

Meeting	OLC Board	Agenda Item No.	10
		Paper No.	119.7
Date of meeting	31 March 2022	Time required	10 minutes

Title	Annual Report & Accounts 21/22
Sponsor	Laura Stroppolo, Head of Programme Management & Assurance
Status	OFFICIAL

Executive summary

For The Annual Report and Accounts 21/22, LeO will continue to manage the process through project management architecture, ensuring all drafting and reviews are managed internally by the Head of Programme Management and Assurance and External Affairs resources.

In summary the paper consists of the following:

1. The improvements which have been made following the Lessons Learned review in Q4 and details further enhancements which have been adopted following feedback from ARAC and OLC Board members.
2. A key lead has been assigned to draft the whole of the Annual Report, which minimises the risk of tone, language and messaging not being aligned.
3. All internal stakeholders were involved in the project kick off meeting at the end of February and work has commenced in preparing key messages and structure.
4. Project milestones and plans have been shared with External Audit colleagues and a planning session was held at the start of March to discuss these in further detail.
5. The key milestones of the project can be found in Appendix B
6. A draft set of key messages has been provided for OLC Board (Appendix C) and we would welcome early feedback on these. They are set out alongside extracts from published documents to ensure clear alignment with LeO's narrative so far, including the forward look of the 22/23 Business Plan. The ARA content will also reflect LeO's commitment to enhancing our performance reporting following the implementation of the Agreed data Set in 21/22, and the recent Board workshop on KPI and wider performance reporting.

Recommendation/action required

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

Annual Report & Accounts 21/22 – Update

Background

Following the lessons learned session in December 2021 with Executive colleagues and subsequent sessions with ARAC and OLC Board in January 2022, a project management approach will be maintained to the Annual Report and Accounts for 21/22.

A key milestone report has been produced, with the view that the OLC will lay its 21/22 Annual Report and Accounts by 14 July 2022, which will allow for slippage in terms of final approval or signature from the Comptroller and Auditor General.

As part of the planning phase, two weeks have been blocked out for follow up calls with key leads to review draft narrative and to answer any queries from the lead drafter. A table detailing the lessons, suggestions and completed actions can be found in Appendix A.

Annual Report and Accounts – structure

We are currently in the early stages of drafting the 2021/22 Annual Report and Accounts. Content has been commissioned from relevant colleagues and we are in the process of developing and agreeing key messages that will run throughout the report's narrative.

Structure

The latest Government Financial Reporting Manual (FReM) sets out clear expectations about the structure and contents of entities' annual reports. Specifically, each should have:

1. The performance report – “to provide the user with an understanding of the entity and how it has performed”
2. The accountability report – “to meet key accountability requirements to Parliament, who are the primary user of the annual report and accounts”
3. The financial statements.

A table summarising progress against the activities set out in the 2021/22 Business Plan will form the basis of the 2021/22 ARA performance report.

Style and design

While the FReM is prescriptive in terms of structure, we do have some discretion over how we present information relating to our performance.

We will be drawing on best-practice guidance from both the FReM and the National Audit Office – much of which centres on the need to present information clearly, making effective use of graphics (including tables) to achieve this.

More broadly, we want the ARA to reflect the modern, customer-focused organisation LeO is on a path to becoming. We are also currently exploring how we might use external design resource to ensure that the ARA's design and feel supports the increased stakeholder confidence we have worked to build.

We would welcome any suggestions from the Board around the general look and feel of the ARA, as well as any particular presentation and design features they have seen used effectively by other organisations, which LeO could apply to its own reporting.

Key messages

Building on the shift we made in our 2022/23 Business Plan, we will aim for a tone of voice that conveys both honesty about the challenges LeO has faced and still faces, and optimism about its progress and future trajectory.

The transparent approach LeO has taken throughout the year means there are no surprises or "new news" to communicate. We will look to summarise and, where needed, update the narrative around our performance that we have previously shared.

A suggested overarching theme for the ARA might be: "*a year of learning and building*" or "*a year of learning and improving*". Some initial ideas for key messages are outlined in Appendix C. We welcome Board members' feedback on these messages, which we will factor into the draft report.:

New and continued lessons learned

The main area for improvement for this year relates to the structure and tone of the Annual Report. LeO are looking to revamp the design and structure of the Annual Report and a brief has been shared with procurement colleagues to progress. A request to quote for art and design work has also been requested with the new printers as an alternative option.

