case progression and quality; a full evaluation will be undertaken in October at the end of Q2 to inform next year's business plan. A critical constraint is the lack of depth to expand key ombudsman roles necessary to any extension of the supervision model.

Our variable performance reflects identification of learning points each month, which we continue to respond to. In Q2, the key issues have been:

1. **Milestone management:** the reversion to historic management of caseholdings resulted in an uneven distribution of cases at each milestone which led to fluctuating output, with a strong August offset by a disappointing September; we are introducing changes to increase the focus on milestones and will be offering development to Team Leaders in better managing milestones across team case holdings;
2. **Front-end business process:** we have introduced changes to the intake and assessment processes, and further changes will follow; these are starting to show impact but work in progress that has been partially assessed, remains too high, particularly with the additional flow from intake as a result of improvements; it is taking too long to make an assessment decision although waits are improving; and
3. **Building staff capability:** there are wide variations in performance and output; we are investing time, attention and resource in providing additional support for performance improvement, and are also improving our management information and grip on performance, which will further improve as the BI solution goes live in November and as we move away from dual running case management systems; however, the local labour market is picking up and we anticipate further turnover which will be detrimental to performance.

A separate report on today's agenda summarises the current position with regards to quality.

Combined timeliness across CMS1 and CMS2 is poor due to the age profile of the historic WIP in CMS1, and our forecasts suggest we will be unable to achieve the 180 day 'all case' KPI this year. Quality and customer satisfaction indicators show some deterioration, which reflects issues from late last year and the age of many of the cases we have closed this financial year. This lag indicator is likely to remain challenging due to the age of legacy and other CMS1 cases being closed.

Appendix 2 highlights those KPIs which are outside tolerance.

4. Strategic risk

At the end of Q2, one of our strategic risks was at target (innovation, impact and external environment). The other four are above target because of the combination of current performance issues, the process of transition to new ways of working, and workforce and organisational challenges.

The level of risk reflects where we are as an organisation, particularly the central risk - reputation and credibility - which will only be mitigated by delivering sustainable improvement in performance. In Q3, to mitigate this risk, we are planning increased stakeholder engagement and media activity, using a more proactive approach to consulting stakeholders about our 2019-20 business plan as a key lever.

Demand risk has increased, largely as a result of the need to refine the front end business process, and external factors which make it likely that demand (in terms of contact about cases we might accept rather than cases actually accepted) could increase from January 2019. In particular, the new SRA handbook introduces transparency changes and much more stringent signposting requirements which are likely to increase demand. A key mitigation is work in Q3 to analyse incoming demand trends as part of forecasting work for next year's business plan.

Operational resource risk has remained stable. Although we have mitigated and reduced risks from CMC transition process and absorption of legacy resources, risk has increased in terms of staff morale and capability as we have progressed work to drive a high performance culture.

We expect the organisational capability and governance risk to reach target in Q4 once we have successfully completed the Version 9 upgrade, developed the BI solution and decommissioned the old CMS.






5. Forward look for Q3

Looking forward, business planning for 2019-20 is a key focus in Q3. We need to make critical strategic decisions about the staffing model and supervision, the front-end business process and achieving a better understanding of demand for our services in a rapidly changing environment. Our other key focus is tackling variable performance challenges across the organisation.

We aim to shift our central focus in 2019-20 from output to quality, and build trust and confidence in our service. This will give us a stronger voice to influence the sector and develop the new three year strategy.

Appendix 1: Q2 2018-19 business plan and performance update

Summary of strategic risks – Q2

SUMMARY POSITION	Owner	Risk appetite	Current risk (IxL)	Target risk (IxL)	Trend	Commentary
Reputation and Credibility – OLC or Legal Ombudsman scheme lose credibility, trust and public confidence	RM/RP	Open	12 (3x4)	9 (3x3)		The risk is above target as a result of ongoing work to address current performance issues, particularly reducing WIP at the front end of the business process and the dip in output in September. Planned controls include implementing the review of front end business processes, work to achieve a more appropriate spread of milestones across our casework WIP and evaluation of supervision model pilots. If these do not show impact by the end of Q3, the risk is likely to increase. Contingency includes setting additional strategic performance measures around assessment WIP and distribution of casework milestones.
Impact, innovation and responding to changing expectations – failure to innovate, achieve positive impact and respond effectively to a changing strategic landscape and stakeholder expectations	RM	Open	9 (3x3)	9 (3x3)		The main focus of managing this risk is implementation of our stakeholder engagement and communications strategy, and planned activity is ramping up in Q3. We have now included a strategic stakeholder engagement programme as part of Board's forward plan. In Q3 we will complete development of a corporate narrative, implement a stakeholder survey in Q4 and develop a tailored communications and engagement plan for Welsh stakeholders. Contingency is securing additional specialist external affairs support, specific campaigns and market research.
Demand – Trust and confidence in the Legal Ombudsman scheme is impacted negatively by significant (>10%) unplanned changes in demand	RM	Cautious	12 (3x4)	6 (3x2)		The risk has increased in Q2 and remains above target. Although specific risks around CMC and legacy are reducing, the key issues relate to incoming volumes of cases, ongoing work to refine forecasting models in light of recent process changes, CMC transition and quantifying the impact of regulatory changes on demand. We continue to enhance our operational and demand forecasting tools to inform the business plan and will be evaluating the supervision model in Q3 to inform final budget/business plan proposals and workforce planning. Contingency plans include seeking OLC approval to adjust KPIs/vary budgets, movement of resources between CMC and legal and re-prioritising business plan deliverables.
Operational resources – inability to recruit, develop and retain sufficient skilled people with the right skills, values and behaviours	RP	Open	12 (3x4)	9 (3x3)		This risk is above target because of twin challenges of managing establishment down by April 2019 as a result of CMC transition, absorption of legacy budget and need to decide the future of the 'supervision model'. New work to develop a high performance culture is underway and we plan to provide short-term capacity to support that agenda which will be a significant focus in Q3. Leadership and line management development programmes will continue into Q4. We will complete a review of workforce planning and staffing model in Q3 following October review of supervision model. Contingency is use of temporary staff, expansion of the Ombudsman pool, diverting resource from corporate teams or between legal and CMC, seeking approval to change pay structures, re-prioritisation of business plan deliverables.
Organisational capability and governance – the organisation (governance, infrastructure, controls, people, process) is not capable of enabling effective delivery of the scheme	RP	Cautious	9 (3x3)	6 (2x3)		The risk is above target pending completion of ongoing changes as part of modernisation (eg v9 upgrade and BI) and also wider work to increase resilience in functions such as finance, after which it is expected to reduce. Reward and recognition scheme launched successfully in June, and workforce plan and succession planning will be refreshed in Q3-4. Resilience in certain functions remains a risk - outsourcing payroll in November will partially mitigate the risk but a more strategic analysis will be presented to December Board. A Gateway 5 Review is scheduled for December to ensure delivery of phase 1 Modernising LeO benefits. Contingency includes specialist external support to address issues, external review of specific organisational capability or governance issues and redeployment of staff.

