

Meeting	OLC Board	Agenda Item No. Paper No.	5 107.4
Date of meeting	28 September 2020	Time required	15 minutes

Title	Executive report
Sponsor	Mariette Hughes, Interim Chief Ombudsman
Status	OFFICIAL

Executive summary
<p>This paper provides an update to Board on key areas of progress and risk. An update on senior recruitment appears elsewhere on this agenda in the Chair's report.</p> <p>The focus of the Executive over the last two months has been on regaining grip across the business – operationally through performance recovery, staffing-wise through the People Plan and an integrated approach to performance and people management, financially through a rebalanced budget and interim budget application, and governance-wise through and improved approach to planning and budget submission for 21/22.</p> <p>Performance remained steady over the summer, and there is now a clear path to performance recovery, with a view to building a sustainable foundation for further improvements in the future. This builds in an appropriate level of ambition while recognising the current fragility of the organisation, ahead of the appointment of the new CO and COO. Additional mitigations are being planned, along with innovation work designed to provide radical improvement solutions. The Board can also take assurance from the work of the Performance & Quality Task and Finish group in understanding the performance planning assumptions on a more forensic level.</p> <p>Significant work has been carried out around the reprofiling of the budget in order to minimise potential overspend. Nevertheless, the Executive considers it is necessary to request an in-year variation to the budget in order to mitigate the unforeseen cost of senior recruitment and to provide resilience to the senior structure and support performance improvements.</p> <p>A number of key stakeholder meetings have taken place over recent weeks in order to encourage an open dialogue and to better understand the expectations of the sector in terms of the Legal Ombudsman's budget and business planning for the next financial year.</p> <p>Whilst there is still much to be done, the Executive Team has made significant progress and now stands ready to support the organisation through the next stage of performance improvement</p>
Recommendation/action required
Board is asked to NOTE the paper.

Executive report

Risks and issues

The key risks for the business on a day to day basis have previously been identified as follows:

- Delivery, including performance and people
- Governance and Risk management capability
- Finance and financial control
- Reputation and confidence of key stakeholders, and
- Succession and senior leadership skills and capacity.

As such, the activities of the newly defined Executive Team have focused in these areas as we navigate the interim period before new permanent senior leaders are established in post.

The key focus has been on regaining grip across these risk areas, in order to be able to provide assurance to the Board, and establish a clear way forward and path for recovery ahead of the appointment of a new Chief Ombudsman and Chief Operating Officer.

Delivery, including performance and people

A full update on performance appears elsewhere on this agenda. The Executive have agreed a set of performance assumptions which anticipate that improved performance will be achieved steadily over the remainder of the year. However, achieving improvement must not come at the expense of staff engagement, which is showing tentative signs of recovery but is still extremely fragile.

The focus for performance recovery remains on supporting staff to optimise outputs, and significant work has taken place to launch the new approach to managing by behaviours, supported by senior HR resource.

The Executive is committed to being completely transparent with the organisation as to the challenges being faced and the reasoning for any changes in approach. A new Staff Survey will be launched in October, and this will be an important indicator as to whether any of the changes implemented to date are beginning to take effect with staff.

The People Plan is currently being refocused in light of urgent organisational need, and a full update is appended to the performance paper. The additional strategic HR support provided by Melanie Whitfield is proving to be an invaluable resource.

Governance and Risk management capability

The Head of Governance and Strategy has made significant inroads into implementing improved reporting and business planning. A key area of focus is ensuring that the budget and business plan consultation process is appropriately managed with full engagement from Board.

Finance and financial control

The Head of Finance continues to provide a much-increased level of assurance through their grip and understanding of financial matters within the organisation, and has already begun to drive positive change through recommendations for changes to our delegations and processes. A full update will be provided later on in the agenda, however the key issues facing Finance continue to be the balancing of the budget against a backdrop of unforeseen additional costs and a reduced level of case fee income due to the effects of Covid-19 on operational delivery.

Reputation and confidence of key stakeholders

The Legal Ombudsman continues to maintain a public profile, with the Chair speaking at the Westminster Legal Policy Forum on proposed reforms for regulation of the sector. A number of meetings have also taken place with key external stakeholders such as regulators and representative bodies, in order to understand the impact of Covid-19 on the sector, and how this is influencing the legal services market as a whole. This has also provided valuable insight as to where our stakeholders are focusing their attention for the coming year, and their expectations of the Legal Ombudsman both in terms of service delivery and budgetary requirements.

Succession and senior leadership skills and capacity

Whilst there is an inevitable level of uncertainty in the period before a permanent COO and CO are announced, the Executive Team are working well together during this interim period, and are aligned in a common goal of setting us on the path to recovery. The team have reacted well to a number of changes, and the commitment of the Executive Team to working with the OLC Board to drive improvement cannot be understated.

It remains the case however that The Executive Team are carrying a significant burden in terms of breadth and depth of responsibility during the transition period. The provision of senior strategic HR support has been welcomed, and the OLC Chair has provided a welcome source of guidance, support and appropriate challenge during this period. Whilst this remains a key risk area, the Board may be assured that the interim arrangements currently in place are appropriate until such time as new permanent staff are in post.