Similar to last year, the programme plan has maintained the following points to ensure the robustness of the process remains intact.

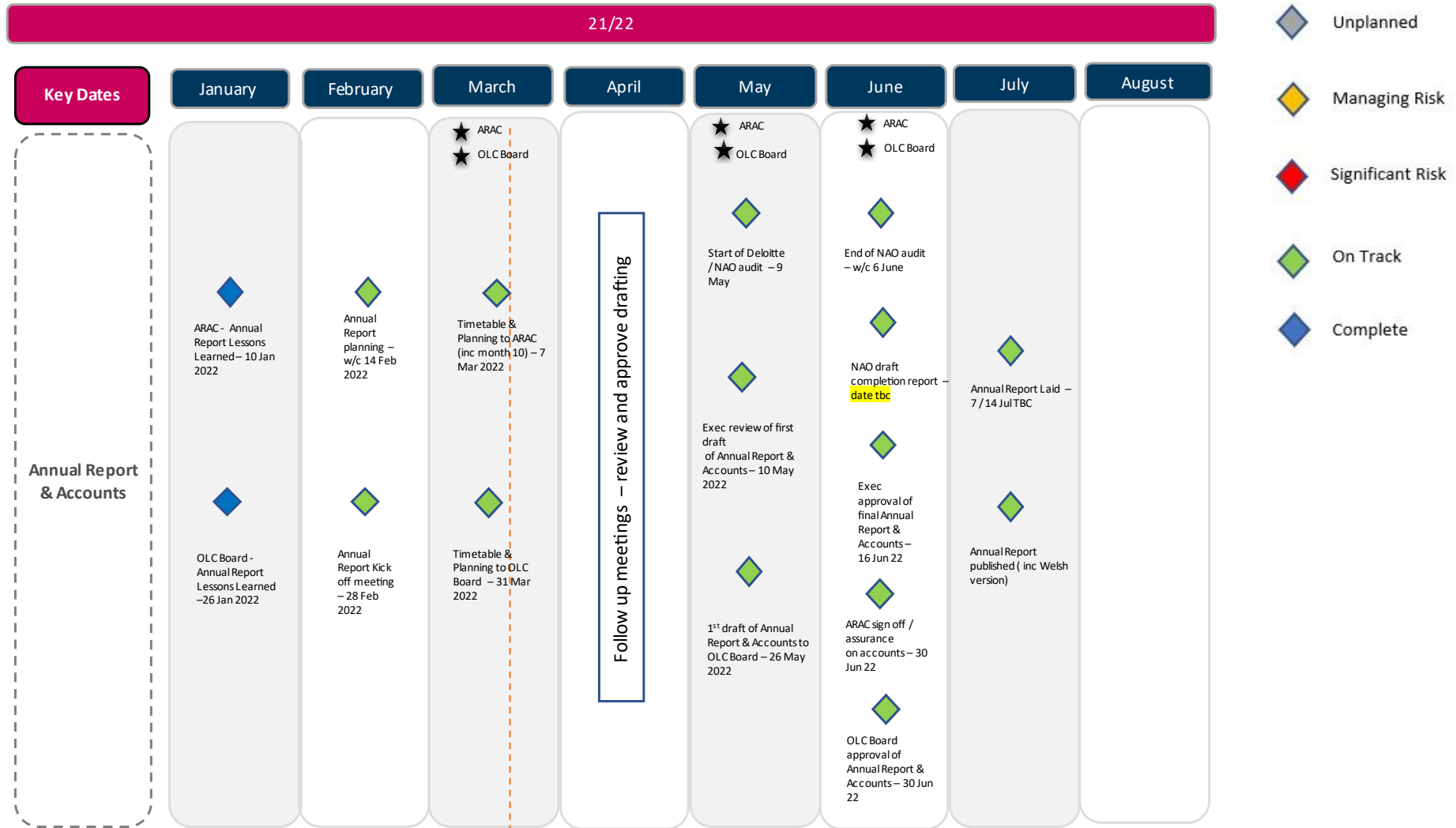
- Time scheduled in for Chair reviews (May and June) ahead of OLC Board.
- A key lead has been assigned for drafting the Annual Report and all contributions to be commissioned by the Head of Programme Management & Assurance. This will enable the correct governance around version control and reduces manual errors.
- Annual Report Group Chat from MoJ has been created on Microsoft Teams – this will ensure consistency of messaging and process to be applied across all ALBs.
- Executive reviews and approvals have been scheduled in the diary for May and June, alongside wider engagement with Management Team.