Objective 1: Effective, efficient and high quality resolution of complaints

Objective	Deliverable	Timescale	Who	Status and Progress
Deliver and implement a learning and feedback model across our operations	Implement a new operational learning and development programme	Q1-4	MH	De-scoped as duplicated within plan - reported on under objective 4.
	Establish operational hub to manage operational business risk, co-ordinate operational delivery, identify policy issues & ensure an effective control framework	Q1-4	SF	Operations support team established, and policies and procedures being designed and implemented
	Strengthen framework to learn from service complaints and feedback from complainants and service providers	Q1-4	SF	Oversight of service complaint framework transferred to Operational Support Hub. New framework in place to track and capture key themes. Complaints Manager in post from Sept '18 to resolve stage 1 service complaints, and triage service complaint / escalated correspondence enquiries, enhancing Team Leader capacity. Feedback on Q2 service complaint trends to be provided at Q3 WLT for cascade.
	Update quality improvement framework	Q1-4	SF	Initial review of quality framework underway to take account of new supervision model and GET process.
	Enhanced forecasting and capacity model informed by data on productivity and use of time	Q1-4	SF	Revised version of model to take account of supervision process has been completed. Further work is under way to test and revise the initial forecast assumptions against the revised operational structure and Q2 data. This should be complete with revised assumptions agreed in Oct '18. Work is underway on further developing the demand forecast model in relation to future levels of contact into LeO and the conversion rate for complaints accepted for investigation.
Deliver an improved customer service experience in the legal jurisdiction in line with our customer service principles	Accept up to 7,900 cases and close up to 8,425 cases	Quarterly in line with delivery plan	SP	Performance in terms of closures has been consistently within tolerance of delivery plan. Cases accepted are behind profile due to change of process in Q1 and the time taken to close historic cases and transition to single CMS. Review of the assessment process is ongoing.
	Achieve timeliness, quality and customer satisfaction KPIs	Q4	SP	Introduction of supervision pilot is contributing to improvements in overall progression of cases with resultant timeliness improvements. Quality and customer satisfaction continue to be monitored by Operations Support team to identify areas for continued improvement and intervention.
Maintain quality of service during transition of the CMC jurisdiction to the Financial Ombudsman Service	Accept and close 1,750 CMC cases	Quarterly vs delivery plan	SP	Closures/new cases remain behind delivery plan as a result of falling volumes. This may reflect changes in the market, transition and lack of bulk incidents.
	Deliver in line with timeliness targets: <ul style="list-style-type: none"> close 60% of cases within 90 days close 90% of cases with 180 days close 100% of cases within 365 days 	Quarterly in line with plan	SP	This duplicates the deliverable in the line below and so we propose to de-scope
	Achieve timeliness, quality and customer satisfaction KPIs	Quarterly in line with plan	SP ₇	Performance against KPIs is generally in line with expectations / projection, other than 90 day timeliness which has been impacted by a backlog of cases caused by historic resourcing issues.

Objective 2: Understand the legal service and CMC environments, and feed back to improve standards

Objective	Deliverable	Timescale	Who	Status and progress
Use our data and intelligence to support and facilitate improvements in the legal and CMC sectors	Develop refreshed communications and engagement strategy including strategic direction for feeding back to the profession	October 2018	MH	Communications and Engagement Strategy agreed by the OLC. This includes a commitment to undertake a strategic review in Q4 for feeding back to the profession in 2019-2020.
	Use our data and intelligence to support and facilitate sector improvement: <ul style="list-style-type: none"> • Improve quality of case studies, themed reports and consumer awareness guides • Deliver a minimum of six periscope-style videos • Pilot webinars/eLearning • Develop and deliver a minimum of four professional feedback courses per year 	Each year	MH	Signposting guidance released August 2018, and guidance on cybercrime released in September 2018. Initial work underway to set up a round table event on price transparency, with a view to feeding into external guidance. Improved case studies on LeO jurisdiction being uploaded to website by end of Q2. Periscopes - 1 delivered in Q1. 2 further scripts (CMC/Legal annual complaints data) approved and ready to record in October. Schedule developed for delivery of at least 5 more. 1 legal and 2 x CMC complaints courses delivered in Q1, delivered Complaints handling course for Society for British Bangladeshi Solicitors (12 July), and CMC course planned for delivery on 26 September 2018.
Support the legal and CMC sectors to be more effective in complaints resolution	Improve the value and impact of sharing our information, research and insights from the scheme (speaking events, exploiting our new web presence and social media)	Ongoing	MH	Stakeholder segmentation and mapping complete. 1 x speaking event for Legal Network planned 26 September 2018. 4 x speaking events for Legal Network planned Q3, and Senior Ombudsman presentation at Notaries conference in October. Chief Ombudsman attending International Conference of Legal Regulators (Oct 2018), and SLC conference (Nov 2018). OLC Board Chair key note speaker at professional paralegal register annual conference. LeO attendance at SRA COLP & COFA conference (Dec 2018). Contributed to CITMA internal guidance for profession on reasonable service. Article on Chief Ombudsman priorities for LeO priorities circulated to law societies.
	Project to improve two-way data sharing with regulators: <ul style="list-style-type: none"> • Entity data received from regulators uploaded into case management system • LeO regulator data reports documented and operational 	April 2018 and ongoing 8	MH	Original data upload completed. Further data reports from CMS1 ongoing, and work underway to enable regulator data reporting in CMS2 Workshop scheduled with SRA 26 September to discuss waivers in the unregulated sector, handbook reform, and misconduct referral data.

Objective 3: develop the scheme and the service we provide

Objective	Deliverable	Timescale	Who	Status and progress
Work with others to identify and explore potential opportunities to improve access to justice	Work with the Ministry of Justice and provide data available from our current business process to improve understanding of the unregulated sector	Q1-4	MH	Data collected by Operational Support hub to be provided to the MoJ on an annual basis.
	Work with regulators to develop a single register of regulatory data and overhaul the Legal Choices website	2018-19 to 2019-20	MH	LeO to participate in steering group for Legal Choices. Meetings on single digital register commence in 2019
Consider approaches to alternative dispute resolution (i.e. mediation, adjudication) and include outcomes in scheme rules review	<ul style="list-style-type: none"> Conduct review of legislative framework, Scheme Rules and business process to maximise effectiveness and value for money, including the impact of case fees, especially on equality and diversity Implement findings of review Consult on proposed new framework for publishing decisions Review the scope to use additional mechanisms for resolving complaints 	Initial review Q1, final output Q2, implement findings Q4, consult Q1 and review scope Q3	MH	<p>Scheme Rules Review project underway and on track – options paper to be submitted to December OLC board which will include case fees and additional mechanisms for resolving complaints.</p> <p>Business Process Review - proposal to be considered to partially descope from Modernising LeO programme, and for the review to be conducted as a BAU activity.</p> <p>Publishing decisions – initial internal review of options informed by findings of Better Information research completed – recommendations paper to be submitted to December board.</p>
Deliver project work to support transition to CMC jurisdiction to the Financial Ombudsman Service	Understand the impact on demand for LeO's services of CMCs becoming Alternative Business Structures and therefore being regulated by legal service regulators	Q3	SP	Discussions ongoing with key stakeholders about the likelihood of CMCs transferring to SRA regulation post April 2019.
	Produce transfer scheme to inform drafting of statutory instrument and agree the approach to dealing with open cases after April 2019	Dependent on activities required from FOS and HM Treasury	SP	Ongoing discussions with FOS around transfer and handling of cases post April 2019. Although significant work has been done to progress the transfer, there remain issues around funding of the transfer agreement and of the data transfer. Discussions around the transfer of LeO staff are still ongoing.
	Manage staff vacancies to maximise opportunities for staff	Q1 onwards	SP	Staffing levels within CMC have been reviewed and revised to address lower demand and the need for additional resource in legal.

Objective 4: modernise LeO to deliver continuous improvement in performance – infrastructure, resources and efficiency

Objective	Deliverable	Timescale	Who	Status and progress
Enhance service and deliver efficiencies through digital developments	Enhance the functionality of our new case management system	October 2018	NG	The mandatory Microsoft v9 upgrade has been brought forward by Microsoft. Enhancements planned and in progress will complete by October 2018. Some enhancements will now take place after the upgrade is complete.
	Refresh our external website: <ul style="list-style-type: none"> Improve accessibility of the website and stakeholder engagement mechanisms Design, develop and deliver customer assessment tool (complaint form) Strengthen our approach to cyber security to enable self-service functions 	March 2019	NG	Customer assessment tool scoped and under development, planned for initial release at start of October 2018. We are currently planning a full release including a Welsh Language version. Work on cyber security and the website now moved to Q3 to enable planning to take place, and will run in parallel as the longer term thinking for the website emerges from the website project.
Reduce our information footprint and improve cyber security	Decommission previous case management system	December 2018-March 2019	MH	Specific project within Modernising LeO Phase 2. Project on track and cases transfer has started. Visual forecast of burn down of cases has been modelled to inform decisions on what to transfer and when.
	Enhance SharePoint Online to improve internal communications and knowledge sharing	September 2018	MH	Operations Transformation are conducting ongoing reviews of guidance to ensure it is up to date. Virtual whiteboards for comments and suggestions are active.
Improve the quality, analysis, use and assurance of our data	Develop better data quality and assurance to support our research and feedback to the professions	September 2018	SF	A draft data assurance framework has been produced and will be reviewed by the Operational Support Senior Ombudsman. Dual running of CMS 1&2 ahead of the implementation of the BI solution has led to some challenges with the production of monthly data reports for regulators. An interim solution will allow CMS 1 & 2 data to be shared separately in the meantime.
	Implement processes to improve information and records management	March 2019	NG	Project due to commence in Q4 following arrival of permanent Data Protection and Information Compliance Officer. This is likely to be a multi-year project.
	Ask the Information Commissioner's Office to undertake a voluntary data protection audit to assess GDPR compliance	March 2019	NG	ICO audit scheduled for February 2019.
	Develop dashboards for improved strategic MI: <ul style="list-style-type: none"> Implement revised budget management reports Refine, enhance and exploit new operational forecasting and capacity model Implement new operational performance dashboards Develop management information about business plan implementation/performance against balanced scorecard Exploit new reporting functionality in CMS/BI tool 	October 2018 10	SF	Initial phase of new operational performance dashboards currently in UAT. Implementation on track for October '18. Initial phase focuses on operational performance management, particularly visibility of data for line managers. The next phase will be GET process and strategic data.

Objective 4: modernise LeO to deliver continuous improvement in performance – people and ways of working

Objective	Deliverable	Timescale	Who	Status and Progress
Attract and retain great people	Fully exploit new employee value proposition to achieve a stronger position in the recruitment market, maximising the benefits of our new flexible working policy and developing IT to support it; and meet our commitments on workplace well-being as set out in our <i>Time to Change</i> action plan	December 2018	MP	Good progress has been made embedding Flexible Working with a strong emphasis on the principles of earned autonomy based on performance. Celebrating Success launched very successfully in July and August with our first quarterly awards. Feedback from the recent recruitment campaigns is very positive about our offer. Workplace wellbeing continues to be a high priority with the network of wellbeing champions now trained. The extent and scale of recent changes in the organisation, and the ongoing focus on improving performance and productivity, mean there continue to be challenges around well-being, resilience/change and workload.
	Develop partnerships with local academic institutions to improve pipeline of staff	July 2018	MP	Relationship with Birmingham City University progressing well and our first joint sandwich students have now started. The proposal for an MoU between the organisations has been tabled but not agreed at this stage.
Grow our own people	Design and develop effective career pathways, supervision, feedback, support and professional development for our staff: <ul style="list-style-type: none"> Design and develop a model supporting effective professional progression options and succession planning Design and deliver professional learning and development Review and align competency and appraisal frameworks in light of the development framework 	March 2019	MH	<p>Proposal to remove this from Modernising LeO to be considered by Programme Board.</p> <p>Supervision pilot showing initial positive indicators across all 5 pilot teams. The evaluation scheduled for October will fully assess the benefits and options to further develop the model, including staffing requirements.</p> <p>Team Leader development programme with learning modules developed, and 3 staff members have secured Team Leader Development roles.</p> <p>Business case being drawn up for membership to the Institute of Customer Service, which will provide accredited customer service training (as well as benchmarking LeO against other organisations).</p> <p>LeO continue to contribute to Ombudsman Association case worker competency working group.</p>
Build our programme and project management capability	Establish Portfolio Management Office	June 2018	EI	Completed
	Undertake lessons learned review of Modernising LeO phase 1 and apply lessons to phase 2	July 2018	EI	Completed
	Undertake Gateway Review 5 to ensure Phase 1 benefits are being achieved	December 2018	EI	Review scoped, approved by Programme Board and planned to take place in Q3, slightly later than originally planned due changes in Benefits Realisation Plan agreed by Programme Board in August.

RAG status definitions

Delivery on track	Some risk to delivery to original plan	Delivery significantly off target	Complete	De-scoped
Action is on track for delivery to the original timetable	Action is not on track as originally anticipated but any slippage or change of scope can be managed within a reasonable tolerance (either within the relevant business year or within a reasonable tolerance of the stated date)	Action is significantly off target and is unlikely to be recovered within the relevant business year or a reasonable timescale for the specific action based on risk	Action has been delivered and completed	We have agreed to de-scope the action (for items in the published strategy and business plan this needs Board approval)

Appendix 2: Operational Performance Report (Q2 2018/19)

1. Introduction

- 1.1. This paper provides a review and analysis of performance in quarter two (2018/19) as outlined in the balanced scorecard. Quality issues are dealt with in a separate paper.

2. Performance Headlines and Analysis

- 2.1. The first months of Q2 saw continued progress towards addressing the historic issues with the business process and organisational performance. However, September showed a downturn in performance on closures, which highlighted areas where further work and intervention are required.
- 2.2. As noted in the interim update presented at last board, significant work has been done to address issues with the assessment of new files. That work has improved the quality of the work our investigators have to assess and ensured that their time is used effectively. The launch of the Customer Assessment Tool and further refinements to our website and template letters will improve the front end of our business process yet further.
- 2.3. The legacy team continues to make significant inroads, in line with the delivery plan, into the historic unallocated work. Legacy work is now being rekeyed from CMS1 onto CMS2 and the team are being trained up on the new system to mitigate the impact of transition and decommissioning. However, we may still see impact on legacy performance from transition to the new system in Q3.
- 2.4. Performance across the other investigation teams remains inconsistent. Teams working under the supervision pilot continue to perform well, although as new starters their case-holdings and closure expectations are increased over time. Their performance against timeliness KPIs remains consistently positive and has improved through the quarter.
- 2.5. Our non-supervision teams are winding down their non-legacy CMS1 case holdings and increasing the bias of their case holdings towards CMS2 – which will bring increased efficiencies and reduce the challenges posed by dual running. Ombudsman resource is going into driving this more quickly, to ensure that cases do not stagnate.
- 2.6. Although July and August showed positive progression in terms of closure output, it became apparent at the start of September that this had been

done at the expense of assessment. As a result, investigators spent the first few weeks of September focussing on assessment work in order to rebalance their case holdings – this impacted on their ability to progress their existing cases.