Appendix A

Lessons Learned	Suggestions for 20/21	Completed action
<p>Financial accounts:</p> <ul style="list-style-type: none"> Staffing issues in the External Audit team related to sickness caused a two-week delay in the external audit and consequent changes to the audit team added further delay – impacting original lay date 	<p>Financial accounts:</p> <ul style="list-style-type: none"> Pre meet with Deloitte audit team to set expectations Account run in month 10, early opportunity to identify issues by Exec and ARAC Ensure responsibilities defined at early stage 	<p>Financial accounts:</p> <ul style="list-style-type: none"> The Head of Finance and Finance Manager have met with National Audit Office and Deloitte audit team to discuss audit expectations and planning. An interim audit has commenced, with no significant issues coming out of this, and finance able to respond swiftly to audit requests. Owners have been identified and assigned to sections of the Annual Report
<p>Process:</p> <ul style="list-style-type: none"> Clarity on roles at different stages of the process, particularly sign-off at committee and board level. Procure a designer for all external publications 	<p>Process:</p> <ul style="list-style-type: none"> Internal kick-off meeting for all parties (28 Feb) Earlier drafting of content should prevent overlap in sign-off processes Key dates in Management Team and Executive Team 	<p>Process:</p> <ul style="list-style-type: none"> Drafting to commence throughout March and April. Timetable & Planning update at ARAC 7 March and OLC Board 31 March Two Exec review and approvals built in (10 May and 16 June) Engagement with Procurement and Contracts Manager re procurement of designer.

Appendix B

High Level Milestone Plan: Annual Report 21/22



Appendix C

Focus area	2020/21 Annual Report and Accounts	2022/23 Business Plan	2021/22 Annual Report and Accounts - proposed
Overall performance	Chair: "While we are moving in the right direction, ultimately confidence will return when the backlog begins to reduce. In terms of numbers the last year has been difficult. The impact of Covid-19 has seen an increase in the backlog of cases as a result of the reduction in case closures."	Chief Ombudsman: "The investment we are making now ... will result in a quantifiable impact on our performance, enabling us to deliver the gear-change required to reach a sustainable level of performance that meets customers' expectations within an acceptable timeframe."	2021/22 has been about getting on a stable footing, and we ended the year in a far stronger position. LeO customers have started to feel the benefit of our investment in people, proportionality and early resolution, and innovation.
Performance recovery and resourcing (2022/23 Priority One/equivalent)	Chief Ombudsman: "... the clearest impact of Covid-19 has been the doubling of the backlog at the pre-assessment stage of our process ... This is clearly an unacceptable position and my focus since joining in January 2021 has been developing and implementing plans for recovery and to reduce the numbers of people waiting."	Chief Ombudsman: "LeO begins 2022/23 with a full complement of investigators, who will reach full productivity in the year ahead. We have also maximised the success of this campaign to recruit early to replace assumed attrition ... bringing a degree of stability that has been absent in previous years."	<p>This is an organisation that has improved and is now moving forward at pace. We have stabilised and addressed challenges. LeO has delivered improvement and we will see sustained reduction of the backlog and CJT from early 2023.</p> <p>Faced with the dual impact of Covid-19 and recruitment challenges, LeO delivered a significant increase in productivity – delivering 34% more closures than in 2020/21 and 90% of the 2021/22 Business Plan closures with an average of 86% of the established investigator resource originally anticipated.</p> <p>By the end of the year our national recruitment success had changed the resourcing outlook. With the right number of people in place, in addition to growing successes with</p>