- 2.7. The lack of effective management of caseholdings and milestones has adversely impacted performance flow and has meant that a proportion of investigator case holdings are at a very early stage, potentially impacting on the timing of closures over the next quarter.
To address it we are focusing significant management attention on milestone management and providing team leaders with the tools to manually allocate new cases to their investigators as soon as one closes.
- 2.8. For the reasons above, and also because of a number of reallocations (due to promotions and staff attrition) the number of cases accepted for investigation was low through Q2 and continues to be outside of the delivery plan tolerances. This has contributed to the increase in the assessment unallocated in CMS2 and has meant a wait time of around 2-3 months for assessment.
- 2.9. Ombudsman output has reduced through Q2 but was expected given the work to reduce the Ombudsman WIP over recent months. The unallocated ombudsman WIP now stands under 100 but is almost exclusively High complexity decisions. The changes to the pool ombudsman contracts mean that they can assist with clearing this high complexity decision WIP, but the consequence will be that pool decision output reduces further in the coming months.
- 2.10. CMC performance continues to be below projection. Given the reduction in new cases coming into the team, resource and performance have been reprofiled. Work is still ongoing to ensure readiness for the transition to FOS at the end of the financial year

Quarterly KPI and tolerance report – Q2 2018-19

External KPIs

Measure	KPI	Tolerance	April	May	June	July	Aug	Sept	Tolerance exception report/additional info
% LEGAL cases concluded in new CMS (CEQ2a)									
90 days (legal – low)	60%	10% off target for more than 2 consecutive months or 2 months out of 4, in any category		100%	100%	100%	89%	91%	
90 days (legal – med)	30%			100%	100%	100%	73%	61%	
90 days (legal – high)	0%			0%	0%	100%	40%	45%	
180 days (legal - low)	85%			100%	100%	100%	100%	100%	
180 days (legal - med)	80%			100%	100%	100%	100%	99%	
180 days (legal - high)	30%			0%	0%	100%	100%	100%	
365 days (legal – low)	99%			100%	100%	100%	100%	100%	
365 days (legal – med)	90%			100%	100%	100%	100%	100%	
365 days (legal – high)	85%			0%	0%	100%	100%	100%	
% LEGAL cases (all complexity) concluded (CEQ2a)									
Within 90 days	26%	10% off target for more than 2 consecutive months or 2 out of 4	11%	19%	20%	23%	32%	33%	Outside tolerance (180 days): Timeliness overall continues to be affected by CMS 1 cases. Legacy Team remain ahead of plan in resolving CMS 1 cases. Team Leader & Ombudsman intervention are in place to support the effective progression of cases.
Within 180 days	72%		46%	45%	34%	29%	47%	51%	
Within 365 days	90%		96%	91%	92%	90%	91%	90%	
% CMC cases (all complexity) concluded (CEQ2a)									
Within 90 days	60%	10% off target for more than 2 consecutive months or 2 out of 4	27%	20%	24%	29%	28%	54%	Outside tolerance (90 days): With the backlog that arose in early Q1 (due to staffing issues) cleared, there has been a significant improvement in 90 day timeliness in Q2. Provided receipts remain stable,we expect further improvement in Q3.
Within 180 days	90%		88%	80%	95%	93%	90%	87%	
Within 365 days	100%		100%	100%	100%	100%	99%	100%	

Measure	KPI	Tolerance	April	May	June	July	Aug	Sept	Tolerance exception report/additional info
Customer satisfaction – LEGAL (CEQ1a and CEQ1b)									
			Q1			Q2			
% customer satisfaction with service at the end of the process (satisfied with outcome)	85%	-5% in one reporting period	Service Provider – 92% Complainant – 94% (Q4)			Service Provider – 76% Complainant – 84% (Q1)			Outside tolerance – service provider. This customer satisfaction feedback relates to cases closed between April-June 2018. It covers feedback provided by 121 Service Providers and 107 complainants who were satisfied with the outcome of their complaint. Some decline in satisfaction is expected as older legacy cases are resolved and become eligible for survey. This may continue in Q3 with some recovery anticipated by Q4 as the proportion of non-legacy cases increases. Key drivers for dissatisfaction are delay and staff continuity. Measures are in place to address timeliness and staff turnover.
% customer satisfaction with service at the end of the process (dissatisfied with outcome)	15%	-5% in one reporting period	Service Provider – 17% Complainant – 13% (Q4)			Service Provider – 0% Complainant – 8% (Q1)			Outside tolerance – service provider and complainant. This customer satisfaction feedback relates to cases closed between April and June 2018. It relates to feedback from 138 complainants/28 service providers dissatisfied with the outcome of their complaint. For service providers, key drivers of dissatisfaction are delay and continuity of staff. For complainants, key drivers were perceptions of bias/impartiality and delay. Impartiality issues need to be treated with caution with this group of respondents. All feedback will be reviewed to identify and action development needs.
Customer satisfaction – CMC (CEQ1a and CEQ1b)									
% customer satisfaction with service - end of the process (satisfied with outcome)	85%	-5% in one reporting period	Service Provider – 93% Complainant – 84% (17-18 annual figure)			Service Provider – 93% Complainant – 84% (17-18 annual figure)			
% customer satisfaction with service - end of the process	15%	-5% in one reporting period	Service Provider – 7% Complainant – 15% (17-18 annual figure)			Service Provider – 7% Complainant – 15% (17-18 annual figure)			Complainant within tolerance. Service provider outside tolerance reflecting very low volumes and survey response rates: progressing

(dissatisfied with outcome)						unallocated CMC work is expected to bring this back within tolerance.					
Quality – Service Complaints (CEQ6a)											
% service complaints upheld at final stage of process	Trend	No tolerance	Stage	Q1 Upheld % against service complaint received	Q2 Upheld % against service complaint received						
			1	31%	34%						
			2	20%	6%						
			3	7%	2%						
Trends Dashboard - Quality – Service Complaints (CEQ6a)											
Quarter 1											
Stage	Upheld % against cases accepted for investigation		Upheld % against service complaint received		Remedies awarded	Type	Received	Closed stage 1	Closed stage 2	Closed stage 3	Open
1	2%		31%		Q1 - £650 2018/19 - £650	Approach of staff	17%	2%	5%	0%	10%
2	1%		20%			Timeliness	28%	6%	12%	0%	10%
						Communications	25%	5%	10%	3%	7%
						Discrimination	0%	0%	0%	0%	0%
3	0.4%		7%			Failure to follow process	16%	2%	4%	3%	8%
						Decision/advice	10%	3%	1%	0%	7%
					Other	3%	0%	2%	0%	1%	
Quarter 2											
Stage	Upheld % against cases accepted for investigation		Upheld % against service complaint received		Remedies awarded	Type	Received	Closed stage 1	Closed stage 2	Closed stage 3	Open
1	1.7%		34%		Q2 - £2,000 2018/19 - £2,650	Approach of staff	14%	3%	2%	0%	9%
2	0.3%		6%			Timeliness	28%	13%	1%	0%	15%
						Communications	20%	7%	4%	0%	10%
						Discrimination	2%	0%	0%	0%	2%
3	0.1%		2%			Failure to follow process	13%	4%	2%	0%	7%
						Decision/advice	9%	2%	2%	0%	5%
					Other	15%	6%	3%	0%	6%	

Reputation and raising professional standards (RPS1)					
% of stakeholders agreeing that LeO provides value-adding insight	Trend	No tolerance	Not available until survey in Q4	Not available until survey in Q4	Not applicable
			Q1	Q2	
Advocacy – LEGAL (CEQ7a and 7b)					
% of complainants satisfied with their outcome who would speak highly of LeO	80%	-5% in one reporting period	2017-18 Legal Complainant – 78%	2017-18 Legal Complainant – 78%	
% of complainants dissatisfied with their outcome who would speak highly of LeO	10%	-5% in one reporting period	2017-18 Legal Complainant – 5%	2017-18 Legal Complainant – 5%	
Advocacy – CMC (CEQ7a and 7b)					
% of complainants satisfied with their outcome who would speak highly of LeO	80%	-5% in one reporting period	2017-18 CMC Complainant – 95%	2017-18 CMC Complainant – 95%	
% of complainants dissatisfied with their outcome who would speak highly of LeO	10%	-5% in one reporting period	2017-18 CMC Complainant – 9%	2017-18 CMC Complainant – 9%	

Unit Cost per case (IRE8)									
LEGAL all complexities – <i>net of estates income and gross costs</i>	Target £1,580	>£100 over target – 3 month rolling average	Quarterly actual £2,111- £531 variance			£1,838 = 3 month rolling average	£1,648 = 3 month rolling average	£1,720 = 3 month rolling average	Outside tolerance: Over the 2018-19 financial year we will move within tolerance by delivering closures in line with our delivery plan which anticipated a ramp up during the year. Should delivery remain lower than delivery plan, we would have to consider reducing costs to revert to unit cost. Note - changes to reported Q1 figures due to cases that were closed being reopened.
CMC all complexities – <i>net of estates income and gross costs</i>	Target £1,219	>£100 over target – 3 month rolling average	Quarterly actual £1,464- £245 variance			£1,512 = 3 month rolling average	£1,390 = 3 month rolling average	£1,217 = 3 month rolling average	Outside tolerance: Due to lower than anticipated workloads. We have reforecast the CMC budget and reduced staffing significantly. This will bring us closer to tolerance if demand remains as reforecast, but we do not expect to be able to reduce costs further due to the need for minimum staff cover. Note - changes to reported Q1 figures due to cases that were closed being reopened.
Turnover (PLC2b)									
Quarterly rolling annual turnover rate	Rolling annual turnover <12%	>3% above rolling annual target for two consecutive quarters	18.6%	17.6%	21.0%	19.7%	16.3%	17.7%	Outside tolerance: We are actively managing performance and probation and this is a significant factor resulting in a turnover rate higher than tolerance, which we forecast may continue into Q3/4. We are also losing staff because of workload and career aspirations in an increasingly competitive local recruitment market. Our new employee value proposition, reward and recognition changes and flexible working are further mitigations.

Measure	KPI	Tolerance	Q1	Q2	Tolerance exception report/additional info
Sickness (PLC3a/b)					
Average days per employee lost to sickness (all)	Below CIPD public sector averages (8.5 days per FTE)	<10 days per FTE	10.5 employee days	11.2 employee days	Outside tolerance: Sickness rates remain broadly consistent and actively managed between the line managers and the HR team. A small number of long-term sickness continue to impact the figures.
Engagement (PLC1a/b)					
Civil service and Pulse engagement index	>60%	<50% in any quarter	49.4% on Q1 Pulse Survey	No new data in quarter.	Outside tolerance: Civil Service Survey will run throughout October 2018. Our ongoing focus on driving a high performance culture, alongside change fatigue among staff, may make it unlikely we will revert to tolerance in the 2018 survey results. Significant work continues to develop our line managers, embed the new employee value proposition, and improve internal communications.

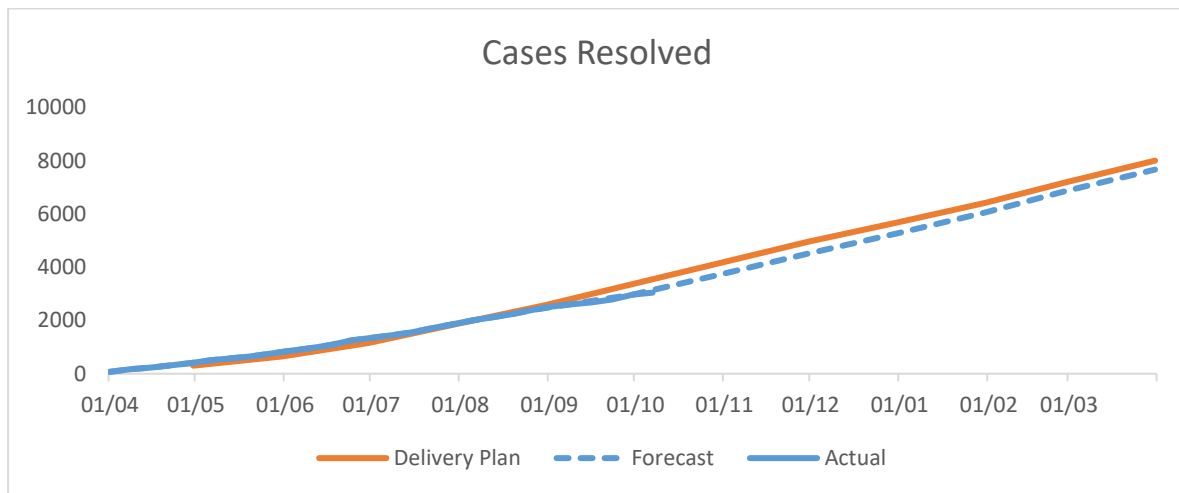
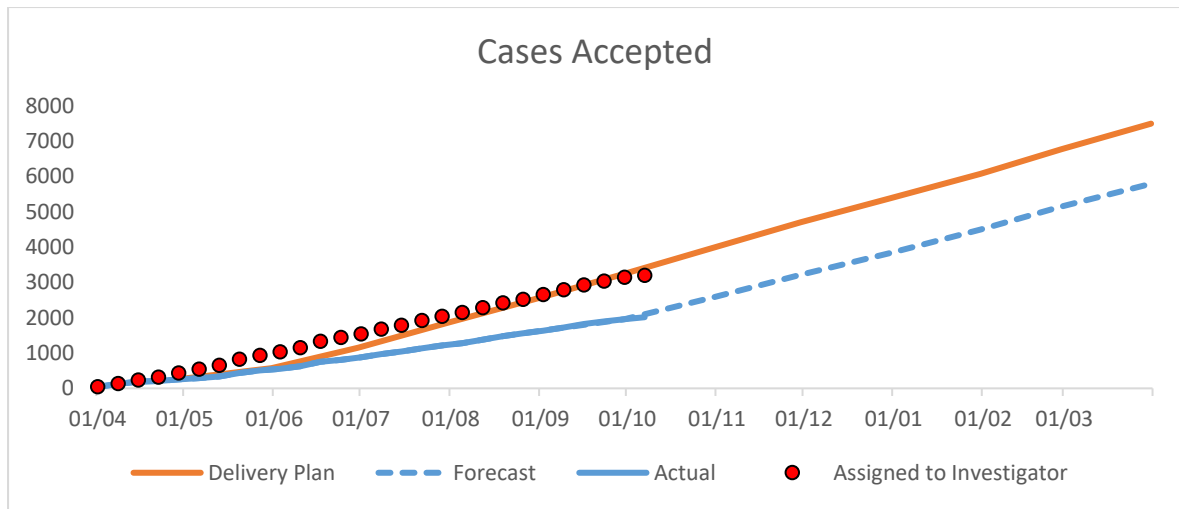
Strategic Board performance measures