			improvements and process changes, we end of 2021/22 looking forward with confidence and a sense of momentum.
An efficient, proportionate service (2022/23 Priority Two/equivalent)	“Additional projects during the year have piloted approaches to reducing the backlog, these will be taken forward under the backlog recovery plan in 2021/22 ... This work is at the initial stages, and not yet reflected in this performance report, but is informing work in 2021/22 as the Legal Ombudsman looks at alternative models of service delivery.”	Chief Ombudsman: “Taken together, [our interventions] mean legal service users and providers will get the input they need from us within a substantially shorter timeframe.” “We’ll also urgently pursue even more radical options, including changes to the OLC Scheme Rules which we are currently consulting on.”	We have delivered on our promise to do everything in or power to improve LeO’s performance. We have significantly rebalanced our approach to complaints resolution. Our initiatives and innovations have delivered substantial improvements and are now being mainstreamed. We have progressed more radical changes with a sense of pace and urgency.
Learning and insight (2022/23 Priority Three/equivalent)	“Covid-19 restrictions have meant it has not been possible for the Legal Ombudsman to deliver its usual suite of face-to-face courses, seminars and workshops. Instead, those sessions have been successfully delivered virtually, gaining positive feedback from the sector.”	Chief Ombudsman: “...using our experience to improve legal services ... is an essential part of our work and who we are as an Ombudsman service ... I remain committed to building on the work we already do in this area, including through greater transparency and sharing of the invaluable learning from the complaints that we investigate and resolve.”	While our focus remained on our performance recovery, we continued to engage with the sector to help prevent complaints and consumer detriment.
Culture and people	Chair: “More positive staff survey results have shown improved levels of engagement and a clearer sense of pride in what it means to be part of the scheme. This is a workforce that is starting to feel listened to.” “... two key areas of focus have been supporting the wellbeing of staff and	“We have engaged with our people, listening to their ideas and suggestions ... this signals a culture change.” Chief Ombudsman: “... we’ll need to maintain our focus on attracting and retaining the best people, ensuring both our culture and offer supports	Under a new leadership team, we have shown our commitment to listening, learning and changing – laying the foundations to be an excellent employer. Our people are central to our recovery and to LeO’s future success.

	defining how performance will be managed moving forward.”	our ambition that LeO is seen as a great place to work.”	
Covid-19 impact	Chief Ombudsman: “[We were] able to swiftly move to home working at the beginning of pandemic with our service remaining open ... Our performance has suffered, however, and the clearest impact of Covid-19 has been the doubling of the backlog at the pre-assessment stage of our process...”	“LeO is regularly monitoring risks around the potential impacts (school closures, caring responsibilities, sickness levels, general hybrid working and management challenges), and is in a better position to respond to them in light of experience and learning from previous years.”	As we’ve navigated the challenges of Covid-19 – from the impact on our people’s wellbeing to the impact on the legal sector – we have learned from what we’ve been through. We are also prepared for further unforeseen risks or challenges should these arise.
Confidence and transparency	Chief ombudsman: “One clear area of progress in 2020/21 was the substantial work undertaken to enhance our Business Intelligence modelling and ensure this allows us to better understand performance ... we will continue to seek ways to enhance our reporting on performance with a wider range of stakeholders.”	Chair: “We’ve made clear that we don’t want to overpromise and underdeliver. However, stakeholders should have confidence not only in this Business Plan’s scope and ambition, but that it is credible, costed and realistic.” “Both the Legal Services Board and Ministry of Justice receive a comprehensive monthly Agreed Data Set ... this data will continue to inform honest and transparent conversations with LeO’s stakeholders.”	In sharing regular updates on our recovery, we have shown our commitment to honesty and transparency. This has generated significantly greater stakeholder confidence, which we don’t take for granted.
Funding and value for money	“The Legal Ombudsman remains committed to achieving and demonstrating value for money in the way the service is run.”	Chief Ombudsman: “...we absolutely recognise the pressures on legal services providers ... Over the two-year recovery plan we are committing to deliver 6% more case closures for 2% less total cost against that originally set out in our 2021/22 Business Plan.”	We have delivered more with less resource than anticipated. Our underspend relates in large part to recruitment challenges early in the year; it won’t be repeated. The value of LeO, and of ombudsman schemes generally, isn’t adequately captured by a unit cost measure.

<p>Outlook</p>	<p>“...whilst the backlog has continued to grow ... there has been gradual improvement in performance towards the end of the business year, a notable increase in staff morale and significant investment in developing and beginning to implement a recovery plan.”</p>	<p>Chair: “... we now have a better sense of the position in which we enter this second year of the journey – and the shift in gear that is required to achieve our vision.”</p> <p>Chief Ombudsman: “With highly skilled and motivated people in place, and changes to our ways of working, a step-change in performance will be delivered across 2022/23 and maintained in 2023/24”</p>	<p>The foundations we laid in 2021/22 put us in a strong position and we have confidence in our trajectory.</p> <p>We are on the path, and committed, to becoming a thriving Legal Ombudsman that in turn supports a thriving legal sector.</p>
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