Measure	Tolerance	April	May	June	July	Aug	Sept	Tolerance exception report/additional info
		Q1			Q2			
Median time to resolution – (CEQ2b)								
Median time to conclude a case (by case complexity)	No tolerance	Not available			Low – 51 days Medium – 63 days High – 91 days			
Age band of open cases (CEQ2c)								
Age band analysis of open cases by case complexity - LEGAL	No tolerance	See Annex 1			Not available			We cannot report this data accurately due to the ongoing, high volume process of transferring cases from CMS1 to CMS2 in advance of the v9 upgrade to MS Dynamics. This data will be available by the end of the month.
Age band analysis of open cases by case complexity - CMC	No tolerance	See Annex 1			Not available			
Work in Progress								
Legacy team remaining work in progress – within 10% of plan – (CEQ2e)	>10% off plan for more than 2 consecutive months	1,760 (ahead of plan)	1,616 (ahead of plan)	1,468 (ahead of plan)	1,343 (ahead of plan)	1,225 (ahead of plan)	1,105 (ahead of plan)	
Current work in progress – LEGAL by case complexity – within 10% of plan (tolerance > 20% variation to plan for more than 2 consecutive months) – (CEQ2f)	>20% variation to plan for more than 2 consecutive months	Actual 1,664 Plan = 1,522 Var = -8.5%	Actual 1,689 Plan = 1,550 Var = -8.9%	Actual 1,635 Plan = 1,736 Var = 5.8%	Actual 1,579 Plan = 1,897 Var = 16.7%	Actual 1,709 Plan = 2,097 Var = 18.5%	Actual 2,356 Plan = 2,172 Var = 7.8%	
Current work in progress – CMC – (CEQ2f)		Actual 535 Plan= 535 Var = 0%	Actual 474 Plan = 606 Var = 22%	Actual 386 Plan = 625 Var = 38%	Actual 323 Plan = 655 Var = 51%	Actual 315 Plan = 657 Var = 52%	Actual 258 Plan = 490 Var = 47%	Out of tolerance: Variation is due to lower than anticipated receipts. The CMC sector continues to be affected by the impact of legislative change.

Monthly/quarterly variance between legal cases accepted and closed, by complexity <5% (tolerance > 10% variance for more than 2 consecutive months) – (IRE5)	High	-44%	-12%	-25%	-389%	-10%	-217%	Note: Variance is due to closing more files than accepted. Measures in place to improve Team Leader oversight of the prompt acceptance of cases to ensure optimum case holding levels. Variance for ‘high’ cases is due to small volumes within the reporting period.
	Medium	-79%	-75%	-79%	-85%	-58%	-56%	
	Low	-22%	-100%	-127%	-60%	90%	-44%	
Customer satisfaction at investigation								
% satisfaction (customer/service provider) at investigation stage – LEGAL (CEQ1c)	65%	>5% below target for two consecutive reporting periods	Representative data not available.	Representative data not available.		During Q1 and Q2 it has only been possible to survey cases at investigation stage in CMS1. Therefore, while data is available, it is not representative because it excludes new cases accepted from April. A solution has been put in place to enable effective sampling of CMS2 cases for survey in Q3. For CMS1: Q1 % Satisfaction: Complainant 54%; Service Provider 42% (Total: 89 complainant responses; 43 Service Provider responses) Q2 % Satisfaction: Complainant 49%; Service Provider 45% (Total: 35 complainant responses; 25 Service Provider responses).		
% satisfaction (customer/service provider) at investigation stage – CMC (CEQ1c)	65%	>5% below target for two consecutive reporting periods	Customer (CMC) – 50% Service Provider (CMC) – 100%	Sample size too small this quarter to provide meaningful data. Verbatim comments continue to be reviewed and addressed.				

Quality					
% all cases assessed as meeting appropriate customer service principles – LEGAL (CEQ4a)	90%	>5% below target for two consecutive reporting periods	General Enquiries Team: 80% Investigator and Level 1 Ombudsman: 75%	Investigator and Level 1 Ombudsmen: 68%	<p>Outside tolerance: Q2: 20 of 62 (68%) Investigator / Level 1 Ombudsman cases reviewed did not meet LeO service principles. This compares to 21 of 84 cases in Q1. Reviews are only carried out on the work of BAU teams, and not those working with the supervision model. The current quality review is not suitable for use with the supervision model. A revised quality review will be implemented for supervision work.</p> <p>Key issues are periods of delay and lack of contact. Measures have been implemented to improve line manager oversight of case progression, and to direct ombudsman input to improve effective progression. Given staffing changes and changes to the front end business process, meaningful review data is not available for the General Enquiries Team this quarter. The quality assurance review will be aligned to the new business process and in place from Q3.</p>
% all cases assessed as meeting appropriate customer service principles – CMC (CEQ4a)	90%	>5% below target for two consecutive reporting periods	Investigator and Level 1 Ombudsmen: 100%	Investigator and Level 1 Ombudsmen: 100%	
% all cases assessed as having a fair and reasonable outcome – LEGAL (CEQ4b)	95%	>5% below target for two consecutive reporting periods	Investigator and Level 1 Ombudsman: 87%	Investigator and Level 1 Ombudsman: 92% Level 2 Ombudsmen: 100%	
Quality			Q1	Q2	
% all cases assessed as having a fair and reasonable outcome – CMC (CEQ 4b)	95%	>5% below target (2 consecutive periods)	100%	100%	
% of tasks and decisions sent back by Ombudsman LEGAL (IRE7)	<10%	>10% above target	5.2%	8.1%	
% of tasks and decisions sent back by	<10%	>10% above target	1.4%	7.1%	

Ombudsman CMC (IRE7)					
Reputation and raising professional standards					
% professional feedback plan delivered, % target attendees and % positive feedback (RPS2)	Green status (>70%)	No tolerance	Green	Green	
Klout social media (RPS4)	>40	No tolerance	47	47	
% using legal services in last 2 years who had heard of LeO (RPS7)	Trend analysis	No tolerance	64% (2017-18)	Available annually	
IT downtime					
% unplanned downtime (CMS, telephony and infrastructure) – IRE1)	<1%	>2%	0.81% (CMS 1.3%, Telephony 1.1%, Infrastructure 0%)	0.27% (CMS 0.8%, telephony 0%, infrastructure 0%)	
Budget Variance					
% variance against budget YTD and forecast outturn – (IRE9)	<1%	Variance >2%	Legal 11% CMC 16%	Legal 2.5% under CMC 6.1% under	Outside tolerance: Significant work has taken place during Q2 to reforecast the budget which has reduced the variance. This reforecast exercise will be closely monitored alongside unit cost (IRE8). CMC vacancies will be held subject to maintenance of critical mass of staffing.
People, Leadership and culture					
MIND workplace well-being index (PLC13)	Bronze status	No tolerance	Available in Q4	Available in Q4	



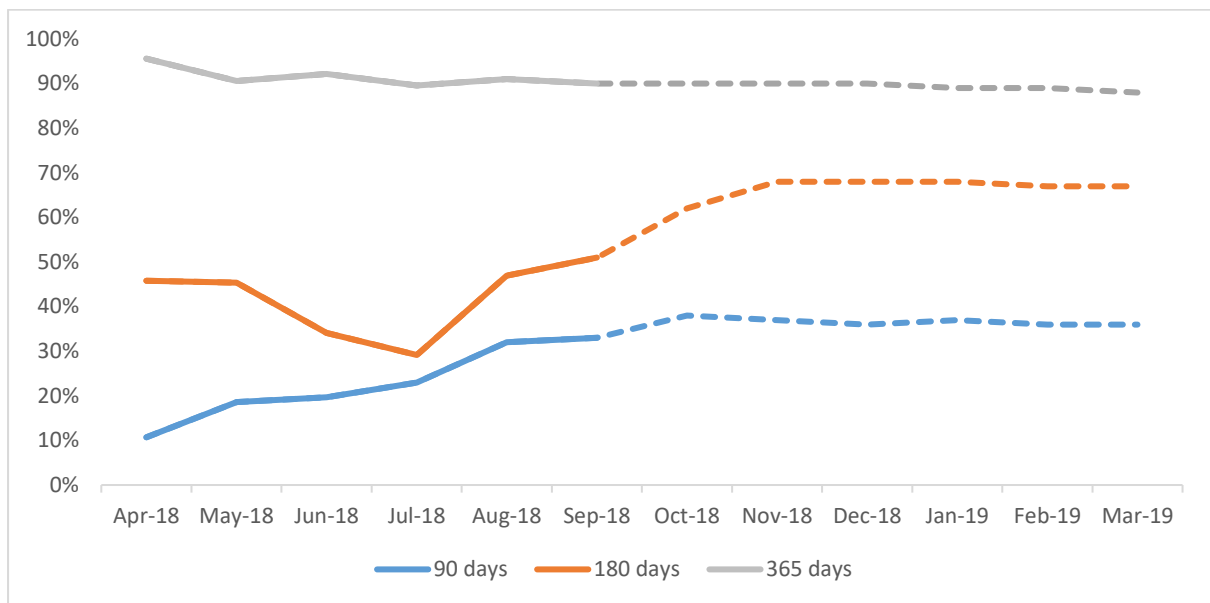
Delivery Plan Cumulative

Cases	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19
Cases Accepted	270	570	1150	1860	2550	3250	3990	4710	5390	6080	6780	7500
Cases Resolved	303	650	1156	1880	2584	3369	4169	4953	5677	6424	7191	8001

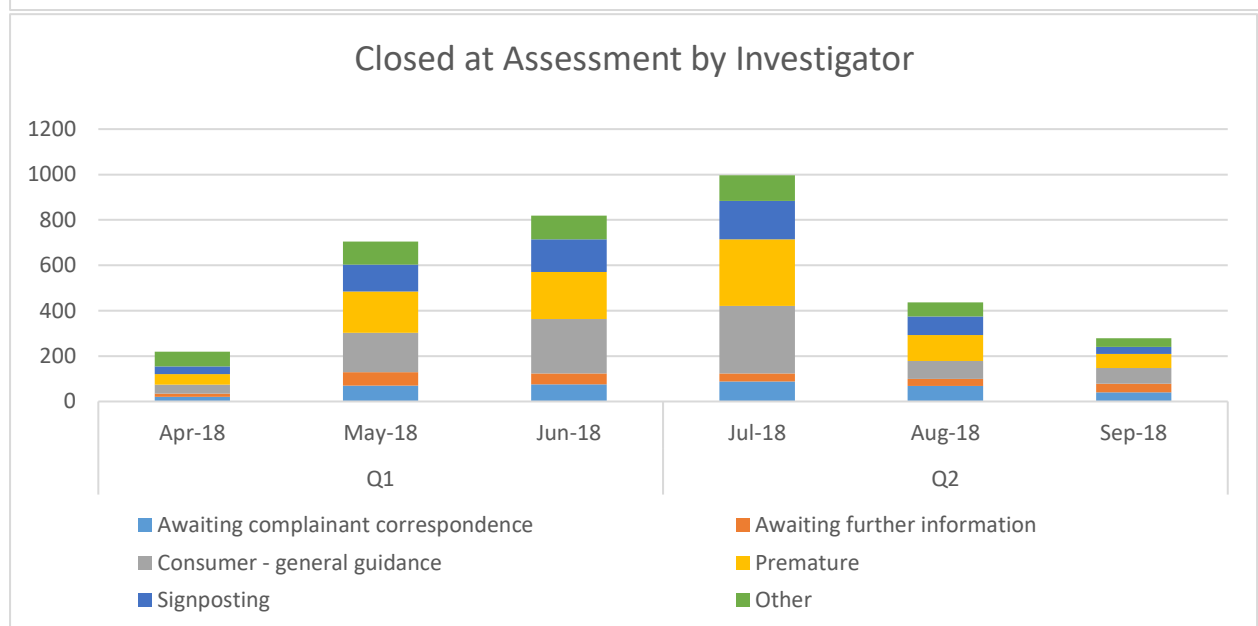
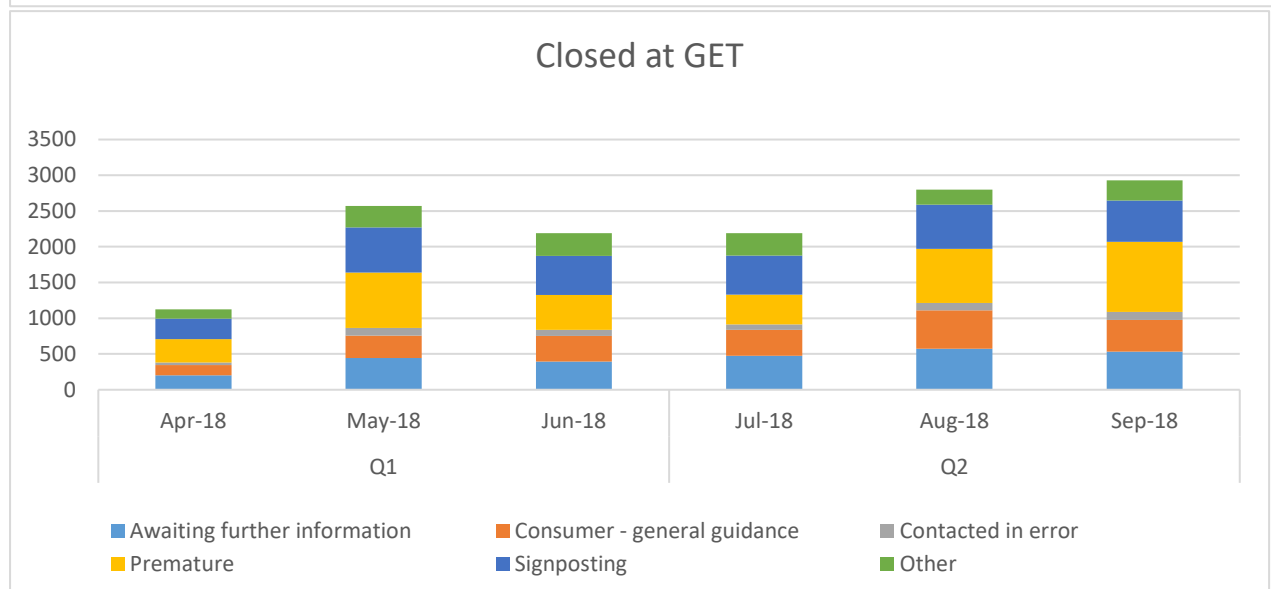
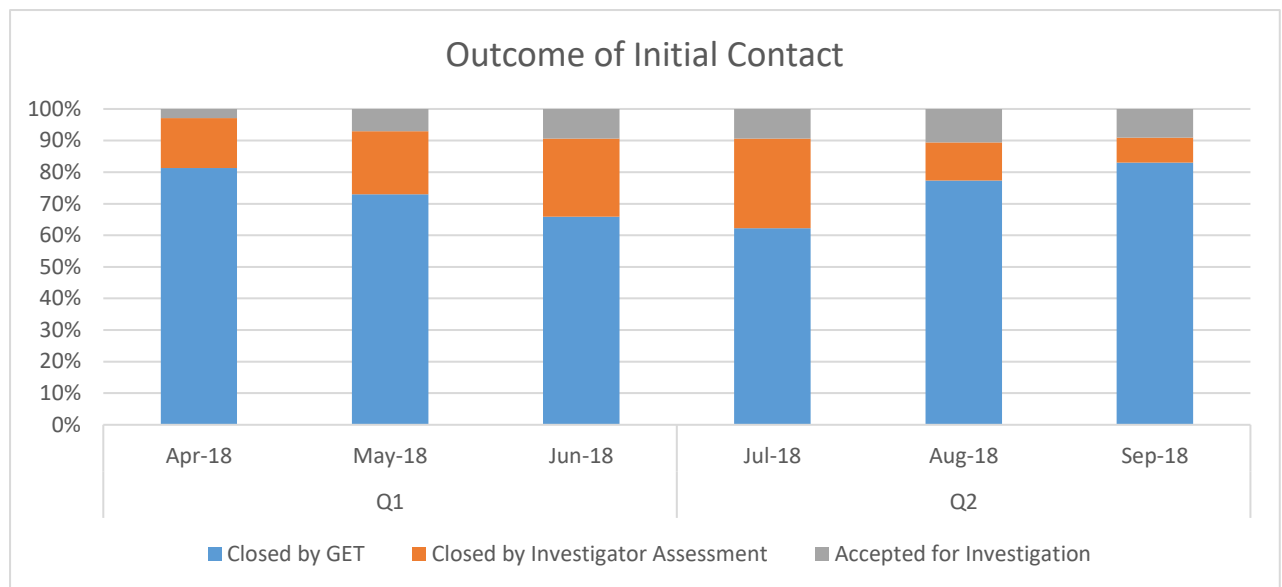
Actual Cumulative

Cases	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19
Cases Accepted	250	504	807	1212	1558	1956						
Cases Resolved	327	752	1275	1825	2462	2969						

Timeliness Forecast



Front End Data



Appendix 3: Assessment process update

1. Introduction

This annex updates Board on the changes introduced to the assessment process through Modernising LeO and summarises the subsequent changes that have been made as a result of both the technical issues that were experienced in the first months post Modernisation and learning following adoption of the process

It also covers the changes in the profile of assessment work, as a result of the changes to the process and reflects the implications for demand.

2. Background

Prior to Modernising LeO, we had a dedicated Assessment Centre (AC) which, at its peak, had an establishment of over 30 assessors, 5 team leaders, a dedicated ombudsman and operations manager. The AC:

- determined whether a complaint was within jurisdiction;
- considered whether it should be dismissed at the outset;
- agreed the extent and scope of the investigation;
- requested initial evidence from the parties; and
- accepted the complaint for investigation and passed it to the Resolution Centre (RC) for allocation to an investigator.

We decided to change this because:

- it was unpopular with our customers as it created unnecessary duplication;
- the work done by the AC was not linked to the capacity of the RC;
- a pot of cases awaiting investigation (RC Unallocated) built up (at the point of Modernisation the RC Unallocated stood at over 1,500 cases, some of which had been waiting for an investigator to pick the case up for many months); and
- there were multiple pots of work, particularly returning assessment work.

To avoid these issues, through Modernising LeO, the AC was reduced in size and scope and rebranded as the General Enquiries Team (GET). GET's role was to set up files for all new cases on the new CMS. All the other activity would be carried out by the investigators.

Intended benefits were :

- the investigator who assessed the complaint would own the case for its duration thus providing continuity for our customers;
- minimising "hand offs" around the business;
- avoiding duplication of effort; and
- investigators would be rota'd on to the telephone system to assist GET with incoming calls. This subsequently turned out to be a major process flaw

3. The current situation

As a result of both the technical issues that were experienced in the first months post Modernisation and learning following adoption of the process it became necessary for further refinements to be made.

- the investigator call rota has been withdrawn and incoming calls are now handled by a small team of dedicated call handlers;
- GET now carry out very simple checks around jurisdiction, as well as ensuring the necessary documentation is present, which reduces the time an investigator needs to spend on assessment;
- improved information on our website to help customers assess whether we can help with their complaints before bringing them to LeO;
- a Customer Assessment Tool has been launched along with an enhanced online complaint form to enable complainants to carry out our initial assessment checks online themselves; and
- a “pull system” has been introduced whereby investigators take cases for assessment only when they have capacity to investigate them.

The impact of the front end issues was that the volumes of new email/post contacts awaiting review for initial response increased through Q1 to in excess of 1500, with a 6 to 8 week wait, as well as the assessment queue increasing to around 1200, with people waiting in excess of 4 months for assessment.

The files awaiting assessment were also impacted by:

- the move to the “pull system” meaning complaints only be accepted for investigation when an investigator has capacity;
- the time spent by investigators providing telephony cover to GET reduced the time investigators progressed their ongoing investigations, thus reducing capacity for new work;
- challenges with progression / closure of cases on CMS1/dual running also reduced capacity; and
- new starter ramp up meant lack of initial capacity to absorb assessment queue.

The changes that have subsequently been made are substantially improving the age profile, bringing the email inbox within normal parameters- it is now below 1,000 with around a 2-3 week wait. The assessment queue currently stands at just under 1,700, but all files have been touched within the last month, the cases are ready for assessment and the oldest file awaiting assessment is less than 3 months. We are continuing to drive this improvement and it will continue to reduce over the next quarter.

Once accepted the investigation is now progressed, with no other wait times or pots of unallocated. This approach, whilst not yet ideal, is a better customer journey and once the “pull” is fully operating, will drive improved satisfaction.

4. Relationship to Demand

As a result of the issues highlighted above, the number of new cases accepted for investigation is significantly behind the profile outlined in the delivery plan (1,956 accepted against a target of 3,258). This has raised questions around underlying trends in demand.

All new contacts in GET are now recorded on CMS2 – the data that is available shows on average 3,600 contacts into GET per month, which is broadly in line with the front end demand levels experienced 2017/18. As such, although the number of cases accepted remains behind profile, based on historical conversion rates, underlying demand appears stable.